

Supplement

appendices



Ordinary Meeting of Council
10 December 2013

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14.3 Audit Committee Minutes

minutes



To: His Worship the Mayor and Councillors

Please be advised that an Audit Committee meeting held **5.00pm** on **Tuesday 3 December 2013** in **Meeting Room 3**, Administration Centre at 99 Shepperton Road, Victoria Park.

A handwritten signature in black ink, appearing to read "Kyron".

ATHANASIOS (ARTHUR) KYRON
CHIEF EXECUTIVE OFFICER

3 December 2013

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1 OPENING

In accordance with Section 5.44 of the *Local Government Act 1995* the Director Business Life of the Town of Victoria Park opened the Audit Committee Meeting at 5.00pm and conducted an election for the position of Presiding Member pursuant to Schedule 2.3 Division 1 of the said Act. (See attachment 1)

At the close of nominations for the Presiding Member there was only one received that being from Councillor Vince Maxwell for the Mayor Trevor Vaughan. The Director of Business Life therefore declared Mayor Trevor Vaughan duly elected as the Presiding Member of the Audit Committee until 17 October 2015. The Director of Business Life handed over the Chair of the meeting to the Presiding Member, Mayor Trevor Vaughan

2 CURRENT COMMITTEE MEMBERSHIP

Name:	Committee Status
Mayor Trevor Vaughan	Presiding Member
Councillor John Bissett	Member
Councillor Vince Maxwell	Member
Chief Executive Officer, Arthur Kyron	Observer
Director Business Life Program, Nathan Cain	Observer
Executive Manager Business Performance, Graham Pattrick	Observer
Manager Financial Support, Ann Thampoe	Observer
Terry Tan, Macri Partners	Guest
Mit Gudka, Macri Partners	Guest

2.1 Attendance and Apologies

Apologies

Councillor John Bissett	Member
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3 DECLARATIONS OF INTEREST

Nil

Declaration of Interest affecting impartiality

Nil

Declaration of Interest affecting impartiality

Nil

4 TERMS OF REFERENCE

The Terms of Reference for the Audit Committee as adopted at the Ordinary Council Meeting on 5 July 2005 and amended at the Ordinary Council Meetings on 11 April 2006 and 6 November 2007 and special Council Meeting on 31 March 2009.

5 CONFIRMATION OF MINUTES

RECOMMENDATION

Moved: Mayor Trevor Vaughan

Seconded: Councillor Vince Maxwell

The minutes of the Audit Committee held on Thursday 21 February 2013 be confirmed.

Carried: (2-0)

6 REPORTS

6.1 Auditor's Interim Audit Report – 2012-2013 Financial Year

File Reference:	FIN0001
Appendices:	Yes
Date:	28 November 2013
Reporting Officer:	N Cain
Responsible Officer:	N Cain
Voting Requirement:	Simple Majority
Executive Summary:	
Recommendation – That Council notes the Auditor's Interim Audit Report and supports the Management Responses to those comments.	
<ul style="list-style-type: none"> This item presents the matters raised in the Auditor's Interim Report together with the responses provided by Management to those matters. 	

TABLED ITEMS:

Nil

BACKGROUND:

Each year, as part of Council's audit process, an Interim Audit is undertaken to ascertain areas of potential review associated with Council's financial systems / processes. The advice received through the interim audit is then assessed by Management who note the comments and take action as required. The findings of the Interim Audit, together with responses from Management, are now presented for Committee's consideration and recommendation to Council. The time difference between the Interim Audit and presentation of this report is primarily due to the time of year when the Interim Audit was done (i.e. coincided with budget, end of financial year, etc) as well as the need to carry out some internal testing at the request of the Auditors.

DETAILS:

As part of Council's committee structure, the Audit Committee has been established to review areas of an audit or compliance nature. The Auditor's Interim Audit is summarised in the following report. It is to be noted that the Interim Audit is primarily concerned with a review of internal controls / practices / procedures and Management's compliance with those controls. The Interim Audit reports on an exception basis those items that require Management's attention and does not seek to point out all the strong internal controls in place.

Legal Compliance:

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

Policy Implications:

Nil

Strategic Plan Implications:

Nil

Financial Implications:Internal Budget:

Nil

Total Asset Management:

Nil

Sustainability Assessment:External Economic Implications:

Nil

Social Issues:

Nil

Cultural Issues:

Nil

Environmental Issues:

Nil

COMMENT:

Matters raised by the Auditor, and Management's response to each matter, are as follows:

BANK RECONCILIATIONS

- (i) Monthly bank reconciliations for the Municipal bank account are performed by the Senior Finance Officer and reviewed by the Manager Financial Services.

Our review of the monthly bank reconciliations for the financial year revealed that in a few instances there was no evidence identifying the preparer and the date when the reconciliations were performed. Further, we were unable to ascertain when the bank reconciliations were reviewed.

We recommend that the monthly bank reconciliations:

- a) be initialled and dated by the preparer as evidence of identifying the preparer and that the bank reconciliations have been performed.
- b) be dated when the review has been carried out to provide evidence that it has been promptly done.

Management Comments:

Management acknowledges the comments made by the Auditors and has implemented a process that complies with the recommendation.

- (ii) During our review of the bank reconciliation as at 30 April 2013 for the Municipal Fund we noted that the unrepresented cheque listing included a number of old cheques which were more than 12 months old. Some of these stale cheques may no longer be presented at the bank and should therefore be written back.

We recommend that the unrepresented cheque listing be reviewed on a regular basis to ensure that there are no old outstanding cheques in the list. Any long outstanding cheques should be investigated and cleared from the system, as appropriate.

Management Comments:

Management agrees with the observations as stated. The process of writing back stale cheques has commenced and, in accordance with legislative requirements and where required, the Department of Treasury and Finance has been advised with regards to unclaimed monies.

PURCHASES AND PAYMENTS

As part of our audit, we carried out a review of the purchasing and payments system. Our audit procedures have been designed to determine appropriate means for selecting items for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures. Our audit procedures have been designed to also determine whether purchases of goods/services were in accordance with Council's purchasing policy.

Generally the controls surrounding purchases, creditors and payments are appropriate to meet the Council's requirements.

However, the following matters were noted as requiring attention:

- (i) Discussion with the Acting Finance Officer – Purchasing and our review of the procurement system revealed that the online purchasing module permits :
- System generated purchase order numbers to be altered manually,
 - Users to backdate the purchase orders dates, and
 - Duplicate purchase order numbers to be used.

The above weaknesses increases the risk of duplicated orders being raised, lack of control over completeness of orders issued (i.e. not issued in sequential order) and allows purchase orders to be raised after the goods and services have been supplied and invoices received.

Management Comments:

Management agrees with the observations as stated. The risks have now being eliminated through the implementation of the Online Requisitioning System. The Online requisitioning system automates the process of the purchase orders issued and provides effective control and monitoring system.

- (ii) During our testing, we noted 3 instances (14 samples tested) where purchase orders were raised only after the goods and services have been supplied and invoices received.
-

As this increases the risk of unauthorised purchases being made, we request that purchase orders be raised when the goods and services are ordered and not after the goods and services have been received. This will ensure that goods and services have been obtained at the most competitive prices and ensure adherence to Council's purchasing policy.

Management Comments:

Management agrees with the observations as stated. The risks have now being eliminated through the implementation of the Online Requisitioning System.

- (iii) Our review of the Town's procurement procedure indicated that the purchase requisition is a primary source document which needs to be completed and properly authorised in order to process the purchase order. A copy of the purchase requisition must also be attached to the purchase order and invoice when presenting the documents for payment.

During our testing, we noted 4 instances (out of 14 samples tested) where purchase requisitions were approved by the staff members outside their delegated limits.

We recommend that the correct authorisation limits be adhered to in order to maintain effective control over purchase requisition approval. Authorisations that fall outside an officer's limit must be taken to a more senior level for authorisation. We also recommend that these limits be reviewed on an annual basis to ensure matching of an authorised officer's delegated purchasing levels to their purchasing requirements in daily operations.

Management Comments:

Management notes the observations as stated. The Online Requisitioning System that has been implemented only allows staff with the appropriate delegated limit to authorise requisitions and therefore this risk has now been eliminated.

- (iv) We noted 10 instances (14 Samples tested) where supplier invoices were processed and paid without the appropriate payment authorisation. These invoices have been authorised by the officers outside their delegated limits.

We recommend that procedures be put in place to ensure that only properly authorised invoices are processed for payment. As this will reduce the risk of unauthorised purchases and payments being made and ensuring adherence to Town's purchasing policy.

Management Comments:

Management notes the observations and have notified all staff to ensure that they adhere to their delegation limits. In order to eliminate the risk management has already commenced on the process implementing an Online Invoice approving system that will only allow officers with the necessary delegation limit to approve invoices.

CREDITORS

- (i) Our review of the monthly creditor's reconciliation for the financial year revealed that in 2 instances there was no evidence that the reconciliations for creditors, between the general ledger control account and the subsidiary ledger were reviewed by a senior officer.

We recommend that the reconciliations be reviewed by a senior officer who should initial and date the document to indicate that the prompt review has been carried out.

Management Comments:

Management notes the observations as stated and will ensure that the monthly reports are signed and dated appropriately. The reconciliation between the general ledger control accounts and the subsidiary is checked every day for all subsidiaries by producing a module balance report and ensuring that they are in balance.

- (ii) From our review and discussion with staff, we noted that new suppliers are set up on the system by Accounts Payable Officer based on the information available on the supplier's invoice (i.e. Australian Business Numbers (ABNs), bank account details, etc.)

We noted that there is no formal document used for the creation of new suppliers. Also, the creation and amendments to creditor master files are not reviewed. Lack of such control may provide opportunities for fraudulent/inappropriate payments to be processed i.e. via setting up false companies and/or bank accounts.

As the system of good internal control is the cornerstone in relation to the reliability of the information produced by the accounting system, we recommend that the standard "New Creditors/Supplier Creation" form be used and authorised by independent senior officer. Also amendments to creditor master files are reviewed by an independent senior officer. This will ensure that information entered has been properly verified and the creditors on the system are valid.

Management Comments:

Management agrees with the observations as stated. A report to monitor any changes to the creditors list has been created and is printed with each creditor pay-run and is reviewed by Management.

RATES

The Council's rating procedures were reviewed to ensure that they were in compliance with statutory requirements and that rates have been imposed correctly. This also included a review of the rate notices issued and the process of reconciliation of the Valuer General's reports to the Rates Ledger.

We checked a limited number of property assessments from the Rates Ledger to ensure that the rates calculations, raising and postings to the Rates and General Ledger were correctly performed.

The following matters were noted and are brought to your attention:

- (i) We noted that there was no evidence of review on the interim rates valuation reconciliations by a senior officer.

We recommend that the interim rates valuation reconciliations be initialled by the senior officer as evidence that the reviews have been performed.

Management Comments:

Management notes the observations as stated. The valuation was reviewed however a signature to confirm the review was not done. Management will ensure that the officer reviewing the interim rates valuation initials the document.

- (ii) We noted that the rates ledger is reconciled with the rates general ledger control accounts by the Senior Rates Officer. However, there is no evidence of review of these reconciliations by an independent senior officer

We recommend that the monthly rates reconciliations be initialled by the senior officer as evidence that the reviews have been performed.

Management Comments:

Management notes the observations as stated. The monthly rates reconciliations are reviewed by the Manager of Finance each month, however was not initialled. Management will ensure this is done in future.

SUNDRY DEBTORS

We examined the policies and procedures in relation to debtors invoicing, receipting, banking and debt collection. The debtors system, including raising of invoices, was reviewed with limited testing for some transactions.

We were satisfied that the reconciliations for sundry debtors between the general ledger control account and the subsidiary ledger have been performed and completed properly.

However, the following matter was noted during our review and is brought to your attention:

- (i) Our review of the sundry debtors aged trial balance report as at 30 April 2013 indicated that \$ 128,861 (approximately 53%) from the total outstanding debts of \$ 240,930 (excluding GST receivables) were in the 90 days and over category.

Some of the large and overdue accounts in the 90 days and over category which existed in the report are:

Debtors Name	Account Number	Amount \$
Western Australian Taekwondo	595	3,812.50
United Corporation	978	1,216.50
R J Griffiths	191	7,795.18
Your PT Expert	599	7,090.56
Attorney Generals	861	11,000.00
Various other accounts		97,946.89
Total		128,861.63

We understand that there is an ongoing review process by Management of outstanding accounts.

As auditors, we have a responsibility to bring the matter to the Council's attention and will continue to review the progress and the processes undertaken by the management to recover these debts.

We recommend that the Management review all long overdue and other accounts and where the debts have been proven unrecoverable, consideration be given to writing off the debts with proper approval.

Management Comments:

Management agrees with the proposed recommendations relating to the management of aged sundry debtors and has currently implemented a process to address this concern.

RECEIPTING

Detailed testings of a number of receipts were performed. These included tracing to individual receipt details, bank deposits, bank statements and the general ledger to ensure allocations/postings were correctly performed and were reasonable.

The following matters were noted and brought to your attention:

- (i) As part of our receipt numbers sequence check, we found that the receipt listing reports showed missing receipt numbers. We were unable to provide any satisfactory explanations for these missing numbers.

Accounting for missing receipt numbers is an important internal control function in providing assurance that all collections have been properly accounted for and banked. We therefore request that this matter be addressed with your IT staff / software

provider with a view to resolving the issue mentioned above.

Management Comments:

Management notes the observations as stated and will ensure that the appropriate process is implemented.

- (ii) Cancelled / voided receipts are listed in the daily "Receipt Listing Prior to Closing" report. However, there is no evidence of review by a senior officer independent of cashiering function.

Cancelled receipts can be used to cover up misappropriation or cash discrepancies. We recommend that all cancelled/voided receipts be separately filed and reviewed and signed by a senior officer to provide evidence that the review has been carried out.

Management Comments:

Management notes the observations as stated and will ensure that the appropriate process is implemented.

PAYROLL

We examined the Town's payroll system in the following areas:

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

The following matters were noted and are brought to your attention:

- (i) Our discussion with the payroll officer indicated that amendments to the employee master file can be done only by authorised personnel. However, no master file audit log report is generated and reviewed independently by senior officer. An independent review of the amendments to the employee master file reduces the risk that unauthorised or incorrect changes go undetected.

As payroll is a significant area of expenditure for the Town, we strongly recommend an audit log report be produced which captures all employee master file changes on a fortnightly basis. The report should be reviewed and signed off by an independent senior officer.

Management Comments:

Management notes the observations as stated and will ensure that the appropriate process is implemented.

- (ii) We reviewed a copy of the 'Employee Leave Accrued Report' as at 6 June 2013. It was found 18 employees had over 10 weeks annual leave accrued. The largest annual leave accrued to an employee was a total of 22 weeks.

Excess leave entitlements can have adverse effects on the council, including an ever increasing liability as salary rates increase over time. Having large leave balances also exposes the council to significant payouts when employees leave the organisation.

We have drawn Management's attention to this matter in our previous management letter dated 25 September 2012.

Management Comments:

Management notes the observations and acknowledges that ALL leave balances are cash-backed through leave provisions. The leave balances are under review and, where required, action is currently being taken to reduce these balances.

- (iii) We noted that the payroll reports for each individual business division are being reviewed and authorised by relevant Executives of each division. However, this is done only after the payroll has been processed and paid.

We recommend that the payroll reports for each individual business division are being reviewed and authorised by relevant Executives of each division before the payments to ensure that payments to employees are valid.

Management Comments:

Management notes the observations and will take measures towards meeting this recommendation.

INVESTMENT OF FUNDS

We conducted a review of the investment of funds by the Town of Victoria Park at the time of our interim audit visit.

An investment policy exists, which provides general guidelines as to the levels of risk and exposure for the various types of investments that can be placed.

The Council manages its own investments. All investments placed appear to be appropriately documented, authorized and correctly recorded in the Council's Investment Register.

However, the following matter was noted and is brought to your attention:

- (i) Our review of the policy indicates that it does not contain key elements as stipulated in the Department of Local Government Guideline 19 for investments. The guideline stipulates that at a minimum, a local government investment policy should:
- include the investment objectives of the local government;
 - define the risk aversion of the local government;
-

- preserve capital, provide liquidity and the anticipated returns for the investment portfolio;
- comply with legislative requirements;
- prohibit the purchase of speculative financial instruments;
- prohibit the use of leveraging of an investment portfolio;
- prohibit the use of the investment portfolio for speculation;
- specify an acceptable instrument list;
- require investments of the local government to be regularly re-valued to reflect prevailing market prices;
- include independent financial assessments of the value of the investment portfolio for Council;
- require investments that are downgraded to below an acceptable rating benchmark to be liquidated;
- where applicable, document the process to choose an external investment manager.

We recommend that the Investment of Surplus Funds policy be updated in line with the Department of Local Government's guideline. This will assist in providing guidance on various matters to be considered when investing surplus monies required for the future.

Regulation 19 of the Local Government (Financial Management) Regulations 1996 stipulates that a local government is to establish and document internal control procedures to be followed by employees to ensure control over investments.

We noted that there are no formal established and documented internal control procedures existing with regards to placement of Council's surplus funds i.e. recording of interest quotes from banks, confirmation and authorisation of deals, etc. Current practice appears to be at the discretion of officers responsible for this function.

We recommend that a formal internal control procedural document be created to fully comply with the regulation.

Management Comments:

Management notes the observations as stated and will ensure that the investment policy is updated and an appropriate process is implemented to ensure that proper internal control is maintained relating to the placement of Council's surplus funds.

RECOMMENDATION/S:

Moved: Mayor Trevor Vaughan

Seconded: Councillor Vince Maxwell

That Council notes the comments arising from the Auditor's 2012-2013 Interim Audit and supports the Management responses to those comments.

CARRIED: (2-0)

6.2 Independent Audit Report and Annual Financial Report – 2012-2013 Financial Year

File Reference:	FIN0001
Appendices:	Yes

Date:	28 November 2013
Reporting Officer:	N Cain
Responsible Officer:	N Cain
Voting Requirement:	Simple Majority

Executive Summary:

Recommendation – That Council acknowledges the Independent Audit Report, and accepts the Annual Financial Report, for the 2012-2013 Financial Year, as included in the Appendices, noting that :

- 1. There were no issues of non-compliance found during the 2012-2013 Annual Audit, and**
- 2. That no inaccuracy with the Town’s Annual Financial Report for the year ended 30 June 2013 has been noted by the Auditor.**
 - This item presents matters arising from the Independent Audit conducted by Council’s Auditor, Mr Tony Macri. It should be noted that no issues of inaccuracy or non-compliance with the City’s Annual Financial Report for the year ended 30 June 2013 have been identified.

TABLED ITEMS:

Nil

BACKGROUND:

Each year, as part of Council’s audit process, an independent Audit is undertaken to assess Council’s Annual Financial Report and the legitimacy and accuracy of Council’s accounts. An Independent Audit Report is then produced by the Auditor and provided to the Chief Executive Officer, Mayor and the Minister (Department for Local Government). The Independent Audit Report is included in Council’s Annual Report. Any issues arising from the Independent Audit Report are to be investigated and action taken to resolve those issues.

A representative from Council’s Auditor, Macri Partners, will also be in attendance at the meeting to speak to the Audit and take questions from Committee members.

DETAILS:

As part of Council’s committee structure, the Audit Committee has been established to review areas of an audit or compliance nature. The Independent Audit is presented in the Appendices.

Legal Compliance:

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

Policy Implications:

Nil

Strategic Plan Implications:

Nil

Financial Implications:Internal Budget:

Nil

Total Asset Management:

Nil

Sustainability Assessment:External Economic Implications:

Nil

Social Issues:

Nil

Cultural Issues:

Nil

Environmental Issues:

Nil

COMMENT:

The Independent Audit was undertaken in October 2013 (Refer to Appendices) and highlights no areas of non-compliance with the *Local Government Act 1995*.

CONCLUSION:

The Independent Audit Report reports that the current systems in place at the Town are financially sound and that the Annual Financial Report has been found to be accurate and in accordance with the required legislation. Accordingly, it is recommended that the Independent Audit Report, and Annual Financial Report, as presented, be accepted.

RECOMMENDATION/S:**Moved: Council Vince Maxwell****Seconded: Mayor Trevor Vaughan**

That Council acknowledges the Independent Audit Report, and accepts the Annual Financial Report, for the 2012-2013 Financial Year, as included in the Appendices, noting that:

- 1. There were no issues of non-compliance found during the 2012-2013 Annual Audit, and**
- 2. That no inaccuracy with the Town's Annual Financial Report for the year ended 30 June 2013 has been noted by the Auditor.**

CARRIED: (2-0)

7 CLOSURE

8 ATTACHMENT 1



TOWN OF
VICTORIA PARK

DELEGATION OF POWER – ELECTION OF PRESIDING MEMBER

Audit Committee

In accordance with Section 5.44 of *the Local Government Act 1995* I hereby delegate to Nathan Cain, Director Business Life the authority to preside at the next Meeting of the Audit Committee and conduct an election for the Presiding Member pursuant to Schedule 2.3 Division 1 of the said *Act*.

A handwritten signature in black ink, appearing to read 'Athanasios Kyron'. The signature is fluid and cursive, with a long horizontal stroke at the end.

**ATHANASIOS (ARTHUR) KYRON
CHIEF EXECUTIVE OFFICER**

18 November 2013

9 ATTACHMENT 2



**TO THE CHIEF EXECUTIVE OFFICER
TOWN OF VICTORIA PARK**

(Presiding Member – Nomination & Nomination Acceptance)

Dear Sir,

In accordance with Section 5.12 and Schedule 2.3 Division 1 of the Local Government Act 1995 I hereby nominate;

Cr. Vince Maxwellfor the position of **Presiding Member** of the
Audit Committeeof the Town of Victoria Park for the

period *3 December 2013* to 17 October 2015.

Signed

[Signature]
.....

Date: *3/12/13*

ACCEPTANCE

I accept this nomination for the office of **Presiding Member** of the
Audit Committee for the Town of Victoria Park

Signed

[Signature]
.....

Date: *3/12/13*

RECEIVED

[Signature]
.....

Nathan Cain - Director
.....

On behalf of Chief Executive Officer

Date: *3/12/13*

14.4 Annual Report 2012 - 2013

**Town of Victoria Park
Financial Report
For the year ended 30 June 2013**

Local Government Act 1995

Local Government (Financial Management) Regulations 1995

Statement by the Chief Executive Officer

The attached Financial Report of the Town of Victoria Park, being the Annual Financial Report and Supporting Notes and other information for the financial year ended 30 June 2013, are, in my opinion, properly drawn up to present fairly the financial position of the Town of Victoria Park at 30 June 2013 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 the Act.

Signed as authorisation for issue on the 21st day of November 2013.



Athanasios (Arthur) Kyron

Chief Executive Officer

Town of Victoria Park
Statement of Comprehensive Income - By Nature or Type
For the year ended 30 June 2013

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Rates	24	28,549,608	28,365,093	26,176,019
Grants and Contributions - Operating	30	2,422,085	1,713,076	1,658,401
Fees and Charges	29	7,417,253	7,902,932	7,618,672
Service Charges	26	2,916,053	2,893,835	1,800,140
Interest Earnings	2	1,142,366	1,225,500	1,500,115
Other Revenue		1,229,939	113,600	433,542
		43,677,304	42,214,036	39,186,889
Expenses				
Employee Costs		(16,695,279)	(16,417,900)	(14,882,389)
Materials and Contracts		(18,648,751)	(19,926,500)	(15,788,886)
Utility Charges		(1,607,866)	(1,897,700)	(1,567,617)
Depreciation	2	(4,152,043)	(3,811,800)	(4,296,946)
Interest Expense	2	(692,843)	(710,806)	(688,736)
Insurance		(381,178)	(497,200)	(390,718)
Other Expense		(71,896)	(1,800,900)	(190,877)
		(42,249,857)	(45,062,806)	(37,806,171)
		1,427,447	(2,848,770)	1,380,718
Grants and Contributions for Assets				
Grants and Contributions - Non-Operating	30	406,307	2,020,161	992,056
		406,307	2,020,161	992,056
Profit and Loss from Asset Disposal				
Profit on Asset Disposal	21	896,086	8,972	49,682
Loss on Asset Disposal	21	(225,691)	(360,714)	(47,311)
		670,395	(351,742)	2,371
Fair Value Adjustments				
Loss on Revaluation		(7,751,878)	0	0
		(7,751,878)	0	0
Changes in Joint Venture Operations				
Joint Ventures		284,987	0	(156,334)
		284,987	0	(156,334)
Net Result				
		(4,962,742)	(1,180,351)	2,218,811
Other Comprehensive Income				
Non-Current Assets Revaluation Changes	14	154,403,489	0	0
		154,403,489	0	0
Total Comprehensive Income				
		149,440,747	(1,180,351)	2,218,811

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

Town of Victoria Park
Statement of Comprehensive Income - By Program
For the year ended 30 June 2013

	Note	2013 Actual \$	2012 Budget \$	2012 Actual \$
Revenue	2			
General Purpose Funding		30,845,178	30,211,334	29,014,926
Governance		945	125	0
Law, Order and Public Safety		666,619	828,350	654,516
Health		215,147	156,771	220,691
Education and Welfare		115,161	134,255	304,672
Community Amenities		921,509	801,050	846,891
Recreation and Culture		5,493,218	6,100,843	5,379,496
Transport		510,966	153,334	246,691
Economic Services		3,398,471	3,345,265	2,238,299
Other Property and Services		1,510,090	72,063	280,706
		43,677,304	41,803,390	39,186,889
Expenses excluding Finance Costs	2			
General Purpose Funding		(511,726)	(632,977)	(496,037)
Governance		(265,923)	(271,467)	(278,457)
Law, Order and Public Safety		(2,046,403)	(1,690,236)	(1,575,371)
Health		(1,395,474)	(716,909)	(1,035,417)
Education and Welfare		(1,064,387)	(1,279,977)	(904,884)
Community Amenities		(7,582,937)	(8,537,763)	(6,016,886)
Recreation and Culture		(15,556,139)	(17,371,920)	(14,529,773)
Transport		(8,174,780)	(7,160,261)	(7,241,054)
Economic Services		(4,736,637)	(5,688,678)	(4,526,822)
Other Property and Services		(222,607)	(1,001,812)	(512,734)
		(41,557,014)	(44,352,000)	(37,117,434)
Finance Costs	2			
Law, Order and Public Safety		(1,591)	0	0
Recreation and Culture		(355,985)	(343,002)	(387,312)
Economic Services		(103,500)	(127,873)	(17,219)
Other Property and Services		(231,767)	(239,931)	(284,205)
		(692,843)	(710,806)	(688,736)
Grants and Contributions for Assets				
Transport		406,307	2,020,161	972,056
Other Property and Services		0	410,646	20,000
		406,307	2,430,807	992,056

Town of Victoria Park
Statement of Comprehensive Income - By Program (continued)
For the year ended 30 June 2013

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Profit and Loss from Asset Disposal				
Governance		(22,763)	0	0
Law, Order and Public Safety		(9,164)	(60,211)	2,397
Health		(203)	(18,644)	10,246
Community Amenities		(22,895)	(38,728)	(11,280)
Recreation and Culture		(6,000)	(15,721)	0
Transport		(33,858)	(143,684)	(25,872)
Economic Services		(28,016)	0	10,369
Other Property and Services		793,293	(74,754)	16,511
		670,395	(351,742)	2,371
Changes in Joint Venture Operations				
Community Amenities		284,987	0	(156,334)
		284,987	0	(156,334)
Fair Value Adjustments				
Recreation and Culture		(7,751,878)	0	0
		(7,751,878)	0	0
Net Result		(4,962,742)	(1,180,351)	2,218,811
Other Comprehensive Income				
Non-Current Assets Revaluation Changes	14	154,403,489	0	0
		154,403,489	0	0
Total Comprehensive Income		149,440,747	(1,180,351)	2,218,811

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

**Town of Victoria Park
Statement of Financial Position
As at 30 June 2013**

	Note	2013 Actual \$	2012 Actual \$
Current Assets			
Cash and Cash Equivalents	3	16,736,801	18,922,481
Trade and Other Receivables	5	4,469,342	1,241,614
Inventories	6	160,778	17,997
		21,366,922	20,182,093
Non-Current Assets			
Trade and Other Receivables	5	755,772	1,522,834
Property, Plant and Equipment	7	207,291,827	52,835,431
Infrastructure	8	63,113,393	67,727,259
Other Financial Assets	17	5,009,546	3,532,538
		276,170,537	125,618,062
Total Assets		297,537,458	145,800,155
Current Liabilities			
Trade and Other Payables	10	3,226,866	5,204,497
Current Portion of Long Term Borrowings	11	1,626,640	1,150,972
Provisions	12	2,590,373	1,850,986
		7,443,878	8,206,454
Non-Current Liabilities			
Long Term Borrowings	11	14,834,200	11,460,840
Provisions	12	308,006	622,233
		15,142,206	12,083,073
Total Liabilities		22,586,084	20,289,527
Net Assets		274,951,374	125,510,628
Equity			
Retained Surplus		96,667,012	100,703,050
Reserves - Cash Backed	13	4,750,000	5,676,704
Reserves - Asset Revaluation	14	173,534,363	19,130,874
		274,951,374	125,510,628

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

**Town of Victoria Park
Statement of Changes in Equity
For the year ended 30 June 2013**

	Retained Surplus	Reserves Cash Backed	Asset Revaluation Reserves	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2011	98,310,012	5,850,931	19,130,874	123,291,817
Net Result	2,218,811	0	0	2,218,811
Transfer From / (To) Reserves	174,227	(174,227)	0	0
Balance as at 30 June 2012	100,703,051	5,676,704	19,130,874	125,510,628
Current Year Balances				
Balance as at 30 June 2012	100,703,051	5,676,704	19,130,874	125,510,628
Net Result	(4,962,742)	0	0	(4,962,742)
Changes on Revaluation of Non-Current Assets	0	0	154,403,489	154,403,489
Transfer From / (To) Reserves	926,704	(926,704)	0	0
Balance as at 30 June 2013	96,667,013	4,750,000	173,534,363	274,951,375

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

Town of Victoria Park
Statement of Cash Flows
For the year ended 30 June 2013

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		28,549,608	27,500,000	26,176,019
Grants and Contributions - Operating		2,422,085	1,700,000	1,658,401
Fees and Charges		4,189,525	7,300,000	7,595,672
Service Charges		3,683,115	2,500,000	458,829
Interest Earnings		1,142,366	1,200,000	1,500,115
Other Revenue		37,919	10,000	433,542
		40,024,618	40,210,000	37,822,578
Payments				
Employee Costs		(16,270,119)	(16,500,000)	(14,339,151)
Materials and Contracts		(20,769,163)	(19,354,137)	(12,480,017)
Utility Charges		(1,607,866)	(1,800,000)	(1,567,617)
Interest Expense		(692,843)	(710,000)	(688,736)
Insurance		(381,178)	(495,000)	(390,718)
Goods and Services Tax		0	0	(1,913,897)
Other Expense		(71,896)	(1,900,000)	(347,210)
		(39,793,067)	(40,759,137)	(31,727,346)
Net Cash Provided by Operating Activities	15	231,552	(549,137)	6,095,232
Cash Flows from Investing Activities				
Equity Movements in Joint Ventures		0	0	156,333
Property, Plant and Equipment Payments		(3,773,709)	(7,326,400)	(2,334,368)
Infrastructure Payments		(4,349,322)	(7,621,600)	(4,183,035)
Grants and Contributions - Non-Operating		406,307	2,020,161	992,056
Sale of Assets Proceeds		1,450,465	999,319	190,657
		(6,266,260)	(11,928,520)	(5,178,357)
Net Cash Provided by Investing Activities				
Cash Flows from Financing Activities				
Debenture Repayments		(1,150,972)	(1,150,973)	(744,792)
New Debenture Proceeds		5,000,000	0	3,525,000
Reduction in Loan Liability		0	0	(83,082)
		3,849,028	(1,150,973)	2,697,126
Net Cash Provided by Financing Activities				
Net Increase / (Decrease) in Cash Held		(2,185,680)	(13,628,630)	3,614,001
Cash at Beginning of Year		18,922,481	22,297,219	15,308,480
Cash and Cash Equivalents at End of Year	15	16,736,801	8,668,589	18,922,481

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

**Town of Victoria Park
Rate Setting Statement
For the year ended 30 June 2013**

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
General Purpose Funding		2,295,570	1,846,241	2,838,908
Governance		945	125	0
Law, Order and Public Safety		666,619	828,350	656,914
Health		216,185	156,771	230,937
Education and Welfare		115,161	134,255	304,672
Community Amenities		922,022	801,050	846,891
Recreation and Culture		5,493,218	6,102,845	5,379,496
Transport		917,273	2,180,465	1,218,746
Economic Services		3,398,471	3,345,265	2,248,668
Other Property and Services		2,404,625	482,709	327,376
		16,430,089	15,878,076	14,052,608
Expenses				
General Purpose Funding		(511,726)	(632,977)	(496,037)
Governance		(288,686)	(271,467)	(278,457)
Law, Order and Public Safety		(9,809,036)	(1,738,610)	(1,575,371)
Health		(1,396,714)	(747,389)	(1,035,417)
Education and Welfare		(1,064,387)	(1,279,977)	(904,884)
Community Amenities		(7,321,358)	(8,623,207)	(6,184,499)
Recreation and Culture		(15,918,123)	(17,755,980)	(14,917,085)
Transport		(8,208,639)	(7,264,200)	(7,266,926)
Economic Services		(4,868,153)	(5,816,551)	(4,544,041)
Other Property and Services		(555,617)	(1,293,162)	(807,098)
		(49,942,439)	(45,423,520)	(38,009,815)
Net Result Excluding Rates		(33,512,350)	(29,545,444)	(23,957,208)
Adjustment for Cash Budget Requirements				
Non-Cash Items				
(Profit) / Loss on Asset Disposals	21	(670,395)	351,742	(2,371)
Loss on Revaluation		7,751,878	0	0
Depreciation on Assets	2	4,152,043	3,811,800	4,296,946
Movement In Joint Venture Equity		(284,987)	0	156,334
Movement in Non-Current Items		(448,933)	0	(934,008)
		10,499,605	4,163,542	3,516,901

**Town of Victoria Park
Rate Setting Statement (continued)
For the year ended 30 June 2013**

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Adjustment for Cash Budget Requirements				
Capital Expense and Revenue				
Purchase Buildings		(1,968,097)	(4,213,400)	(295,887)
Purchase Furniture and Equipment		(1,163,409)	(1,847,600)	(940,110)
Purchase Plant and Machinery		(1,129,209)	(1,265,400)	(1,098,371)
Purchase Infrastructure - Roads		(1,971,080)	(4,311,500)	(2,614,306)
Purchase Infrastructure - Drainage		(258,689)	(708,100)	(22,454)
Purchase Infrastructure - Pathways		(647,226)	(917,600)	(172,495)
Purchase Infrastructure - Parks / Reserves		(657,371)	(1,323,700)	(1,055,998)
Purchase Infrastructure - Other		(618,201)	(360,700)	(317,782)
Proceeds from Disposal of Assets	21	1,450,465	999,319	190,657
Debenture Repayments	23	(1,150,972)	(1,150,973)	(744,792)
New Debenture Proceeds	23	5,000,000	0	3,525,000
Transfers to Reserves	13	(1,786,744)	(3,114,213)	(740,254)
Transfers from Reserves	13	2,713,448	3,553,031	914,481
		(2,187,086)	(14,660,836)	(3,372,311)
Add Surplus / (Deficit) July 1 B/Fwd	24	7,449,905	11,677,645	5,086,504
Less Surplus / (Deficit) June 30 C/Fwd	24	10,799,683	0	7,449,905
Amount Required to be Raised from Rates	24	(28,549,608)	(28,365,093)	(26,176,019)

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies

The significant accounting policies that have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial statement 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.

Except for cash flow and rate setting information, 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, income and expenses.

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

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(c) Goods and Services Tax

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

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

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

(e) Trade and Other Receivables

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

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

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

(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, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations 1996* were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government –
 - (i) that are plant and equipment; and,
 - (ii) that are –
 - (a) land and buildings; or
 - (b) infrastructure;

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the Regulations, each asset class must be revalued at least every 3 years.

Notwithstanding the adjustments to the abovementioned Regulations, the Town of Victoria Park has commenced the process of adopting Fair Values that exceed the requirements of the Regulations. The Town of Victoria Park has incorporated into these accounts, valuations for Land, Buildings, Plant and Machinery, Furniture and Equipment and Parks / Reserves Infrastructure. The remaining asset classes will have their fair value incorporated for a financial year ending on, or before, 30 June 2015.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use.

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.

For infrastructure and other asset classes, 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 recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value impose a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the Initial Recognition section as detailed above.

Those assets carried at fair value will be carried in accordance with the Revaluation Methodology section as detailed above.

Early Adoption of AASB 13 – Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement does not become applicable until the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in AASB 13 – Fair Value Measurement have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation) the adoption of this standard has had no effect on previous reporting periods.

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Regulation 16 of the *Local Government (Financial Management) Regulations 1996* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Regulation 16 of the *Local Government (Financial Management) Regulations 1996* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Regulation 4 of the *Local Government (Financial Management) Regulations 1996* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations 1996* prevail. Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are systematically depreciated over their useful lives in a manner which 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	30	to 50 years
Furniture and Equipment		4 to 10 years
Plant and Equipment		5 to 15 years
Sealed roads and streets		
formation	not	depreciated
pavement	50	years
seal		
- bituminous seals	20	years
- asphalt surfaces		25 years
Gravel roads		
formation	not	depreciated
pavement	50	years
Formed Roads		
formation	Not	depreciated
pavement	50	years
Foot paths - slab		20 years
Sewerage piping	100	years
Water supply piping and drainage systems		75 years

The 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 in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

(h) Intangible Assets

Easements

The Council has determined that under AASB 138, easements are valued on an historical cost basis, because it is unlikely that an active market in easements exists to allow for fair value measurement.

Due to acquisition cost of easements being nil, no easements have been included in the financial report.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the

Council 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 cost.

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

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

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. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

Financial liabilities

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Impairment

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(k) Trade and Other Payables

Trade payables and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

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

(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 Council, are classified as finance leases.

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

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

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

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, the Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

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

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 18.

The Council's interests in joint venture entities are recorded using the equity method of accounting. Where the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) Rates, Grants, Donations and Other Contributions

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

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

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

(s) Superannuation

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

All figures shown in this report, other than a rate in the dollar, are rounded to the nearest dollar.

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) Budget Comparative Figures

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

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

AASB 9 – Financial Instruments

Issued: December 2009

Applicable: 1 January 2013

Impact: 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 Town, it is not anticipated the standard will have any material effect.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures

Issued: September 2012
Applicable: Deferred AASB 9 until 1 January 2015
Impact: 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 Council, it is not anticipated the standard will have any material effect.

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]

Issued: December 2009
Applicable: 1 January 2013
Impact: 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 Council (refer (i) above).

AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [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]

Issued: December 2010
Applicable: 1 January 2013
Impact: 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 Council (refer (i) above).

AASB 10 – Consolidated Financial Statements / AASB 11 – Joint Arrangements / AASB 12 – Disclosure of Interests in Other Entities / AASB 127 – Separate Financial Statements / AASB 128 – Investments in Associates and Joint Ventures / AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 and 1038 and Interpretations 5, 9, 16 and 17]

Issued: August 2011
Applicable: 1 January 2013
Impact: Nil – None of these except for AASB 128, are expected to have significant application to the operations of the Council.

With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it.

Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 and 1049]

Issued: September 2011

Applicable: 1 July 2013

Impact: The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

AASB 119 – Employee Benefits / AASB 2011 – 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 and 2011–8 and Interpretation 14]

Issued: September 2011

Applicable: 1 January 2013

Impact: The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 and 32]

Issued: June 2012

Applicable: 1 January 2013

Impact: Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact on the Council's financial statements.

AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]

Issued: June 2013

Applicable: 1 January 2014

Impact: This Standard adds a application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Council's financial statements.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

1 Significant Accounting Policies (continued)

AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. [AASB1, 101, 116, 132, 134 and Interpretation 2]

Issued: June 2012

Applicable: 1 January 2013

Impact: Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.

AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 and 2011-7 and Interpretation 12]

Note: Applicable to reporting periods commencing on or after the given date.

Issued: December 2012

Applicable: 1 January 2013

Impact: Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 - 8

AASB 2011 - 3

AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either not applicable, 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.

The Council also chose to early adopt AASB 13 – Fair Value Measurement as allowed for in the standard.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

2 Revenue and Expenses

(a) Statement of Objective

The Town's operations, as disclosed in this document, encompass the following service activities-

General Purpose Funding

This activity includes rates, statutory grants and interest on investments and is the main area for revenue collection to allow for the provision of other services.

Governance

This includes the administration and operation of facilities and services to the elected members of Council. It also includes civic receptions, citizenship ceremonies, and the research, development and preparation of policy documentation.

Law, Order and Public Safety

This area includes the administration and operation of Ranger services and animal control services.

Health

This activity includes services such as health inspections, pest control, and noise control.

Education and Welfare

This area includes the senior citizens' centres, disability services and other community development activities such as seniors, youth, volunteers and indigenous support.

Community Amenities

This 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 includes the provision of public buildings, libraries, aquatic facilities, community events, cultural activities, indoor and outdoor sporting complexes, parks and gardens and playgrounds.

Transport

This area 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 includes building control, private swimming pool inspections, tourism and economic development.

Other Property and Services

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

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
2 Revenues and Expenses				
(b) Net Result				
The Net Result includes -				
<u>Charging as an Expense</u>				
Auditor's Remuneration				
Audit and Other Services		19,000	19,000	17,000
		19,000	19,000	17,000
Bad and Doubtful Debts				
Write Off - Finance		5,784	0	876
Write Off - Regulatory Services		36,968	32,496	168,333
Write Off - Street Operations		2,184	0	411
		44,936	32,496	169,620
Depreciation				
Buildings		941,148	836,300	982,683
Furniture and Equipment		427,793	285,400	374,607
Plant and Machinery		593,116	329,500	554,661
Roads		936,382	1,090,000	998,426
Drainage		166,719	200,000	193,219
Pathways		353,357	411,000	410,513
Parks / Reserves		507,908	562,200	567,930
Other Infrastructure		225,620	97,400	214,907
		4,152,043	3,811,800	4,296,946
Interest Expense				
Debentures	23	692,843	710,806	688,736
		692,843	710,806	688,736
<u>Crediting as Revenue</u>				
Significant Revenue				
Other Property and Services				
Sale of Land in Tamala Park Regional Council Joint Venture		1,007,087	0	0
		1,007,087	0	0
Interest Earnings				
Investments - Reserve Funds		197,223	290,000	356,173
Investments - Other Funds		648,766	690,000	870,741
Other Interest Revenue		296,377	245,500	273,202
		1,142,366	1,225,500	1,500,115

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$	\$
2 Revenues and Expenses		
(c) Conditions over Contributions		
Contributions 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)		
Education and Welfare		
Digital Local Government Initiative (NBN)	243,750	0
Digital Enterprise Initiative (NBN)	124,145	0
Digital Hub Initiative (NBN)	209,751	0
	577,646	0
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)		
Education and Welfare		
Digital Local Government Initiative (NBN)	0	243,750
Digital Enterprise Initiative (NBN)	0	124,145
Digital Hub Initiative (NBN)	0	209,751
	0	577,646
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)		
Education and Welfare		
Digital Local Government Initiative (NBN)	243,750	0
Digital Enterprise Initiative (NBN)	124,145	0
Digital Hub Initiative (NBN)	209,751	0
	577,646	0
Closing Balance of Unspent Contributions	0	577,646

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$	\$
3 Cash and Cash Equivalents		
Unrestricted	6,986,801	12,070,382
Restricted	9,750,000	6,852,098
	16,736,801	18,922,481

The following funds have restrictions on them imposed by regulations or other externally imposed requirements -

Reserves

Alternative Transport Modes	10,000	0
Building Improvement	80,000	57,436
Community Art	650,000	405,669
Drainage Improvement	15,000	10,944
Edward Millen Reserve	1,130,000	970,154
Future Fund	540,000	0
Harold Hawthorne - Carlisle Memorial	10,000	4,352
Hubert Street Car Park Improvement	145,000	137,354
Information Technology	85,000	73,982
Infrastructure Improvement	35,000	33,976
Land Acquisition - Road Widening	155,000	146,419
Lathlain Park Study	0	86,889
Leisure Facilities	215,000	202,818
Lt Col Christian Garden Competition	30,000	27,026
Mayor Emergency Relief	5,000	1,652
Peninsula Infrastructure	120,000	12,527
Plant and Machinery	60,000	40,211
Public Open Space Development	110,000	191,471
Right-Of-Way Construction	30,000	26,708
Underground Power	625,000	3,056,531
Waste Management	500,000	0
Westminster Parking	200,000	190,585
	4,750,000	5,676,704

Restricted Funds

Unspent Contributions	0	577,646
Unspent Loans	5,000,000	0
Bonds and Deposits	0	597,748
	5,000,000	1,175,394

Total Reserves and Restricted Cash and Cash Equivalents	9,750,000	6,852,098
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Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$	\$
4 Investments		
No financial assets were held in the form of investments at 30 June for each of the reporting periods.		
5 Trade and Other Receivables		
Current		
Accrued Revenue	3,005,808	0
Current Rates Debtors	362,331	327,937
Current ESL Debtors	93,608	97,040
Infringements	405,053	424,302
Sundry Debtors	591,955	341,331
Current Underground Power	10,588	32,822
Unclaimed Pensioner Rates Rebate	0	3,118
Unclaimed ESL Rates Rebate	0	15,065
	4,469,342	1,241,614
Non-Current		
Non-Current Rates Debtors	178,534	182,116
Non-Current ESL Debtors	24,919	19,427
Non-Current Underground Power	552,319	1,321,292
	755,772	1,522,834
6 Inventories		
Current		
Leisurelife	8,308	8,585
Aqualife	8,888	9,412
Land Held For Resale	143,582	0
	160,778	17,997

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$	\$
7 Property, Plant and Equipment		
Land		
Independent Valuation 2013	137,264,500	0
At Cost	0	16,512,496
	137,264,500	16,512,496
Buildings		
Independent Valuation 2013	64,596,200	0
At Cost	0	40,600,091
Less Accumulated Depreciation	0	(10,111,130)
Work in Progress	274,301	476,756
	64,870,501	30,965,716
Plant and Machinery		
Independent Valuation 2013	2,908,500	0
At Cost	0	6,642,543
Less Accumulated Depreciation	0	(2,768,076)
	2,908,500	3,874,467
Furniture and Equipment		
Independent Valuation 2013	1,744,740	0
At Cost	0	6,368,949
Less Accumulated Depreciation	0	(4,945,460)
Work in Progress	503,586	59,263
	2,248,326	1,482,752
Total Property, Plant and Equipment at Fair Value	207,291,827	52,835,431

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

7 Property, Plant and Equipment

Movements in Carrying Amounts

Particulars	Land	Buildings	Plant and Machinery	Furniture and Equipment	Total
	\$	\$	\$	\$	\$
Beginning Balance	16,512,496	30,965,716	3,874,467	1,482,752	52,835,431
Additions	0	1,968,097	1,129,209	1,163,409	4,260,715
Disposals	(45,479)	0	(734,591)	0	(780,070)
In Progress and Adjustment	(326,323)	(401,847)	(111,743)	352,907	(487,006)
Depreciation Expense	0	(941,148)	(593,116)	(427,793)	(1,962,057)
Impairment Loss	0	0	(655,727)	(322,948)	(978,675)
Revaluation Net Movement	121,123,806	33,279,682	0	0	154,403,489
Sub Total	137,264,500	64,870,501	2,908,500	2,248,326	207,291,827

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$	\$
8 Infrastructure		
Roads		
At Management Valuation	70,209,834	68,153,097
Less Accumulated Depreciation	(29,525,907)	(28,589,525)
Work in Progress	32,675	114,888
	40,716,601	39,678,459
Pathways		
At Cost	15,032,991	14,334,638
Less Accumulated Depreciation	(7,959,280)	(7,605,923)
Work in Progress	162,537	0
	7,236,248	6,728,715
Drainage		
At Cost	12,121,856	11,846,716
Less Accumulated Depreciation	(7,332,992)	(7,166,273)
Work in Progress	2,685	0
	4,791,549	4,680,444
Parks / Reserves		
Independent Valuation 2013	4,952,150	0
At Cost	0	17,698,745
Less Accumulated Depreciation	0	(5,954,718)
Work in Progress	362,679	95,401
	5,314,829	11,839,429
Other Assets		
At Cost	7,303,489	7,154,517
Less Accumulated Depreciation	(2,607,097)	(2,381,477)
Work in Progress	357,773	27,172
	5,054,165	4,800,212
Total Infrastructure	63,113,393	67,727,259

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

8 Infrastructure

Movements in Carrying Amounts

	Roads	Pathways	Drainage	Parks / Reserves	Other Assets	Total
Particulars	\$	\$	\$	\$	\$	\$
Beginning Balance	39,678,459	6,728,715	4,680,444	11,839,429	4,800,212	67,727,259
Additions	1,971,080	647,226	258,689	657,371	618,201	4,152,567
In Progress and Adjustment	3,444	213,663	19,135	99,140	(138,627)	196,755
Depreciation Expense	(936,382)	(353,357)	(166,719)	(507,908)	(225,620)	(2,189,986)
Impairment Loss	0	0	0	(6,773,203)	0	(6,773,203)
Sub Total	40,716,601	7,236,248	4,791,549	5,314,829	5,054,165	63,113,393

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

Property, Plant and Equipment and Infrastructure Revaluation

The Town's Land, Buildings, Plant and Machinery, Furniture and Equipment and Parks / Reserves Infrastructure were revalued at 30 June 2013 by independent valuers.

All valuations were made based on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use.

The revaluation resulted in the following -

		\$
<u>Increase</u>	Land	121,123,807
	Buildings	<u>33,279,682</u>
		154,403,489
<u>Decrease</u>	Plant and Machinery	655,727
	Furniture and Equipment	322,948
	Parks / Reserves Infrastructure	<u>6,773,203</u>
		7,751,878

Increases were credited to the revaluation surplus in the Town's equity and recognised as Non-Current Assets Revaluation Changes in the Statement of Comprehensive Income.

Decreases were debited to Loss on Revaluation and recognised as Fair Value Adjustments in the Statement of Comprehensive Income.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$	\$
9 Intangibles		
The Town did not hold any recognised intangible assets as at 30 June.		
10 Trade and Other Payables		
Current		
Payroll	185,110	186,749
Revenue Liability	239,417	904,809
ESL Liability	(53,462)	107,428
Trade Creditors	2,395,704	3,076,668
Payables	356,284	231,929
Accrued Expense	103,813	99,165
Deposits and Bonds	0	597,748
	<u>3,226,866</u>	<u>5,204,497</u>
11 Long-Term Borrowings		
Current		
Debentures	1,626,640	1,150,972
	<u>1,626,640</u>	<u>1,150,972</u>
Non-Current		
Debentures	14,834,200	11,460,840
	<u>14,834,200</u>	<u>11,460,840</u>
Total	<u>16,460,840</u>	<u>12,611,812</u>
Additional detail on borrowings is provided at Note 23.		
12 Provisions		
Current		
Annual Leave Provision	1,398,784	1,024,942
Sick Leave Provision	383,384	39,436
Long Service Leave Provision	808,205	786,608
	<u>2,590,373</u>	<u>1,850,986</u>
Non-Current		
Sick Leave Provision	19,302	187,978
Long Service Leave Provision	288,703	434,254
	<u>308,006</u>	<u>622,233</u>

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013 Actual \$	2013 Budget \$	2012 Actual \$
13 Reserves - Cash Backed			
In relation to each Reserve account, the purposes for which funds are set aside, and supported by money held in institutions, are -			
Alternative Transport Modes			
<i>To be used to assist fund projects that are associated with alternative modes of transport.</i>			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	10,000	287,430	93,483
Transfer to Reserve - Interest Earnings	0	0	0
Transfer from Reserve	0	(287,000)	(93,483)
	10,000	430	0
Building Improvement			
<i>To provide funds to assist with acquisition, construction, upgrading or replacement of buildings in the Town.</i>			
Opening Balance	57,436	57,412	53,999
Transfer to Reserve - Municipal Funds	20,111	28,255	0
Transfer to Reserve - Interest Earnings	2,454	4,491	3,437
Transfer from Reserve	0	0	0
	80,000	90,158	57,436
Community Art			
<i>To provide funds to assist with the purchase and placement of art for the Council and Community.</i>			
Opening Balance	405,669	405,978	720,613
Transfer to Reserve - Municipal Funds	226,820	236,980	27,649
Transfer to Reserve - Interest Earnings	17,511	15,000	49,309
Transfer from Reserve	0	(10,000)	(391,901)
	650,000	647,958	405,669
Drainage Improvement			
<i>To provide funds to assist with the provision, upgrade, replacement or general improvement of drainage in the Town.</i>			
Opening Balance	10,944	10,945	10,349
Transfer to Reserve - Municipal Funds	3,673	1,898	0
Transfer to Reserve - Interest Earnings	382	704	596
Transfer from Reserve	0	0	0
	15,000	13,547	10,944

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013 Actual \$	2013 Budget \$	2012 Actual \$
13 Reserves - Cash Backed			
Edward Millen Reserve			
<i>To be used to assist in improving and / or maintaining the Edward Millen site, including the associated grounds.</i>			
Opening Balance	970,154	969,879	1,074,602
Transfer to Reserve - Municipal Funds	131,326	469,790	49,273
Transfer to Reserve - Interest Earnings	28,521	83,550	63,963
Transfer from Reserve	0	(351,031)	(217,684)
	1,130,000	1,172,188	970,154
Future Fund			
<i>To assist in funding projects and property purchases that diversify Council's revenue streams.</i>			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	540,000	556,743	0
Transfer to Reserve - Interest Earnings	0	0	0
Transfer from Reserve	0	0	0
	540,000	556,743	0
Harold Hawthorne - Carlisle Memorial			
<i>To assist in the replacement of major appliances / equipment and any structural repairs to these Council-responsibility facilities.</i>			
Opening Balance	4,352	4,355	4,108
Transfer to Reserve - Municipal Funds	5,452	28,010	0
Transfer to Reserve - Interest Earnings	197	85	244
Transfer from Reserve	0	(20,000)	0
	10,000	12,450	4,352
Hubert Street Car Park Improvement			
<i>To be used to assist in the upgrading of the Hubert Street Car Park facility.</i>			
Opening Balance	137,354	137,354	129,573
Transfer to Reserve - Municipal Funds	1,434	6,379	0
Transfer to Reserve - Interest Earnings	6,212	10,750	7,781
Transfer from Reserve	0	0	0
	145,000	154,483	137,354

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013 Actual \$	2013 Budget \$	2012 Actual \$
13 Reserves - Cash Backed			
Information Technology			
<i>To be used to assist in the purchase, upgrade or replacement of computer software or hardware.</i>			
Opening Balance	73,982	73,982	21,588
Transfer to Reserve - Municipal Funds	9,131	9,464	86,161
Transfer to Reserve - Interest Earnings	1,886	8,425	1,233
Transfer from Reserve	0	0	(35,000)
	85,000	91,871	73,982
Infrastructure Improvement			
<i>To assist in the provision, upgrade, replacement or overall improvement of infrastructure within Town road reserves.</i>			
Opening Balance	33,976	33,956	32,141
Transfer to Reserve - Municipal Funds	833	1,541	0
Transfer to Reserve - Interest Earnings	192	558	1,835
Transfer from Reserve	0	0	0
	35,000	36,055	33,976
Land Acquisition - Road Widening			
<i>To be used to assist in the purchase of property and / or land required for the extension or widening of road reserves.</i>			
Opening Balance	146,419	146,419	138,125
Transfer to Reserve - Municipal Funds	1,897	6,708	0
Transfer to Reserve - Interest Earnings	6,684	8,738	8,294
Transfer from Reserve	0	0	0
	155,000	161,865	146,419
Lathlain Park Study			
<i>To be used to assist in the future investigation of alternative uses for Lathlain Park.</i>			
Opening Balance	86,889	86,889	82,681
Transfer to Reserve - Municipal Funds	0	49,081	45,000
Transfer to Reserve - Interest Earnings	1,950	6,876	4,208
Transfer from Reserve	(88,839)	(45,000)	(45,000)
	0	97,846	86,889

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013 Actual \$	2013 Budget \$	2012 Actual \$
13 Reserves - Cash Backed			
Leisure Facilities			
<i>To be used to assist in the upgrade and development of the Aqualife and Leisurelife Centres, including major plant replacement.</i>			
Opening Balance	202,818	184,231	316,158
Transfer to Reserve - Municipal Funds	4,972	11,393	0
Transfer to Reserve - Interest Earnings	7,211	14,538	18,073
Transfer from Reserve	0	0	(131,413)
	215,000	210,162	202,818
Lt Col Christian Garden Competition			
<i>To be used to provide funds to assist in conducting future Spring Garden Competitions.</i>			
Opening Balance	27,026	27,026	25,495
Transfer to Reserve - Municipal Funds	1,752	1,255	0
Transfer to Reserve - Interest Earnings	1,222	2,114	1,531
Transfer from Reserve	0	0	0
	30,000	30,395	27,026
Mayor Emergency Relief			
<i>To be used to provide financial assistance to areas within Western Australia that have been subjected to natural disaster.</i>			
Opening Balance	1,652	1,653	1,574
Transfer to Reserve - Municipal Funds	3,287	77	0
Transfer to Reserve - Interest Earnings	61	125	78
Transfer from Reserve	0	0	0
	5,000	1,855	1,652
Peninsula Infrastructure			
<i>To assist in the replacement of infrastructure and ongoing maintenance to public areas within the Burswood Peninsula area.</i>			
Opening Balance	12,527	12,527	7,578
Transfer to Reserve - Municipal Funds	107,153	125,160	4,567
Transfer to Reserve - Interest Earnings	319	3,146	382
Transfer from Reserve	0	0	0
	120,000	140,833	12,527

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013 Actual \$	2013 Budget \$	2012 Actual \$
13 Reserves - Cash Backed			
Plant and Machinery			
<i>To be used to assist in the acquisition and replacement of the Town's plant and machinery.</i>			
Opening Balance	40,211	40,211	37,933
Transfer to Reserve - Municipal Funds	17,971	27,455	0
Transfer to Reserve - Interest Earnings	1,819	3,147	2,278
Transfer from Reserve	0	0	0
	60,000	70,813	40,211
Public Open Space Development			
<i>To assist in the acquisition and development of land for additional open space, as well as the development of existing open space.</i>			
Opening Balance	191,471	191,471	179,361
Transfer to Reserve - Municipal Funds	0	87,869	0
Transfer to Reserve - Interest Earnings	8,862	11,385	12,110
Transfer from Reserve	(90,333)	(150,000)	0
	110,000	140,725	191,471
Right-Of-Way Construction			
<i>To assist in the provision and construction of sealed right-of-ways throughout the Town.</i>			
Opening Balance	26,708	26,708	6,328
Transfer to Reserve - Municipal Funds	2,876	1,251	20,000
Transfer to Reserve - Interest Earnings	416	524	380
Transfer from Reserve	0	0	0
	30,000	28,483	26,708
Underground Power			
<i>To assist in the funding of projects associated with the installation of underground power and associated landscaping.</i>			
Opening Balance	3,056,531	3,055,827	2,828,964
Transfer to Reserve - Municipal Funds	40	366,875	57,948
Transfer to Reserve - Interest Earnings	102,705	100,930	169,619
Transfer from Reserve	(2,534,276)	(2,500,000)	0
	625,000	1,023,632	3,056,531

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013 Actual \$	2013 Budget \$	2012 Actual \$
13 Reserves - Cash Backed			
Waste Management			
<i>To assist in the funding of waste management and waste minimisation initiatives.</i>			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	500,000	511,750	0
Transfer to Reserve - Interest Earnings	0	0	0
Transfer from Reserve	0	0	0
	500,000	511,750	0
Westminster Parking			
<i>To be used to assist in the conversion of the sump in Westminster Street near Albany Highway into parking.</i>			
Opening Balance	190,585	190,584	179,763
Transfer to Reserve - Municipal Funds	795	8,849	0
Transfer to Reserve - Interest Earnings	8,619	14,914	10,822
Transfer from Reserve	0	(190,000)	0
	200,000	24,347	190,585
Total Reserves			
Opening Balance	5,676,704	5,657,407	5,850,932
Transfer to Reserve - Municipal Funds	1,589,520	2,824,213	384,081
Transfer to Reserve - Interest Earnings	197,223	290,000	356,173
Transfer from Reserve	(2,713,448)	(3,553,031)	(914,481)
Closing Balance	4,750,000	5,218,589	5,676,704

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$	\$
14 Reserves - Asset Revaluation		
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
Land		
Opening Balance	0	0
Revaluation Increment	121,123,806	0
Revaluation Decrement	0	0
Closing Balance	121,123,806	0
Buildings		
Opening Balance	0	0
Revaluation Increment	33,279,682	0
Revaluation Decrement	0	0
Closing Balance	33,279,682	0
Roads		
Opening Balance	19,130,874	19,130,874
Revaluation Increment	0	0
Revaluation Decrement	0	0
Closing Balance	19,130,874	19,130,874
Total Asset Revaluation Surplus	173,534,363	19,130,874

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

2013	2012
Actual	Actual
\$	\$

15 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	16,736,801	18,922,481
	16,736,801	18,922,481

(b) Reconciliation of Net Cash Provided by Operating Activities to Net Result

Net Result	(4,962,742)	2,218,810
Depreciation	4,152,043	4,296,946
(Profit) / Loss on Sale of Asset	(670,395)	(2,371)
(Increase) / Decrease in Receivables	(2,460,665)	(1,364,311)
(Increase) / Decrease in Other Financial Assets	(1,477,008)	0
(Increase) / Decrease in Inventories	(142,781)	30,951
Increase / (Decrease) in Payables	(1,977,631)	1,364,021
Increase / (Decrease) in Employee Provisions	425,160	52,854
Loss on Fair Value Adjustment	7,751,878	543,239
Grants and Contributions for Asset Development	(406,307)	(992,056)
Net Cash from Operating Activities	231,552	6,148,083

c Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft Limit	200,000	200,000
Bank Overdraft at Balance Date	0	0
Credit Card Limit	20,000	20,000
Credit Card at Balance Date	0	(9,484)
Total Amount of Credit Unused	220,000	210,516

Loan Facilities

Loan Facilities - Current	1,626,640	1,150,972
Loan Facilities - Non-Current	14,834,200	11,460,840
Total Facilities in Use at Balance Date	16,460,840	12,611,812

Unused Loan Facilities at Balance Date	0	0
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Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

16 Contingent Liabilities

On 15 August 2006, the Town of Victoria Park agreed to sign a Deed of Guarantee to satisfy the financial security requirements relating to the tender that was under review by the Mindarie Regional Council for the construction of a Resource Recovery Facility at Neerabup. The Town's maximum exposure under the Deed of Guarantee is \$7.33 million. The Deed of Guarantee will only crystallise if -

- a. Mindarie Regional Council is unable to meet payments that creates a default under the Resource Recovery Facility Agreement (RRFA)
- b. There is a *Force Majeure* event.

Force Majeure events will be limited due to insurance and can be narrowed down to the following -

- a. War risks, confiscations, nationalisation
- b. Nuclear attack, radiation, contamination by radio activity from nuclear waste etc.
- c. Sea damage, tidal wave or high water or storm surge
- d. Spontaneous combustion, fermentation or any process involving application of heat

17 Leasing Commitments

The Town had no leasing commitments at 30 June for the periods being reported.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

18 Joint Ventures

Mindarie Regional Council

The Mindarie Regional Council was formally constituted in December 1987. The Town of Victoria Park, along with the Municipalities of Joondalup, Wanneroo, Stirling, Perth, Cambridge and Vincent, form the membership of the Mindarie Regional Council. The primary function of the Regional Council is for the orderly and efficient treatment and / or disposal of waste. The Town of Victoria Park has a one-twelfth (1/12) equity in the assets and liabilities of the refuse disposal facility as per the constitution amendment (25 November 1996). The values as shown below were, at the time of preparation of these financial statements, unaudited.

	2013	2012
	\$	\$
Current Assets	1,446,004	1,445,488
Non-Current Assets	3,935,230	3,347,741
Total Assets	5,381,234	4,793,229
Current Liabilities	568,372	583,611
Non-Current Liabilities	2,137,779	1,936,166
Total Liabilities	2,706,151	2,519,777
Net Assets	2,675,083	2,273,452

Tamala Park Regional Council

The Tamala Park Regional Council was formally constituted in February 2006. The Town of Victoria Park, along with the Municipalities of Joondalup, Wanneroo, Stirling, Perth, Cambridge and Vincent, form the membership of the Tamala Park Regional Council. The purpose of the Regional Council is to create an urban development of 165 hectares immediately north of the Mindarie Regional Council leased land. The Town of Victoria Park has a one-twelfth (1/12) equity in the assets and liabilities of the development. The values as shown below were, at the time of preparation of these financial statements, unaudited.

	2013	2012
	\$	\$
Current Assets	2,208,442	1,125,038
Non-Current Assets	163,649	175,605
Total Assets	2,372,091	1,300,643
Current Liabilities	36,074	40,735
Non-Current Liabilities	1,555	822
Total Liabilities	37,629	41,557
Net Assets	2,334,462	1,259,086
Movement in Joint Venture Equity (Increase / (Decrease))	1,477,007	(156,334)

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

19 Trust Funds

Trust funds held at balance date over which the Town has no control, and that are not included in the financial statements, are as follows:

Details	Open 1 July \$	Net Movement \$	Balance 30 June \$
Construction Training Fund Levy	0	24,910	24,910
Building Registration Board	0	15,170	15,170
Pathways and Works Contributions	0	1,264,098	1,264,098
Miscellaneous Bonds and Deposits	0	23,867	23,867
Leisure Facilities Bonds and Deposits	0	6,265	6,265
Trust Account Prior to 1 July 1995	0	(200)	(200)
Council Number Plates	0	256	256
	0	1,334,366	1,334,366

2013 Actual \$	2012 Actual \$
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20 Total Assets Classified by Function and Activity

General Purpose Funding	15,649,286	13,885,352
Governance	208,164	2,300
Law, Order and Public Safety	405,053	424,302
Health	25,938	168,936
Education and Welfare	31,226	31,690
Community Amenities	1,694,447	4,417,239
Recreation and Culture	72,900,740	44,814,917
Transport	58,388,564	56,433,817
Economic Services	661,085	99,416
Other Property and Services	147,572,957	25,522,186
	297,537,458	145,800,155

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

21 Disposal of Assets

The following assets were disposed of during the year -

Details and Asset ID	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land						
Land Sales Strategy	0	416,667	0	416,667	0	0
Rutland Avenue #2056	45,479	0	861,831	0	816,352	0
Plant and Machinery						
Asset Management #2011	12,806	22,427	15,145	11,520	2,339	(10,907)
BLP Administration #4016	29,243	46,684	23,918	25,455	(5,325)	(21,229)
Building #1992	30,154	16,799	15,519	16,799	(14,635)	0
CEO Office #1998	44,646	0	21,883	0	(22,763)	0
CEO Office #2005	40,881	22,727	24,373	22,727	(16,508)	0
CLP Administration #2001	28,363	32,428	26,428	20,000	(1,935)	(12,428)
CLP Administration #3510	28,944	0	16,337	0	(12,607)	0
FLBLP Admin #2003	32,428	43,368	26,428	25,455	(6,000)	(17,913)
Human Resources #1996	20,327	32,277	15,974	20,000	(4,353)	(12,277)
Lifelong Learning #4018	18,472	23,000	18,782	23,000	310	0
Loader Backhoe #1945	51,123	21,049	52,428	25,000	1,305	3,951
Minor Plant #Various	2,974	762	4,149	2,465	1,175	1,703
Regulatory Services #1985	28,672	26,894	15,292	13,636	(13,380)	(13,258)
Regulatory Services #1999	17,996	33,013	18,509	15,455	513	(17,558)
Regulatory Services #3522	18,852	33,013	13,873	15,455	(4,979)	(17,558)
Regulatory Services #3523	19,340	30,164	15,155	11,520	(4,185)	(18,644)
Regulatory Services #4024	15,931	23,357	14,691	11,520	(1,240)	(11,837)
Strategic Planning #1983	28,371	28,860	14,337	11,520	(14,034)	(17,340)
Street Operations #2002	30,164	30,164	16,883	11,520	(13,281)	(18,644)
Street Operations #2007	24,262	18,455	13,701	18,455	(10,561)	0
Street Operations #3514	28,448	28,860	15,065	16,364	(13,383)	(12,496)
Street Operations #3518	22,682	39,722	15,736	16,364	(6,946)	(23,358)
Street Operations #3519	22,682	39,721	12,327	16,364	(10,355)	(23,357)
Street Operations #4026	19,414	13,636	16,418	13,636	(2,996)	0
Street Operations #4035	14,145	0	14,145	0	0	0

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

21 Disposal of Assets

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Sweeper #1944	36,456	188,978	4,218	136,000	(32,238)	(52,978)
Sweeper #4035	5,905	27,094	16,873	7,273	10,968	(19,821)
Tractor #1966	0	28,944	22,621	11,520	22,621	(17,424)
Trailer #2141	0	0	2,080	3,019	2,080	3,019
Truck #1957	0	27,272	20,918	27,272	20,918	0
Truck #1959	6,954	0	21,800	0	14,846	0
Truck #4038	18,800	0	13,873	0	(4,927)	0
Urban Planning #2008	14,708	31,515	15,746	21,818	1,038	(9,697)
Urban Planning #2009	20,448	23,211	13,009	11,520	(7,439)	(11,691)
	780,070	1,351,061	1,450,465	999,319	670,395	(351,742)

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

2013 2012 2011

22 Financial Ratios

Current Ratio	1.56	1.62	1.62
Asset Sustainability Ratio	0.78	0.66	0.46
Debt Service Cover Ratio	(0.44)	4.44	4.97
Own Source Revenue Coverage Ratio	0.78	0.95	1.02
Operating Surplus Ratio	(0.14)	0.04	0.07

The above ratios are calculated as follows -

	Current Assets Minus Restricted Assets
Current Ratio	Current Liabilities Minus Liabilities From Restricted Assets
	Capital Renewal and Replacement Expenditure
Asset Sustainability Ratio	Depreciation
	Annual Operating Surplus before Interest and Depreciation
Debt Service Cover Ratio	Principal and Interest
	(Operating Revenue minus Operating Expense)
Operating Surplus Ratio	Own Source Operating Revenue
	Own Source Operating Revenue
Own Source Revenue Coverage Ratio	Operating Expense

Additional Ratio Information

This information relates to ratios that only require attestation that they have been checked and supported by verifiable information. In keeping with amendments to the *Local Government (Financial Management) Regulations 1996* (Reg. 50), comparatives for the two preceding years have not been reported as financial information is not available.

Asset Consumption Ratio	0.52	n/a	n/a
Asset Renewal Funding Ratio	0.97	n/a	n/a

	Depreciated Replacement Cost of Depreciable Assets
Asset Consumption Ratio	Current Replacement Cost of Depreciable Assets
	NPV of Planned Capital Renewal over 15 years
Asset Renewal Funding Ratio	NPV of Required Capital Renewal over 15 years

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

23 Information on Borrowings

(a) Debentures (Budget)	Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June \$	Interest Expense \$
Recreation and Culture					
04 Aqualife Centre	2,539,641	0	259,094	2,280,547	142,020
07 Aqualife Centre II	2,829,235	0	243,310	2,585,925	174,000
11 Fletcher Park	555,000	0	25,877	529,123	26,982
Economic Services					0
13 Underground Power	2,500,000	0	312,534	2,187,466	105,873
Other Property and Services					0
02 Depot Land	774,495	0	77,224	697,271	48,930
03 Administration Centre	1,053,500	0	106,648	946,852	61,165
09 14 Kent Street	742,089	0	45,319	696,770	55,731
10 1 Harper Street	1,147,850	0	59,052	1,088,798	74,105
12 Depot Upgrade	470,000	0	21,915	448,085	22,000
	12,611,810	0	1,150,973	11,460,837	710,806

(b) Debentures (Actual)	Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June \$	Interest Expense \$
Law, Order and Public Safety					
14 Parking Initiative	0	5,000,000	0	5,000,000	1,591
Recreation and Culture					
04 Aqualife Centre	2,539,641	0	259,095	2,280,547	138,872
07 Aqualife Centre II	2,829,235	0	243,310	2,585,926	168,330
11 Fletcher Park	555,000	0	25,877	529,123	26,414
Economic Services					
13 Underground Power	2,500,000	0	312,534	2,187,466	103,500
Other Property and Services					
02 Depot Land	774,495	0	77,224	697,271	45,976
03 Administration Centre	1,053,500	0	106,648	946,852	59,493
09 14 Kent Street	742,089	0	45,319	696,771	55,114
10 1 Harper Street	1,147,850	0	59,052	1,088,799	71,184
12 Depot Upgrade	470,000	0	21,914	448,086	22,369
	12,611,812	5,000,000	1,150,972	16,460,840	692,843

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

23 Information on Borrowings

(c) New Debentures

	Amount Borrowed		Amount Used		Balance Unspent
	Actual	Budget	Actual	Budget	
	\$	\$	\$	\$	\$
Law, Order and Public Safety					
14 Parking Initiative	5,000,000	0	0	0	5,000,000
	5,000,000	0	0	0	5,000,000

	Institution	Type	Term (Years)	Total Costs	Interest Rate
Law, Order and Public Safety					
14 Parking Initiative	WATC	Debenture	7	770,997	3.84%
				770,997	

(d) Unspent Debentures

There was \$5,000,000 in unspent debentures at 30 June.

(e) Overdraft

The Town has an overdraft facility of \$200,000 to assist with short-term liquidity.

The Town did not need to utilise these facilities and the balance of the bank overdraft at 30 June was \$nil.

Town of Victoria Park
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For the year ended 30 June 2013

24 Rating Information

(a) Rating (Budget)	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$
Rate in \$ - 7.27 cents Minimum Charge - \$864					
General Rate					
Gross Rental Value	133,342	356,726,562	25,934,021	100,000	26,034,021
Minimum Charge					
Gross Rental Value	2,698	27,445,233	2,331,072	0	2,331,072
Total	136,040	384,171,795	28,265,093	100,000	28,365,093

(b) Rating (Actual)	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$
Rate in \$ - 7.27 cents Minimum Charge - \$864					
General Rate					
Gross Rental Value	133,387	357,860,817	26,016,482	216,400	26,232,882
Minimum Charge					
Gross Rental Value	2,698	27,445,233	2,331,072	(14,346)	2,316,726
Total	136,085	385,306,050	28,347,554	202,054	28,549,608

Town of Victoria Park
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For the year ended 30 June 2013

	2013 30 June \$	2012 1 July \$	2012 30 June \$
24 Rating Information			
(c) Information on Surplus / (Deficit) Brought Forward			
Surplus / (Deficit)			
Comprises -			
Cash - Unrestricted	6,986,801	12,070,382	12,070,382
Receivables and Accruals - Current	4,469,342	1,241,614	1,241,614
Inventories - Current	160,778	17,997	17,997
Less -			
Payables - Current	(3,226,866)	(5,204,497)	(5,204,497)
Provisions - Current	(2,590,373)	(1,850,986)	(1,850,986)
Adjustments			
Unspent Contributions	0	577,646	577,646
Unspent Loans	5,000,000	0	0
Bonds and Deposits	0	597,748	597,748
Surplus / (Deficit)	10,799,683	7,449,905	7,449,905

25 Specified Area Rates

The Town did not raise any Specified Area Rates during the 2012-2013 financial year.

26 Service Charges

	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget to Costs \$
Underground Power	2,916,053	2,893,835	3,644,542	3,600,196

The area for which the above Underground Power Service Charge is to be levied includes the suburb of Lathlain, plus the "Goodwood" precinct area of Burswood, bounded by Goodwood Parade, Great Eastern Highway and Graham Farmer Freeway. Western Power is the primary agent associated with the works and they have indicated that they will be contracting the works out to a suitable contractor. The Service Charge is to fund 75% of the associated works. The remaining 25% is to be funded by Council.

Town of Victoria Park
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27 Rates Related Discounts, Incentives, Concessions and Write-Offs

The Town did not provide any discounts, waivers or concessions with regards to the payment of rates.

Three payment incentives were offered -

1 - Kustom Cupcakes Yummy Package (\$1,000 cash from the Town of Victoria Park, one year's supply of cupcakes from Kustom Cupcakes and a gourmet hamper from Nosh)

2 - Kalbarri Beach Resort Package (\$1,000 cash from the Town of Victoria Park, five nights accommodation at Kalbarri Beach Resort, two double passes to WASO's performance of *Rachmaninov and the Ring* and two double passes to the Black Swan Theatre Company's performance of *Managing Carmen*)

3 - Victoria Park Package (\$1,000 cash from the Town of Victoria Park, overnight stay (plus breakfast) at Crown Promenade Perth, \$100 gift voucher to spend at Simply Fabulous, six month Maxilife membership to Leisurelife and Aqualife)

	2013	2012
	Actual	Actual
	\$	\$
Written-off rates and rates related fees and charges	4,169	680

28 Rates Related Interest and Charges

	Interest	Actual	Budgeted
	Rate	Revenue	Revenue
	%	\$	\$
Pensioner Deferred Rates Interest (as set by State Government)	4.0	7,181	9,500
Instalment Interest	5.5	163,752	180,000
Late Payment Interest	11	86,412	56,000
Waste Debts Interest (Rates)	11	1,905	1,400
Charges on instalment plans and arrangements		64,764	64,900
		324,014	311,800

Ratepayers had the option of paying rates in four equal instalments. These were due -

- 1 28 September 2012
- 2 30 November 2012
- 3 01 February 2013
- 4 05 April 2013

Administration charges and interest applied for the final three instalments (\$4 per instalment).

Town of Victoria Park
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	2013	2012
	Actual	Actual
	\$	\$
29 Fees and Charges		
General Purpose Funding	132,430	64,328
Law, Order and Public Safety	566,593	543,485
Health	206,317	214,144
Education and Welfare	97,134	172,562
Community Amenities	898,834	819,136
Recreation and Culture	5,052,579	5,272,003
Transport	138,620	164,881
Economic Services	286,078	343,813
Other Property and Services	38,667	24,320
	7,417,253	7,618,672

30 Grant Revenue

By Nature or Type

Grants and Contributions - Operating	2,422,085	1,658,401
Grants and Contributions - Non-Operating	406,307	992,056
	2,828,392	2,650,457

By Nature or Type

General Purpose Funding	1,062,762	1,371,449
Governance	0	0
Law, Order and Public Safety	95,802	88,123
Health	54	2,334
Education and Welfare	42,743	38,500
Community Amenities	0	0
Recreation and Culture	405,594	91,971
Transport	759,792	1,038,080
Economic Services	124,145	0
Other Property and Services	337,500	20,000
	2,828,392	2,650,457

31 Employee Numbers

Number of Full-Time Equivalent Employees at Balance Date	167	152
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Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

	2013 Actual \$	2013 Budget \$	2012 Actual \$
32 Elected Members' Fees and Allowances			
Mayoral Allowance	60,000	60,000	60,000
Deputy Mayoral Allowance	15,000	15,000	15,000
Members Meeting Fees	70,000	70,000	70,000
Telecommunications Allowance	21,600	21,600	22,780
Information Technology Allowance	12,267	9,000	9,392
Members Expenses	4,940	5,300	4,380
Members Travel	3,867	5,500	4,904
	187,674	186,400	186,456

33 Post Balance Date Events

There were no Post Balance Date Events incurred by the Town.

34 Major Land Transactions

There were no Major Land Transactions incurred by the Town.

35 Financial Risk Management

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

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

	Carrying Value		Fair Value	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial Assets				
Cash and cash equivalents	16,736,801	18,922,481	16,736,801	18,922,481
Receivables	5,225,114	2,764,449	5,225,114	2,764,449
Financial Liabilities				
Payables	3,226,866	5,204,497	3,226,866	5,204,497
Borrowings	16,460,840	12,611,812	16,387,441	10,719,476

Town of Victoria Park
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35 Financial Risk Management

Fair value is determined as follows -

Cash and cash equivalents, Receivables, Payables - estimated to the carrying value, which approximates net market value.

Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

(a) Cash and cash equivalents and Financial Assets at Fair Value

The Town's objective is to maximise return on cash and cash investments whilst maintaining an adequate level of liquidity and preserving capital. The Town maintains an investment policy and the policy is subject to regular review. An investment report is provided monthly setting out the make-up and performance of the portfolio.

The major risk associated with any investment 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.

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

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

	2013	2012
	\$	\$
Impact of a 1% movement in interest rates on cash and investments		
- Equity	167,368	189,225
- Statement of Comprehensive Income	167,368	189,225

The above are sensitivity percentages based on expectation of possible future market movements.

Town of Victoria Park
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2013

35 Financial Risk Management

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. This risk is managed by monitoring outstanding debt and employing debt recovery policies. Credit risk on rates and annual charges is minimised by the ability to recover these debts as a secured charge over the land - that is, the land can be sold to recover the debt. Interest can also be charged on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported monthly and monitored for acceptable collection performance. Suitable provision is made for doubtful receivables, as required, and credit checks are carried out on most non-rate debtors. There are no material receivables that have been subject to a re-negotiation of repayment terms. The Town's profile of credit risk at balance date was -

	2013	2012
Percentage of Rates and Annual Charges		
- Current (Due within 12 months)	33%	36%
- Overdue	67%	64%
Percentage of Other Receivables		
- Current (Due within 30 days)	37%	42%
- Overdue	63%	58%

(c) Payables and Borrowings

Payables and borrowings are both subject to liquidity risk - that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. This risk is managed by monitoring cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash flows of Payables and Borrowings are set out in the Liquidity Sensitivity Table as shown below -

	Due Within 1 Year \$	Due Between 1 and 5 Years \$	Due After 5 Years \$	Total Contractual Cash Flows \$	Total Carrying Values \$
2013					
Payables	3,226,866	0	0	3,226,866	3,226,866
Borrowings	2,270,602	10,725,675	7,413,509	20,409,786	16,460,840
	5,497,468	10,725,675	7,413,509	23,636,652	19,687,706
2012					
Payables	5,204,497	0	0	5,204,497	5,204,497
Borrowings	1,859,606	7,439,145	7,468,856	16,767,607	12,611,812
	7,064,103	7,439,145	7,468,856	21,972,104	17,816,309

Town of Victoria Park
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For the year ended 30 June 2013

35 Financial Risk Management

(c) Payables and Borrowings (continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. This is not a factor with the loan portfolio, as set out below, as all loans have a fixed interest rate for the duration of the loan. The following table sets out the carrying amount, by maturity, of the financial instruments of the Town of Victoria Park -

	Less Than 1 Year \$	Between 1 and 5 Years \$	More Than 5 Years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2013					
Fixed Rate Debentures	1,626,640	8,324,757	6,509,443	16,460,840	5.13%
					Weighted Average Effective Interest Rate %
Year Ended 30 June 2012					
Fixed Rate Debentures	1,150,972	5,290,937	6,169,903	12,611,812	5.68%

