

**Town of Victoria Park
Financial Report
For the year ended 30 June 2019**

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

Statement by the Chief Executive Officer

The attached financial report of the Town of Victoria Park for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Town of Victoria Park at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on theday of February 2020

Anthony Vuleta
Chief Executive Officer

Town of Victoria Park
For the year ended 30 June 2019

Statement of Comprehensive Income - By Nature and Type

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	22	46,436,093	45,789,500	44,290,591
Grants and Contributions - Operating	2	1,993,361	3,779,500	4,425,380
Fees and Charges	2	9,664,339	9,627,500	10,096,411
Interest Earnings	2	1,563,810	1,534,500	1,328,543
Other Revenue		397,530	341,500	785,389
		60,055,134	61,072,500	60,926,314
Expenses				
Employee Costs		(22,942,658)	(22,252,500)	(22,279,536)
Materials and Contracts		(19,473,541)	(33,069,500)	(21,108,078)
Utility Charges		(1,620,113)	(1,400,000)	(1,670,414)
Depreciation	2	(9,177,539)	(8,037,500)	(8,779,701)
Interest Expense	2	(292,110)	(452,000)	(407,360)
Insurance		(450,620)	(550,000)	(423,860)
Other Expense		(4,616)	(31,000)	(857,721)
		(53,961,196)	(65,792,500)	(55,526,669)
		6,093,938	(4,720,000)	5,399,645
Grants and Contributions for Assets				
Grants and Contributions - Non-Operating	2	1,367,729	6,054,500	1,171,983
		1,367,729	6,054,500	1,171,983
Profit and Loss from Asset Disposal				
Profit on Asset Disposal		371,147	922,500	29,586
Loss on Asset Disposal		(526,165)	(15,000)	(706,934)
	19	(155,018)	907,500	(677,347)
Share of profit or loss of Joint Arrangements				
Profit on Land Disposal	30	545,910	700,000	462,234
		545,910	700,000	462,234
Fair Value Adjustments				
Revaluation adjustment		0	0	(60,450)
		0	0	(60,450)
Share of Results of investments and financial assets				
Fair value adjustment to financial assets at fair value through profit or loss	17	4,101	0	(2,985)
Investments accounted for under the equity method	16	190,288	0	359,926
		194,389	0	356,941
Net Result for the period		8,046,947	2,942,000	6,653,005
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	134,096	0	84,148
Total Other Comprehensive Income for the period		134,096	0	84,148
Total Comprehensive Income for the period		8,181,043	2,942,000	6,737,153

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

Town of Victoria Park
For the year ended 30 June 2019

Statement of Comprehensive Income - By Program

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2			
General Purpose Funding		49,209,126	48,366,500	47,268,443
Governance		0	500	1,200
Law, Order and Public Safety		3,071,057	2,848,000	2,384,339
Health		297,134	282,000	295,297
Education and Welfare		263,298	260,000	311,003
Community Amenities		1,267,870	1,150,500	1,244,154
Recreation and Culture		4,446,068	6,510,500	7,356,638
Transport		495,405	439,500	286,867
Economic Services		363,702	464,500	459,055
Other Property and Services		641,474	750,500	1,319,319
		60,055,134	61,072,500	60,926,314
Expenses excluding Finance Costs	2			
General Purpose Funding		(895,662)	(1,225,500)	(1,745,055)
Governance		(614,946)	(577,000)	(549,149)
Law, Order and Public Safety		(4,010,945)	(4,509,500)	(3,926,804)
Health		(1,632,252)	(1,578,500)	(1,541,787)
Education and Welfare		(1,428,122)	(1,816,000)	(1,603,704)
Community Amenities		(8,232,034)	(9,253,000)	(8,573,889)
Recreation and Culture		(16,166,765)	(18,158,500)	(16,485,899)
Transport		(13,269,978)	(12,489,500)	(13,180,341)
Economic Services		(1,785,428)	(9,194,000)	(1,516,044)
Other Property and Services		(5,632,953)	(6,539,000)	(5,996,638)
		(53,669,086)	(65,340,500)	(55,119,309)
Finance Costs	2			
Law, Order and Public Safety		(52,875)	(67,500)	(81,567)
Recreation and Culture		(128,711)	(134,500)	(172,377)
Economic Services		(10,534)	(145,500)	(27,791)
Other Property and Services		(99,989)	(104,500)	(125,626)
		(292,110)	(452,000)	(407,360)
Grants and Contributions for Assets	2			
Recreation and Culture		0	3,845,000	0
Transport		1,367,729	2,209,500	1,171,983
		1,367,729	6,054,500	1,171,983

Town of Victoria Park
For the year ended 30 June 2019

Statement of Comprehensive Income - By Program (continued)

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Profit and Loss from Asset Disposal	19			
General Purpose Funding		545,910	0	462,234
Law, Order and Public Safety		1,445	0	0
Health		0	6,500	(1,991)
Community Amenities		736	0	(7,044)
Recreation and Culture		308,612	(5,000)	(2,673)
Transport		0	4,500	(681,531)
Economic Services		(4,000)	(2,000)	(855)
Other Property and Services		(461,812)	1,603,500	16,746
		390,892	1,607,500	(215,113)
Share of Results of investments and financial assets				
Economic Services	16	194,389	0	356,941
		194,389	0	356,941
Fair Value Adjustments				
Loss on Revaluation		0	0	(60,450)
		0	0	(60,450)
Net Result for the period		8,046,947	2,942,000	6,653,005
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	134,096	0	84,148
Total Other Comprehensive Income		134,096	0	84,148
Total Comprehensive Income for the period		8,181,043	2,942,000	6,737,153

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

Town of Victoria Park
As at 30 June 2019

Statement of Financial Position

	Note	30 June 2019	30 June 2018
		Actual	Actual
		\$	\$
Current Assets			
Cash and Cash Equivalents	3	50,512,621	41,639,572
Trade and Other Receivables	5	4,008,731	3,328,489
Inventories	6	32,331	9,470
Assets Classified as Held for Sale	16	508,546	846,901
		55,062,229	45,824,432
Non-Current Assets			
Trade and Other Receivables	5	354,097	474,739
Property, Plant and Equipment	7	669,420,031	667,382,231
Infrastructure	8	232,703,706	234,182,030
Assets Classified as Held for Development	16	517,971	99,084
Financial Assets at Fair Value through Profit and Loss	17	35,035	30,934
Investments accounted for using equity method	16	9,790,955	9,469,902
		912,821,794	911,638,920
Total Assets		967,884,023	957,463,352
Current Liabilities			
Trade and Other Payables	10	9,865,595	5,092,624
Current Portion of Long Term Borrowings	21	1,664,220	1,981,548
Provisions	11	4,229,474	4,259,745
		15,759,289	11,333,917
Non-Current Liabilities			
Long Term Borrowings	21	2,188,498	4,240,753
Provisions	11	334,677	468,169
		2,523,175	4,708,922
Total Liabilities		18,282,465	16,042,839
Net Assets		949,601,558	941,420,513
Equity			
Retained Surplus		112,384,879	107,376,224
Reserves - Cash Backed	4	32,397,367	31,086,162
Revaluation Surplus	12	804,819,312	802,958,128
		949,601,558	941,420,513

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

Town of Victoria Park
For the year ended 30 June 2019

Statement of Changes in Equity

		Retained Surplus	Reserves Cash Backed	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
Prior Year Balance					
Balance as at 1 July 2017		105,938,897	24,441,643	804,302,820	934,683,360
Comprehensive income					
Net Result		6,653,005	0	0	6,653,005
Other Comprehensive Income					
Changes on Revaluation of Non-Current Assets	12	0	0	84,148	84,148
Transfer From / (To) Reserves	4	(6,644,519)	6,644,519	0	0
Revaluation write back on disposals		1,428,840	0	(1,428,840)	0
Balance as at 30 June 2018		107,376,224	31,086,162	802,958,128	941,420,513
Current Year Balance					
Balance as at 01 July 2018		107,376,224	31,086,162	802,958,128	941,420,513
Comprehensive income					
Net Result		8,046,947	0	0	8,046,947
Other Comprehensive Income					
Changes on Revaluation of Non-Current Assets	12	0	0	134,096	134,096
Transfer From / (To) Reserves	4	(1,311,205)	1,311,205	0	(0)
Revaluation write back on disposals		753,622	0	(753,622)	0
Adjustment to Revaluation Surplus	12	(2,480,709)	0	2,480,709	0
Balance as at 30 June 2019		112,384,879	32,397,367	804,819,312	949,601,558

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

Town of Victoria Park
For the year ended 30 June 2019

Statement of Cash Flows

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		45,659,220	43,253,000	43,979,313
Grants and Contributions - Operating		1,993,361	3,779,500	4,425,380
Fees and Charges		13,061,801	10,580,050	13,067,938
Interest Earnings		1,563,810	1,535,000	1,328,543
Goods and Services Tax		1,892,643	2,000,000	3,008,626
Other Revenue		260,708	87,080	656,201
		64,431,543	61,234,630	66,466,001
Payments				
Employee Costs		(23,123,065)	(21,500,500)	(21,781,292)
Materials and Contracts		(16,848,155)	(31,587,930)	(22,217,887)
Utility Charges		(1,620,113)	(1,764,700)	(1,670,414)
Interest Expense		(292,110)	(452,000)	(407,360)
Insurance		(450,620)	(554,000)	(423,860)
Goods and Services Tax		(2,659,263)	(354,000)	(3,277,643)
Other Expense		(4,616)	(2,000,000)	(857,721)
		(44,997,942)	(58,213,130)	(50,636,177)
Net Cash Provided by Operating Activities	13 (b)	19,433,602	3,021,500	15,829,824
Cash Flows from Investing Activities				
Property, Plant and Equipment Payments		(6,160,437)	(5,198,000)	(3,433,266)
Infrastructure Payments		(5,088,749)	(13,119,500)	(5,611,492)
Grants and Contributions - Non-Operating	2	1,367,729	6,054,500	1,171,983
Proceeds from sale of Property Plant and Equipment	19	1,357,154	3,633,000	988,687
Return of Member Contributions		333,333	0	333,333
		(8,190,971)	(8,630,000)	(6,550,755)
Net Cash Provided by / (Used in) Investing Activities		(8,190,971)	(8,630,000)	(6,550,755)
Cash Flows from Financing Activities				
Repayment of Borrowings		(2,369,581)	(3,237,500)	(2,614,597)
New Debenture Proceeds		0	9,375,000	0
		(2,369,581)	6,137,500	(2,614,597)
Net Cash Provided by / (Used in) Financing Activities		(2,369,581)	6,137,500	(2,614,597)
Net Increase / (Decrease) in Cash Held		8,873,049	529,000	6,664,474
Cash and Cash Equivalents at Beginning of Year		41,639,572	41,269,200	34,975,098
Cash and Cash Equivalents at End of Year	13 (a)	50,512,621	41,798,200	41,639,572

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

Town of Victoria Park
For the year ended 30 June 2019

Rate Setting Statement

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating Activities				
Revenue from Operating Activities (excluding Rates)				
General Purpose Funding		3,318,943	2,577,000	3,440,086
Governance		0	500	1,200
Law, Order and Public Safety		3,077,302	2,856,000	2,384,339
Health		297,134	282,000	295,297
Education and Welfare		263,298	260,000	311,003
Community Amenities		1,268,607	1,150,500	1,245,036
Recreation and Culture		4,773,730	6,510,500	7,356,638
Transport		495,405	450,500	286,867
Economic Services		558,091	464,500	815,995
Other Property and Services		677,977	2,354,000	1,014,690
		14,730,487	16,905,500	17,151,152
Expenditure from Operating Activities				
General Purpose Funding		(895,661)	(1,225,500)	(1,745,055)
Governance		(614,946)	(577,000)	(549,149)
Law, Order and Public Safety		(4,068,620)	(4,578,500)	(4,068,820)
Health		(1,632,252)	(1,578,500)	(1,543,778)
Education and Welfare		(1,428,122)	(1,816,000)	(1,603,704)
Community Amenities		(8,232,034)	(9,253,000)	(8,581,815)
Recreation and Culture		(16,314,527)	(18,298,000)	(16,660,948)
Transport		(13,269,978)	(12,496,000)	(13,861,872)
Economic Services		(1,799,962)	(9,341,500)	(1,544,689)
Other Property and Services		(6,095,881)	(6,643,500)	(6,134,223)
		(54,351,984)	(65,807,500)	(56,294,053)
Net Result Excluding Rates		(39,621,497)	(48,902,000)	(39,142,901)
Non-cash amounts excluded from Operating activities				
Operating activities excluded from budget				
(Profit) / Loss on Asset Disposals	19	(390,892)	(1,607,500)	215,113
Loss on Revaluation		0	0	60,450
Depreciation on Assets	2	9,177,539	8,037,500	8,779,701
Movement in changes in Investments and Other Financial Assets	16 & 17	(194,389)	0	(356,941)
Movement in Non-Current Under Ground Power / Rates		120,642	0	148,654
Movement in Non-Current Leave Provision		(133,492)	0	143,332
Amount attributable to operating activities		8,579,408	6,430,000	8,990,310

Town of Victoria Park
For the year ended 30 June 2019

Rate Setting Statement (continued)

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Adjustment for Cash Budget Requirements				
Investing Activities				
Purchase Land	7	(3,702,939)	(71,000)	(2,982)
Purchase Buildings	7	(1,249,848)	(2,950,500)	(2,045,534)
Purchase Furniture and Equipment	7	(139,566)	(336,500)	(198,011)
Purchase Plant and Machinery	7	(578,496)	(934,500)	(891,259)
Purchase Information Technology	7	(489,587)	(976,500)	(295,481)
Construction of Infrastructure - Roads	8	(2,528,128)	(4,338,500)	(2,556,923)
Construction of Infrastructure - Drainage	8	(171,538)	(444,500)	(317,024)
Construction of Infrastructure - Pathways	8	(230,022)	(700,000)	(285,670)
Construction of Infrastructure - Parks / Reserves	8	(1,883,708)	(6,297,000)	(1,344,328)
Construction of Infrastructure - Other	8	(275,353)	(1,339,500)	(1,107,547)
Proceeds from Disposal of Assets	19	1,357,154	3,633,000	988,687
Return of Member Contribution from Tamala Park		333,333	0	333,333
Non-Operating Grants, Subsidies and Contributions	2	1,367,729	6,054,500	1,171,983
Amount attributable to investing activities		(8,190,971)	(8,701,000)	(6,550,756)
Financing Activities				
Debenture Repayments	21	(2,369,582)	(3,237,500)	(2,614,597)
Transfers to Reserves	4	(5,828,606)	(9,695,000)	(6,944,519)
Transfers from Reserves	4	4,517,400	4,402,000	300,000
New Debenture Proceeds	21	0	9,375,000	0
Amount attributable to financing activities		(3,680,787)	844,500	(9,259,116)
		(42,913,847)	(50,328,500)	(45,962,463)
Add Surplus / (Deficit) July 1 B/Fwd	23	4,539,000	4,539,000	6,210,873
Less Surplus / (Deficit) June 30 C/Fwd	23	8,061,246	0	4,539,000
Amount Required to be Raised from Rates	22	(46,436,093)	(45,789,500)	(44,290,590)

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

1 Significant Accounting Policies

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Town 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 appear at Note 31 to these financial statements.

OTHER SIGNIFICANT ACCOUNTING POLICIES

1) Goods and services tax (GST)

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

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

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

2) Current and non-current classification

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

3) Rounding off figures

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

1 Significant Accounting Policies

OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

4) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year. When the Town applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

5) 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.

6) Superannuation

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

7) Fair value of assets and liabilities

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

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

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

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

8) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

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

Level 2

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

Level 3

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

Valuation techniques

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

Market approach

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

1 Significant Accounting Policies

OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Income approach

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

Cost approach

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

9) Impairment of assets

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

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

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

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

2 Revenues and Expenses (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue			
Fees and Charges			
General Purpose Funding	345,335	314,500	328,631
Law, Order and Public Safety	2,594,960	2,594,500	2,101,022
Health	281,617	259,000	274,413
Education and Welfare	247,924	198,000	295,897
Community Amenities	1,204,066	1,121,000	1,183,050
Recreation and Culture	4,402,084	4,459,500	4,473,955
Transport	129,582	107,500	161,978
Economic Services	330,901	434,000	395,789
Other Property and Services	127,871	139,500	881,676
	9,664,339	9,627,500	10,096,411
Interest Earnings			
Investments - Reserve Funds	542,514	723,000	417,961
Investments - Other Funds	526,949	414,000	480,591
Other Interest Revenue	494,348	397,500	429,992
	1,563,810	1,534,500	1,328,543

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

Grants and Contributions

By Nature or Type

Grants and Contributions - Operating	1,993,361	3,779,500	4,425,380
Grants and Contributions - Non-Operating	1,367,729	6,054,500	1,171,983
	3,361,090	9,834,000	5,597,363

By Program

General Purpose Funding	1,162,477	1,145,000	1,159,537
Law, Order and Public Safety	423,307	227,000	256,841
Health	105	2,000	210
Education and Welfare	11,340	52,500	10,000
Recreation and Culture	29,100	5,882,000	2,824,346
Transport	1,732,516	2,525,500	1,295,029
Other Property and Services	2,245	0	51,400
	3,361,090	9,834,000	5,597,363

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Where contributions recognised as revenues during the reporting period were obtained on the be expended in a particular manner or used over 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 the following section under Conditions over Grants and Contributions. This 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.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

2 Revenues and Expenses (continued)

		2019	2018
		Actual	Actual
Conditions over Grants and Contributions	By Program	\$	\$
Opening Balance		0	0
Grants/contributions received during the year			
Literacy and Learning	Education and Welfare	4,600	715
Department of Transport Grant	Transport	256,337	91,765
State Government Grant	Education and Welfare	10,340	0
General Purpose Federal Grant	General Purpose Funding	743,301	742,138
General Road Grant	Transport	382,326	375,192
Sponsorships and other contributions	Recreation and Culture	110,519	53,657
Lottery West Grant	Education and Welfare	0	66,260
MRWA Grants	Transport	793,281	803,374
Roads to Recovery Grants	Transport	276,110	326,162
State Government Grant	Transport	439,827	2,786,360
Federal Government Grants	Education and Welfare	274,500	253,653
State Government Grants and contributions	General Purpose Funding	69,949	98,088
Grants/contributions received during the year		3,361,090	5,597,364
Grants/contributions expended during the year			
Literacy and Learning	Education and Welfare	(4,600)	(715)
Department of Transport Grant	Transport	(256,337)	(91,765)
State Government Grant	Education and Welfare	(10,340)	0
General Purpose Federal Grant	General Purpose Funding	(743,301)	(742,138)
General Road Grant	Transport	(382,326)	(375,192)
Sponsorships and other contributions	Recreation and Culture	(110,519)	(53,657)
Lottery West Grant	Education and Welfare	0	(66,260)
MRWA Grants	Transport	(793,281)	(803,374)
Roads to Recovery Grants	Transport	(276,110)	(326,162)
State Government Grant	Transport	(439,827)	(2,786,360)
Federal Government Grants	Education and Welfare	(274,500)	(253,653)
State Government Grant and contributions	General Purpose Funding	(69,949)	(98,088)
Grants/contributions expended during the year		(3,361,090)	(5,597,364)
Closing Balance as at 30 June		0	0
Grants/contributions recognised as revenue in a previous period which were not expended at the close of the previous reporting period		0	0
New grants/contributions which were recognised as revenue during the reporting period and which had not yet been fully expended in the manner specified by the contributor		0	0
Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.		3,361,090	5,597,364

2 Revenues and Expenses (continued)

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
<u>Charging as an Expense</u>				
Auditor's Remuneration				
Audit of Financial Statements		42,000	76,000	24,000
Audit - Projects		950	0	950
		42,950	76,000	24,950
Bad and Doubtful Debts				
Write Off - Building and Planning Services		185	1,000	35
Write Off - Sundry debt		2,855	7,500	2,992
Write Off - Parking Management charges		747,353	620,000	67,885
Write Off - Environmental Health charges		3,806	1,000	1,272
Write Off - Ranger Service charges		470	9,500	13,803
Write Off - Waste charges		35	10,500	66
Write Off - Property charges		45,575	0	0
Total Write off		800,278	649,500	86,054
Interest Expense				
Debentures	21	292,110	452,000	407,360
		292,110	452,000	407,360
Depreciation				
Buildings		1,579,474	1,015,000	1,319,413
Furniture and Equipment		378,001	103,500	375,242
Plant and Machinery		349,289	296,500	293,768
Information Technology		316,228	323,500	336,123
Roads		4,104,613	3,910,500	4,059,303
Drainage		468,555	353,500	463,761
Pathways		1,204,130	775,000	1,194,247
Parks / Reserves		358,797	565,000	345,131
Other Infrastructure *		418,452	695,000	392,714
		9,177,539	8,037,500	8,779,701

* Other Infrastructure includes assets such as street lighting, shelters, parklets and public art.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 Revenues and Expenses (continued)

Depreciation (continued)

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.

Depreciation rates

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

Buildings	30 to 133 years
Furniture and Equipment	3 to 12 years
Plant and Machinery	3 to 15 years
Information Technology	3 to 20 years
Roads	
o Formation	not depreciated
o Pavement	40 to 150 years
o Surface	15 to 30 years
Footpaths	16 to 65 years
Drainage	100 years
Parks	20 to 80 years
Other Assets	20 to 80 years

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

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

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

3 Cash and Cash Equivalents

	Note	2019 Actual \$	2018 Actual \$
Cash at bank		50,503,616	41,630,567
Cash on Hand		9,005	9,005
		50,512,621	41,639,572
Comprises			
Unrestricted		18,115,254	10,553,410
Restricted	4	32,397,367	31,086,162
		50,512,621	41,639,572

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

Reserves

Buildings Renewal		521,433	487,366
Community Art		727,269	689,443
Drainage Renewal		254,715	225,520
Edward Millen Reserve		1,959,453	1,882,335
Furniture and Equipment Renewal		635,558	599,407
Future Fund		13,442,506	14,384,893
Future Projects		3,874,131	4,079,640
Harold Hawthorne - Carlisle Memorial		166,395	148,630
Information Technology		874,112	661,800
Insurance Risk Reserve		429,314	396,930
Land Asset Optimisation		2,183,400	801,300
Other Infrastructure Renewal		651,383	614,943
Parks Renewal		147,811	96,025
Pathways Renewal		452,505	419,697
Plant and Machinery		298,945	268,942
Renewable Energy		228,032	174,780
Roads Renewal		948,039	881,637
Underground Power		3,549,677	3,288,499
Waste Management		1,052,688	984,375
	4	32,397,367	31,086,162

Restricted Funds

Unspent Loans		0	0
		0	0

Total Reserves and Restricted Cash and Cash Equivalents

32,397,367 **31,086,162**

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Notes to, and forming part of, the Financial Report

For the year ended 30 June 2019

4 Reserves - Cash Backed

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 to this financial report.

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

Anticipated Date of Use	2019 Actual \$	2019 Budget \$	2018 Actual \$
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Building Renewal

To provide funds to assist with acquisition, construction, upgrading or replacement of buildings in the Town.

Opening Balance	487,366	487,366	400,466
Transfer to Reserve - Municipal Funds	25,000	25,000	80,052
Transfer to Reserve - Interest Earnings	9,067	13,000	6,848
Transfer from Reserve	0	0	0
Ongoing	521,433	525,366	487,366

Community Art

To provide funds to assist with the purchase and placement of art for the Council and Community.

Opening Balance	689,443	689,443	641,043
Transfer to Reserve - Municipal Funds	25,000	25,000	37,438
Transfer to Reserve - Interest Earnings	12,826	18,000	10,962
Transfer from Reserve	0	(25,000)	0
Ongoing	727,269	707,443	689,443

Drainage Renewal

To provide funds to assist with the provision, upgrade, replacement or general improvement of drainage in the Town.

Opening Balance	225,520	225,520	172,720
Transfer to Reserve - Municipal Funds	25,000	25,000	49,847
Transfer to Reserve - Interest Earnings	4,195	6,000	2,953
Transfer from Reserve	0	0	0
Ongoing	254,715	256,520	225,520

Edward Millen Reserve

To be used to assist in improving and / or maintaining the Edward Millen site, including the associated grounds.

Opening Balance	1,882,335	1,457,678	1,356,878
Transfer to Reserve - Municipal Funds	50,000	50,000	502,255
Transfer to Reserve - Interest Earnings	27,118	37,000	23,202
Transfer from Reserve	0	0	0
Ongoing	1,959,453	1,544,678	1,882,335

4 Reserves - Cash Backed (continued)

	Anticipated Date of Use	2019 Actual \$	2019 Budget \$	2018 Actual \$
Furniture and Equipment Renewal				
<i>To be used to fund renewal projects associated with Council's Furniture and Equipment assets</i>				
Opening Balance		599,407	599,407	558,907
Transfer to Reserve - Municipal Funds		25,000	25,000	30,942
Transfer to Reserve - Interest Earnings		11,151	15,000	9,558
Transfer from Reserve		0	0	0
Ongoing		635,558	639,407	599,407

Future Fund

To assist in funding projects and property purchases that diversify Council's revenue streams.

Opening Balance		14,384,893	14,384,893	12,332,193
Transfer to Reserve - Municipal Funds		2,500,000	2,500,000	1,841,814
Transfer to Reserve - Interest Earnings		267,613	360,000	210,886
Transfer from Reserve		(3,710,000)	0	0
Ongoing		13,442,506	17,244,893	14,384,893

Future Projects

To assist in funding 'new' and 'upgrade' capital projects, with funding primarily derived from the sale of land assets.

Opening Balance		4,079,640	1,948,578	1,798,878
Transfer to Reserve - Municipal Funds		550,000	550,000	2,250,000
Transfer to Reserve - Interest Earnings		47,991	49,000	30,762
Transfer from Reserve		(803,500)	(1,802,000)	0
Ongoing		3,874,131	745,578	4,079,640

Harold Hawthorne - Carlisle Memorial

To assist in the replacement of major appliances / equipment and any structural repairs to these Council-responsibility facilities.

Opening Balance		148,630	148,630	126,430
Transfer to Reserve - Municipal Funds		15,000	15,000	20,037
Transfer to Reserve - Interest Earnings		2,765	4,000	2,163
Transfer from Reserve		0	0	0
Ongoing		166,395	167,630	148,630

Information Technology

To be used to assist in the purchase, upgrade or replacement of computer software or hardware.

Opening Balance		661,800	661,800	358,400
Transfer to Reserve - Municipal Funds		200,000	200,000	297,272
Transfer to Reserve - Interest Earnings		12,312	17,000	6,128
Transfer from Reserve		0	0	0
Ongoing		874,112	878,800	661,800

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

4 Reserves - Cash Backed (continued)

Anticipated Date of Use	2019 Actual \$	2019 Budget \$	2018 Actual \$
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Insurance Risk

To be used for the purpose of meeting the difference between premiums and claims in the event of significant insurance claims.

Opening Balance	396,930	396,930	367,830
Transfer to Reserve - Municipal Funds	25,000	25,000	22,809
Transfer to Reserve - Interest Earnings	7,384	10,000	6,291
Transfer from Reserve	0	0	0
Ongoing	429,314	431,930	396,930

Land Asset Optimisation

To be used to hold proceeds from, and meet expenses towards, Land Asset Optimisation Strategy initiatives.

Opening Balance	801,300	801,300	0
Transfer to Reserve - Municipal Funds	1,371,092	1,386,000	801,300
Transfer to Reserve - Interest Earnings	14,908	21,000	0
Transfer from Reserve	(3,900)	0	0
Ongoing	2,183,400	2,208,300	801,300

Other Infrastructure Renewal

To be used to fund renewal projects associated with Council's Other infrastructure

Opening Balance	614,943	614,943	574,443
Transfer to Reserve - Municipal Funds	25,000	25,000	30,678
Transfer to Reserve - Interest Earnings	11,440	16,000	9,822
Transfer from Reserve	0	(300,000)	0
Ongoing	651,383	355,943	614,943

Parks Renewal

To be used to fund renewal projects associated with Council's Parks infrastructure

Opening Balance	96,025	96,025	261,025
Transfer to Reserve - Municipal Funds	50,000	50,000	30,536
Transfer to Reserve - Interest Earnings	1,786	3,000	4,464
Transfer from Reserve	0	0	(200,000)
Ongoing	147,811	149,025	96,025

Pathways Renewal

To be used to fund renewal projects associated with Council's Pathways infrastructure

Opening Balance	419,697	419,697	367,397
Transfer to Reserve - Municipal Funds	25,000	25,000	46,017
Transfer to Reserve - Interest Earnings	7,808	11,000	6,283
Transfer from Reserve	0	(200,000)	0
Ongoing	452,505	255,697	419,697

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

4 Reserves - Cash Backed (continued)

	Anticipated Date of Use	2019 Actual \$	2019 Budget \$	2018 Actual \$
Plant and Machinery				
<i>To be used to assist in the acquisition and replacement of the Town's plant and machinery.</i>				
Opening Balance		268,942	268,942	235,342
Transfer to Reserve - Municipal Funds		25,000	25,000	29,575
Transfer to Reserve - Interest Earnings		5,003	7,000	4,025
Transfer from Reserve		0	0	0
	Ongoing	298,945	300,942	268,942
Renewable Energy				
<i>To assist in investigating and funding renewable energy projects within the District</i>				
Opening Balance		174,780	174,780	220,980
Transfer to Reserve - Municipal Funds		50,000	50,000	50,022
Transfer to Reserve - Interest Earnings		3,252	5,000	3,778
Transfer from Reserve		0	0	(100,000)
	Ongoing	228,032	229,780	174,780
Roads Renewal				
<i>To be used to fund renewal projects associated with Council's Roads Infrastructure</i>				
Opening Balance		881,637	881,637	788,737
Transfer to Reserve - Municipal Funds		50,000	50,000	79,413
Transfer to Reserve - Interest Earnings		16,402	23,000	13,487
Transfer from Reserve		0	0	0
	Ongoing	948,039	954,637	881,637
Underground Power				
<i>To assist in the funding of projects associated with the installation of underground power and associated landscaping.</i>				
Opening Balance		3,288,499	3,288,499	2,962,799
Transfer to Reserve - Municipal Funds		200,000	3,871,000	275,035
Transfer to Reserve - Interest Earnings		61,178	83,000	50,665
Transfer from Reserve		0	(1,825,000)	0
	2019-2020	3,549,677	5,417,499	3,288,499
Waste Management				
<i>To assist in the funding of waste management and waste minimisation initiatives.</i>				
Opening Balance		984,375	984,375	917,175
Transfer to Reserve - Municipal Funds		50,000	50,000	51,516
Transfer to Reserve - Interest Earnings		18,313	25,000	15,684
Transfer from Reserve		0	(250,000)	0
	Ongoing	1,052,688	809,375	984,375
Total Reserves				
Opening Balance		31,086,162	28,530,443	24,441,643
Transfer to Reserve - Municipal Funds		5,286,091	8,972,000	6,526,558
Transfer to Reserve - Interest Earnings		542,514	723,000	417,961
Transfer from Reserve		(4,517,400)	(4,402,000)	(300,000)
Closing Balance		32,397,367	33,823,443	31,086,162

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

5 Trade and Other Receivables

	Note	2019 Actual \$	2018 Actual \$
Current			
Accrued Revenue		31,556	267
Rates Debtors		1,916,096	1,143,707
ESL Debtors		165,618	90,128
Infringements		915,625	1,673,107
Sundry Debtors		1,242,789	897,976
Allowance for impairment of receivables	32	(345,563)	(774,083)
Prepayments		3,915	244,523
Current Underground Power		48,167	41,518
Unclaimed Pensioner Rates Rebate		3,331	853
Unclaimed ESL Rates Rebate		27,199	10,492
		4,008,731	3,328,489
Non-Current			
Rates Debtors		240,048	238,041
ESL Debtors		30,584	31,005
Underground Power		83,465	205,693
		354,097	474,739

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 32.

5 Trade and Other Receivables (continued)

Classification and subsequent measurement

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

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

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

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Other current assets

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

6 Inventories

	2019 Actual \$	2018 Actual \$
Current		
Leisurelife	4,079	8,083
Aqualife	28,252	1,387
	32,331	9,470

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

7 Property, Plant and Equipment

In accordance with the amendment to *Local Government (Financial Management) Regulation 1996*, the Town is required to capitalise assets in excess of \$5,000 only. The Town made a retrospective assessment in respect of previously capitalised assets costing less than \$5,000 at the date of acquisition. Based on the assessment performed, the Town recognised a loss on disposal of Plant and Equipment assets with a total written down value of \$493,034. This was reflected in the Statement of Comprehensive income for the year.

	2019 Actual \$	2018 Actual \$
Land		
Independent Valuation - 2017	597,110,520	597,110,520
Additions after revaluation	3,702,939	0
Disposal	(2,182,460)	(1,428,840)
Work in Progress	2,982	2,982
	598,633,981	595,684,662
Buildings		
Independent Valuation -2017	86,806,722	86,806,722
Additions after revaluation	4,659,546	3,263,162
Less Accumulated Depreciation	(25,740,189)	(24,160,714)
Work in Progress	59,005	205,541
	65,785,085	66,114,711
Plant and Machinery		
Independent Valuation -2017	2,286,489	2,286,489
Additions after revaluation	1,338,805	891,259
Disposals	(659,339)	(281,890)
Less Accumulated Depreciation	(551,569)	(295,184)
Work in Progress	130,950	0
	2,545,336	2,600,674
Furniture and Equipment		
Independent Valuation - 2017	3,523,879	3,523,880
Disposals	(302,994)	0
Additions after revaluation	337,577	198,011
Less Accumulated Depreciation	(2,264,505)	(1,886,504)
	1,293,957	1,835,386
Information Technology		
Independent Valuation - 2017	1,748,741	1,748,741
Additions after revaluation	494,508	292,134
Disposals	(158,485)	0
Less Accumulated Depreciation	(1,213,651)	(897,423)
Work in Progress	290,560	3,346
	1,161,672	1,146,798
Total Property, Plant and Equipment	669,420,032	667,382,231

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

7 Property, Plant and Equipment (continued)

Movements in Carrying Amounts

	Land	Buildings	Plant and Machinery	Furniture and Equipment	Information Technology	Total
	\$	\$	\$	\$	\$	\$
2017-2018						
<u>Assets Capitalised</u>						
Beginning Balance	597,110,520	63,965,421	2,300,827	2,012,617	1,187,441	666,576,826
Additions	0	3,263,162	891,259	198,011	292,135	4,644,567
Disposals	(1,428,840)	0	(237,195)	0	0	(1,666,035)
Depreciation Expense	0	(1,319,413)	(293,768)	(375,242)	(336,123)	(2,324,545)
Transfers to Profit and Loss	0	0	(60,450)	0	0	(60,450)
Closing Balance	595,681,680	65,909,170	2,600,674	1,835,386	1,143,453	667,170,363
<u>Work In Progress</u>						
Beginning Balance	0	1,423,169	0	0	0	1,423,169
Additions	2,982	63,541	0	0	3,346	69,869
Completed and capitalised	0	(1,281,169)	0	0	0	(1,281,169)
Closing Balance	2,982	205,541	0	0	3,346	211,869
Total Property Plant and Equip	595,684,662	66,114,711	2,600,674	1,835,386	1,146,798	667,382,232
	Land	Buildings	Plant and Machinery	Furniture and Equipment	Information Technology	Total
	\$	\$	\$	\$	\$	\$
2018-2019						
<u>Assets Capitalised</u>						
Beginning Balance	595,681,680	65,909,170	2,600,674	1,835,386	1,143,452	667,170,362
Additions	3,702,939	1,396,384	447,546	139,566	202,373	5,888,809
Disposals	(753,620)	0	(284,547)	(302,994)	(158,485)	(1,499,645)
Depreciation Expense	0	(1,579,474)	(349,289)	(378,001)	(316,228)	(2,622,992)
Revaluation adjustment	0	0	0	0	0	0
Closing Balance	598,630,999	65,726,080	2,414,385	1,293,958	871,112	668,936,534
<u>Work In Progress</u>						
Beginning Balance	2,982	205,541	0	0	3,346	211,869
Additions	0	54,250	130,950	0	290,560	475,760
Completed and capitalised	0	(200,786)	0	0	(3,346)	(204,132)
Closing Balance	2,982	59,005	130,950	0	290,560	483,497
Total Property Plant and Equip	598,633,981	65,785,085	2,545,335	1,293,958	1,161,672	669,420,031

The fair value of property, plant and equipment is determined at least every three to five years in accordance with legislative requirements. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A which requires property, plant and equipment to be shown at fair value.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

7 Property, Plant and Equipment (continued)

Recurring Fair Value Measurements as at 30 June 2019

The following table provides the fair values of the Town of Victoria Park Property, Plant and Equipment assets and their categorisation within the fair value hierarchy.

All Property, Plant and Equipment categories were last independently valued as at 30 June 2017

Assets	Level of Valuation Input	Fair Value at 30 June 2019	Valuation Technique(s)	Basis of Valuation	Inputs Used
Property Plant and Equipment					
Land	2	9,856,840	Market Approach	Independent	Price per square metre / market borrowing rate
Land	3	588,774,159	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments inputs
Total		598,630,999			
Buildings	2	192,000	Market Approach	Independent	Price per square metre and rental yields
Buildings	3	65,534,080	Cost Approach	Independent	Asset condition, legal and commercial obsolescence, residual value and pattern of consumption
Total		65,726,080			
Plant and Machinery	2	1,833,515	Market Approach	Independent	Make, size, year of manufacture, condition, estimated residual value and market values
Plant and Machinery	3	580,872	Cost Approach	Independent	Make, size, year of manufacture, condition, estimated residual value and market values
Total		2,414,387			
Furniture and Equip	3	1,293,958	Cost Approach	Independent	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Total		1,293,958			
Information Technology	3	871,112	Cost Approach	Independent	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Total		871,112			
Total Property Plant & Equipment		668,936,535			

Valuation Technique(s)

Market Approach: Valuation for Land and Buildings using Market approach was conducted using recent observable market data for similar properties / income approach using discounted cash flow methodology. Plant, Machinery and Equipment were valued using recent observable market data for similar assets

Cost Approach: Valuation for all Property Plant and Equipment using Cost approach was conducted using depreciated replacement cost

7 Property, Plant and Equipment (continued)

Recurring Fair Value Measurements as at 30 June 2019 (continued)

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies apply to both Property Plant and Equipment and Infrastructure assets.

Fixed Assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value. Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

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

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

Land under roads

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Town.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

8 Infrastructure

In accordance with the amendment to *Local Government (Financial Management) Regulation 1996*, the Town is required to capitalise assets in excess of \$5,000 only. The Town made a retrospective assessment in respect of previously capitalised assets costing less than \$5,000 at the date of acquisition. Based on the assessment performed, the Town recognised a loss on disposal of other infrastructure assets with a total written down value of \$12,526. This was reflected in the Statement of Comprehensive income for the year.

	2019 Actual \$	2018 Actual \$
Roads		
Independent Valuation 2017	188,099,010	188,099,010
Additions after revaluation	6,576,441	4,605,843
Less Accumulated Depreciation	(42,892,333)	(38,787,720)
Work in Progress	597,974	40,444
	152,381,091	153,957,577
Pathways		
Independent Valuation 2017	35,873,166	35,873,166
Additions after revaluation	394,171	286,905
Less Accumulated Depreciation	(18,728,802)	(17,524,671)
Work in Progress	122,756	0
	17,661,292	18,635,400
Drainage		
Independent Valuation 2017	47,753,667	47,753,667
Additions after revaluation	624,355	474,583
Less Accumulated Depreciation	(13,581,463)	(13,112,908)
Work in Progress	37,299	15,533
	34,833,858	35,130,875
Parks / Reserves		
Independent Valuation 2017	9,395,573	9,395,573
Additions after revaluation	2,552,142	1,843,601
Less Accumulated Depreciation	(2,622,670)	(2,263,873)
Work in Progress	1,604,439	429,271
	10,929,484	9,404,573
Other Assets		
Independent Valuation 2017	19,634,683	19,634,683
Additions after revaluation	1,929,857	1,654,504
Disposals	(12,526)	0
Less Accumulated Depreciation	(4,654,033)	(4,235,581)
	16,897,980	17,053,606
Total Infrastructure	232,703,705	234,182,030

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

8 Infrastructure (continued)

Movements in Carrying Amounts						
	Roads	Pathways	Drainage	Parks / Reserve	Other Infra Assets	Total
2017-2018	\$	\$	\$	\$	\$	\$
<u>Assets Capitalised</u>						
Beginning Balance	153,370,593	19,542,742	35,104,520	7,476,831	15,791,815	231,286,501
Additions	4,605,843	286,904	474,583	1,843,601	1,654,503	8,865,434
Depreciation Expense	(4,059,303)	(1,194,247)	(463,761)	(345,131)	(392,714)	(6,455,156)
Closing Balance	153,917,132	18,635,399	35,115,341	8,975,302	17,053,604	233,696,780
<u>Work In Progress Movement</u>						
Opening Work in progress	2,089,364	1,234	173,092	928,544	546,956	3,739,191
Additions	2,556,923	285,670	317,024	1,344,328	1,107,547	5,611,492
Completed and capitalised	(4,605,843)	(286,904)	(474,583)	(1,843,601)	(1,654,503)	(8,865,434)
Closing Work in progress	40,444	0	15,533	429,271	0	485,248
Total Infrastructure	153,957,576	18,635,399	35,130,874	9,404,573	17,053,604	234,182,029
	Roads	Pathways	Drainage	Parks / Reserve	Other Assets	Total
2018-2019	\$	\$	\$	\$	\$	\$
<u>Assets Capitalised</u>						
Beginning Balance	153,917,133	18,635,399	35,115,342	8,975,302	17,053,606	233,696,781
Additions	1,970,598	107,266	149,772	708,540	275,353	3,211,530
Disposals	0	0	0	0	(12,526)	(12,526)
Depreciation Expense	(4,104,613)	(1,204,130)	(468,555)	(358,797)	(418,452)	(6,554,548)
Transfers	0	0	0	0	0	0
Closing Balance	151,783,118	17,538,535	34,796,559	9,325,045	16,897,980	230,341,237
<u>Work In Progress Movement</u>						
Opening Work in progress	40,444	0	15,533	429,271	0	485,248
Additions	2,528,128	230,022	171,538	1,883,708	275,353	5,088,749
Completed and capitalised	(1,970,598)	(107,266)	(149,772)	(708,540)	(275,353)	(3,211,530)
Closing Work in progress	597,974	122,756	37,299	1,604,439	0	2,362,467
Total Infrastructure	152,381,091	17,661,292	34,833,858	10,929,484	16,897,980	232,703,706

The fair value of Infrastructure is determined at least every three to five years in accordance with legislative requirements. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A which requires infrastructure to be shown at fair value.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

8 Infrastructure (continued)

Recurring Fair Value Measurements as at 30 June 2019

The following table provides the fair values of the Town of Victoria Park infrastructure assets and their categorisation within the fair value hierarchy.

All Infrastructure categories were last independently valued as at 30 June 2017

Assets	Level of Valuation Input	Fair Value at 30 June 2019	Valuation Technique(s)	Basis of Valuation	Inputs Used
Roads	3	151,783,118	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Pathways	3	17,538,535	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Drainage	3	34,796,559	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Parks	3	9,325,045	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Other Infrastructure *	3	16,897,980	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
		230,341,238			

* Other Infrastructure includes assets such as street lighting, shelters, parklets and public art.

Valuation Technique(s)

Cost Approach: Valuation of all Infrastructure assets using Cost approach were based on depreciated replacement costs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of infrastructure using either level 3 inputs.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

9 Intangibles

The Town did not hold any recognised intangible assets as at 30 June.

10 Trade and Other Payables

	Note	2019 Actual \$	2018 Actual \$
Current			
Payroll		204,413	221,058
Revenue Liability		4,145,290	1,614,179
ESL Liability		26,971	40,728
Trade Creditors		3,606,106	2,002,854
Payables		97,294	414,045
Bonds and Deposits	31	1,371,639	0
Accrued Expense		413,882	799,760
		9,865,595	5,092,624

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Town prior to the end of the financial year that are unpaid and arise when the Town 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.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

11 Provisions

	2019 Actual \$	2018 Actual \$
Current Employee Benefits Related Provisions		
Employee Annual Leave	1,693,142	1,689,531
Employee Sick Leave	595,035	630,702
Employee Long Service Leave	1,391,465	1,385,745
Employment Oncosts	549,832	553,767
	4,229,474	4,259,745
Non-Current Employee Benefits Related Provisions		
Employee Sick Leave	28,258	8,552
Employee Long Service Leave	262,911	398,755
Employment Oncosts	43,508	60,862
	334,677	468,169
Total Employee Benefits Related Provisions	4,564,151	4,727,914

	Provision for Annual Leave \$	Provision for Sick Leave \$	Provision for Long Service Leave \$	Provision for Employment Oncosts \$	Total \$
Opening Balance as at 01 July 2018	1,689,531	639,254	1,784,500	614,629	4,727,914
Additional Provisions made	998,204	233,864	(58,809)	175,314	1,348,573
Amounts Used	(994,593)	(249,825)	(71,314)	(196,604)	(1,512,336)
Closing Balance as at 30 June 2019	1,693,142	623,293	1,654,376	593,340	4,564,151

Annual Leave Liabilities

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

	2019	2018
Less than 12 months after the reporting date	998,954	996,823
More than 12 months from reporting date	694,188	692,708
	1,693,142	1,689,531

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

11 Provisions (continued)

Sick Leave Liability

Employees accrue personal leave based on the number of years of service and are entitled to paid personal or carer's leave at the employee's base rate of pay for the employee's ordinary hours of work in the period of personal or carer's leave.

A percentage of unused personal leave is paid to an employee where an employee retires or terminates their employment voluntarily or is made redundant. The percentage is based on number of years of employment.

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

	2019	2018
Less than 12 months after the reporting date	529,799	543,366
More than 12 months from reporting date	93,494	95,888
	623,293	639,254

Long Service Leave Liability

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

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

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

	2019	2018
Less than 12 months after the reporting date	496,313	356,900
More than 12 months from reporting date	1,158,063	1,427,600
	1,654,376	1,784,500

Employment On-Cost Provision

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments.

Employment on-costs including worker's compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of "Employee Costs" in the Statement of Comprehensive Income. The related liability is included in 'Employment On-Costs' provision.

	2019	2018
Carrying amount at start of period	614,629	556,832
Additional/(reversal of) provisions recognised	(21,289)	57,797
	593,340	614,629

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends

11 Provisions (continued)

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Town's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Town does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the Town 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.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

12 Revaluation Surplus		
	2019	2018
	Actual	Actual
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
Land		
Opening Balance	580,594,986	582,023,826
Revaluation Write Back on Disposal	(753,620)	(1,428,840)
Closing Balance	579,841,366	580,594,986
Buildings		
Opening Balance	36,515,879	36,515,879
Revaluation Increment	0	0
Closing Balance	36,515,879	36,515,879
Information Technology		
Opening Balance	611,497	611,497
Revaluation Increment	0	0
Closing Balance	611,497	611,497
Roads		
Opening Balance	133,956,610	133,956,610
Revaluation Decrement	0	0
Closing Balance	133,956,610	133,956,610
Pathways		
Opening Balance	13,451,909	13,451,909
Revaluation Increment	0	0
Revaluation Decrement	0	0
Closing Balance	13,451,909	13,451,909
Drainage		
Opening Balance	30,502,244	30,502,244
Revaluation Increment	0	0
Closing Balance	30,502,244	30,502,244
Other Assets		
Opening Balance	7,240,855	7,240,855
Revaluation Increment	0	0
Closing Balance	7,240,855	7,240,855
Mindarie Regional Council		
Opening Balance	84,148	(0)
Revaluation Increment	134,096	84,148
Revaluation Adjustment *	2,480,709	0
Closing Balance	2,698,953	84,148
Opening Balance	802,958,128	804,302,820
Revaluation Increment	134,096	84,148
Revaluation Adjustment	2,480,709	0
Revaluation Write Back on Disposal	(753,621)	(1,428,840)
Total Asset Revaluation Surplus	804,819,311	802,958,128

* Adjustment to correct the Town's share of Mindarie Regional Council's asset revaluation surplus and its retained surplus previously misstated.

13 Notes to the Statement of Cash Flows

	2019 Actual \$	2018 Actual \$
(a) Reconciliation of Cash		
For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows -		
Cash and Cash Equivalents	50,512,621	41,639,572
	50,512,621	41,639,572
(b) Reconciliation of Net Cash Provided by Operating Activities to Net Result		
Net Result	8,046,947	6,653,005
Non-cash flows in Net result:		
Depreciation	9,177,540	8,779,701
Changes in Joint Venture Equity	(194,390)	(356,941)
(Profit) / Loss on Sale of Assets	155,018	677,347
(Profit) / Loss from Joint Arrangements	(545,910)	(462,234)
Fair Value Adjustments	0	60,450
Changes in Assets and Liabilities		
(Increase) / Decrease in Receivables	(559,599)	1,019,732
(Increase) / Decrease in Inventories	(22,861)	(2,492)
Increase / (Decrease) in Payables	4,908,346	188,650
Increase / (Decrease) in Employee Provisions	(163,762)	444,589
Grants and Contributions for Asset Development	(1,367,729)	(1,171,983)
Net Cash from Operating Activities	19,433,602	15,829,825
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft Limit	200,000	200,000
Bank Overdraft at Balance Date	0	0
Credit Card Limit	22,000	20,000
Credit Card at Balance Date	(4,180)	(4,385)
Total Amount of Credit Unused	217,820	215,615
Loan Facilities		
Loan Facilities - Current	1,664,220	1,981,548
Loan Facilities - Non-Current	2,188,498	4,240,753
Total Facilities in Use at Balance Date	3,852,718	6,222,301
Unused Loan Facilities at Balance Date	0	0

14 Contingent Liabilities

Mindarie Regional Council - Commitment - Deed of Guarantee

In line with other equity holders in the Mindarie Regional Council (MRC) the Town has guaranteed, proportionate to its equity share (one twelfth), the obligations of MRC to the contractor who built and is operating the Neerabup Recovery Facility. Such guarantee can be called upon in the event of a default event during the contractors operation of the facility. The share of the liability that could be generated by the exercise of the guarantee is estimated at an amount of \$7.21 million.

The Deed of Guarantee will only crystallise if:

- Mindarie Regional Council is unable to meet payments that creates a default under the Resource Recovery Facility Agreement (RRFA)
- 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

Contaminated Sites

In compliance with the *Contaminated Sites Act 2003 Section 11*, the Town has not been notified of any sites that are potentially contaminated. The Town however has sites that are sumps which may be contaminated.

Until the Town makes a decision to repurpose these sumps it is not required to investigate to determine the presence and scope of contamination, assess the risk and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation. Town is therefore unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

15 Capital and Leasing Commitments

(a) Operating Lease Commitments

	2019	2018
	Actual	Actual
Payable:	\$	\$
no later than one year	175,330	244,922
later than one year but not later than five years	250,121	137,948
later than five year	0	0
	425,451	382,870

SIGNIFICANT ACCOUNTING POLICIES

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 Town, are classified as finance leases. Finance leases are capitalised recording an asset and a liability at the lower of 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 on a straight line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(b) Capital expenditure commitments

Carried forward capital works commitments under contract at 30 June	2,371,635	264,672
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The capital expenditure commitment outstanding at the end of the current reporting period represents commitments relating to property, plant, equipment and Infrastructure projects that have been carried forward to the next financial year.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

16 Investments Accounted for Under the Equity Method

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 interest 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 were audited.

	2019	2018
	\$	\$
Current Assets	3,103,934	2,837,000
Non-Current Assets	4,930,946	4,843,312
Total Assets	8,034,880	7,680,312
Current Liabilities	623,949	609,483
Non-Current Liabilities	1,429,317	1,411,953
Total Liabilities	2,053,266	2,021,436
Net Assets	5,981,614	5,658,876
Movement in Carrying Amounts		
Opening Balance	5,658,876	5,496,159
Increase in Equity Interest	322,739	162,717
Total Share of Equity	5,981,615	5,658,876
Share of Net Results	188,643	78,570
Share of Other Comprehensive Income	134,096	84,148
Increase in Equity Interest	322,739	162,717

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

16 Investments Accounted for Under the Equity Method (continued)

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 interest in the assets and liabilities of the development. The values as shown below were, at the time of preparation of these financial statements, were audited.

	2019	2018
	\$	\$
Current Assets	3,693,401	3,674,821
Non-Current Assets	143,607	160,811
Total Assets	3,837,008	3,835,632
Current Liabilities	27,191	24,176
Non-Current Liabilities	477	429
Total Liabilities	27,667	24,606
Net Assets	3,809,341	3,811,026
Movement in Carrying Amounts		
Opening Balance	3,811,026	3,432,788
Opening Balance movement due to restatement	(1,017)	0
Increase in Equity Interest	(668)	378,238
Total Share of Equity	3,809,341	3,811,026
Share of Net Results	1,646	281,357
Share of Other Comprehensive Income	(2,314)	96,881
Increase in Equity Interest	(668)	378,238
Total Interests in Investments	9,790,955	9,469,902
Changes in Equity Interest		
	2019	2018
	\$	\$
Mindarie Regional Council - Share of Net Results	188,642	78,479
Tamala Park Regional Council - Share of Net Results	1,645	281,448
	190,287	359,927
Land Held for Development and Sale - Tamala Park Regional Council		
<u>Current Assets</u>		
Land held for sale - Development cost	478,007	780,613
Land held for sale - Purchase cost	30,538	66,289
Total Current	508,545	846,902
<u>Non Current</u>		
Land Held for Development - Purchase cost	517,971	99,084
Total Non Current	517,971	99,084

16 Investments Accounted for Under the Equity Method (continued)

SIGNIFICANT ACCOUNTING POLICY

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

17 Other Financial Assets

WALGA Local Government House Trust

This note discloses the equity the Town of Victoria Park has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House. The total contribution by all Councils towards the cost of the WALGA building was \$582,000. There are 620 units in the Local Government House Unit Trust, 2 of which are held by the

Town of Victoria Park. The audit of WALGA Local Government House Trust annual financial report had not been completed at the time of preparing the Town's annual financials, therefore the values below are based on unaudited financials.

Investment in WALGA Local Government House Trust is recognised as Financial assets at fair value through profit and loss

	2019	2018
	\$	\$
Investment in WALGA Local Government House Trust	35,035	30,934

Changes in Equity - Other Financial Assets

	2019	2018
	\$	\$
WALGA Local Government House Trust - Share of Net Results	4,101	(2,986)
Net Movement in Joint Venture and Other Financial Asset Equity Interest	4,102	(2,986)

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Town classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The Town classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Town has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 32.

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 34 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

18 Total Assets Classified by Function and Activity

	2019	2018
	Actual	Actual
	\$	\$
General Purpose Funding	20,482,351	12,036,099
Governance	1,270,508	721,351
Law, Order and Public Safety	566,259	894,749
Health	7,084	130,958
Education and Welfare	185,955	185,260
Community Amenities	5,287,703	5,396,884
Recreation and Culture	80,284,901	79,057,848
Transport	224,510,178	227,316,184
Economic Services	15,628,080	15,188,100
Other Property and Services	619,661,004	616,535,919
	967,884,023	957,463,352

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

19 Disposal of Assets

The following assets were disposed of during the 2018-2019 year:

Details and Asset ID	Net Book Value		Sale Price		Profit / (Loss)	
	2019	2019	2019	2019	2019	2019
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Land						
Toy Library Playgroup	753,620	753,500	1,081,282	1,100,000	327,662	346,500
Various	0	350,000	0	900,000	0	550,000
Plant and Machinery						
Motor Vehicle - Plant 296	16,364	15,000	18,691	15,000	2,327	0
Motor Vehicle - Plant 333	5,909	6,000	8,691	7,000	2,782	1,000
Motor Vehicle - Plant 335	5,909	6,000	9,373	7,000	3,464	1,000
Motor Vehicle - Plant 337	5,909	6,000	8,464	7,000	2,555	1,000
Motor Vehicle - Plant 361	9,545	10,000	6,873	8,000	(2,673)	(2,000)
Motor Vehicle - Plant 366	11,364	9,000	8,782	9,000	(2,582)	0
Motor Vehicle - Plant 373	8,182	8,500	10,509	7,000	2,327	(1,500)
Motor Vehicle - Plant 377	9,545	16,000	10,282	17,000	736	1,000
Motor Vehicle - Plant 376	13,636	14,000	11,418	18,000	(2,218)	4,000
Motor Vehicle - Plant 383	18,710	18,500	17,555	15,000	(1,155)	(3,500)
Motor Vehicle - Plant 384	9,545	10,000	9,145	10,000	(400)	0
Motor Vehicle - Plant 389	14,091	14,500	17,100	15,000	3,009	500
Motor Vehicle - Plant 390	15,312	18,000	16,645	15,000	1,334	(3,000)
Motor Vehicle - Plant 392	19,868	20,000	17,555	15,000	(2,313)	(5,000)
Motor Vehicle - Plant 391	10,909	12,000	11,645	12,000	736	0
Motor Vehicle - Plant 400	22,727	23,000	23,918	24,000	1,191	1,000
Cement Mixer - Plant 458	1,326	6,000	634	7,000	(692)	1,000
Motor Vehicle - Plant 43	27,273	20,000	41,926	20,000	14,654	0
Motor Vehicle - Plant 44	14,000	20,000	19,914	20,000	5,914	0
Motor Vehicle - Plant 379	0	15,000	0	15,000	0	0
Motor Vehicle - Plant 375	0	14,000	0	18,000	0	4,000
Motor Vehicle - Plant 360	0	15,000	0	15,000	0	0
Major Fleet - Road Sweeper	0	64,000	0	75,000	0	11,000
Minor - Plant 179	0		524		524	0
Minor - Plant 316	378		620		242	0
Minor - Plant 229	897	700	1,105	700	207	0
Minor - Plant 288	333		673		339	0
Minor - Plant 407	505		1,466		961	0
Minor - Plant 233	717	1,300	0	1,300	(717)	0
Electric Bicycle - Plant 408	9,464	9,500	0	10,000	(9,464)	500
Plant less than \$5,000	32,128	0	1,609	0	(30,519)	0
Furniture and Equipment						
Air Compressor	573		756		183	0
Furniture less than \$5,000	302,421	0	0	0	(302,421)	0
ICT assets less than \$5,000	158,485	0	0	0	(158,485)	0
Other assets less than \$5,000	12,526	0	0	0	(12,526)	0
	1,512,172	1,475,500	1,357,153	2,371,700	(155,018)	907,500

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

19 Disposal of Assets (continued)

The following assets were disposed of during the 2017-2018 year:

Details and Asset ID	Net Book Value		Sale Price		Profit / (Loss)	
	2018	2018	2018	2018	2018	2018
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Land						
Lot 501 Orrong Road, Carlisle	1,428,840	658,800	750,000	658,800	(678,840)	0
Plant and Machinery						
Motor Vehicle - Plant 283	13,636	13,700	17,327	15,000	3,691	1,300
Motor Vehicle - Plant 287	10,000	9,500	9,600	8,000	(400)	(1,500)
Motor Vehicle - Plant 297	11,760	14,700	19,600	15,000	7,840	300
Motor Vehicle - Plant 363	12,444	17,500	7,418	15,000	(5,026)	(2,500)
Motor Vehicle - Plant 364	11,364	10,100	8,464	9,000	(2,900)	(1,100)
Motor Vehicle - Plant 365	11,364	10,100	8,691	9,000	(2,673)	(1,100)
Motor Vehicle - Plant 371	16,364	16,900	20,509	17,000	4,145	100
Motor Vehicle - Plant 368	11,364	10,100	10,509	9,000	(855)	(1,100)
Motor Vehicle - Plant 384	0	9,800	0	10,000	0	200
Motor Vehicle - Plant 369	16,364	16,100	18,691	17,000	2,327	900
Motor Vehicle - Plant 372	9,091	10,100	7,100	10,000	(1,991)	(100)
Motor Vehicle - Plant 382	11,900	14,600	12,782	15,000	882	400
Motor Vehicle - Plant 385	9,545	9,800	8,009	9,000	(1,536)	(800)
Motor Vehicle - Plant 386	10,909	10,100	8,691	9,000	(2,218)	(1,100)
Motor Vehicle - Plant 387	12,218	10,100	12,327	9,000	109	(1,100)
Motor Vehicle - Plant 401	22,171	16,200	19,827	15,000	(2,344)	(1,200)
Motor Vehicle - Plant 377	0	9,800	0	10,000	0	200
Motor Vehicle - Plant 329	10,909	15,500	17,555	10,000	6,645	(5,500)
Minor Plant (180)	0	0	3,521	3,000	3,521	3,000
Minor Plant (232)	8,500	8,500	5,433	5,000	(3,067)	(3,500)
Minor Plant (42)	22,727	20,100	20,037	26,000	(2,691)	5,900
Minor Plant (118)	338	0	234	500	(103)	500
Minor Plant (130)	0	0	425	500	425	500
Minor Plant (267)	515	0	481	1,000	(34)	1,000
Minor Plant (Low Value)	3,713	0	1,457	1,000	(2,256)	1,000
Truck (044)	0	14,500	0	20,000	0	5,500
Truck (043)	0	25,200	0	25,000	0	(200)
	1,666,035	951,800	988,687	951,800	(677,348)	0

20 Financial Ratios

	2019	2018	2017
Current Ratio	1.44	1.30	1.40
Asset Sustainability Ratio	0.62	0.72	0.61
Debt Service Cover Ratio	6.07	4.85	5.34
Own Source Revenue Coverage Ratio	1.07	1.01	1.00
Operating Surplus Ratio	0.11	0.10	0.09
Asset Consumption Ratio	0.73	0.75	0.76
Asset Renewal Funding Ratio	1.01	0.99	1.04

The above ratios are calculated as follows -

Current Ratio	$\frac{\text{Current Assets Minus Restricted Assets}}{\text{Current Liabilities Minus Liabilities Associated with Restricted Assets}}$
Asset Sustainability Ratio	$\frac{\text{Capital Renewal and Replacement Expenditure}}{\text{Depreciation Expense}}$
Debt Service Cover Ratio	$\frac{\text{Annual Operating Surplus before Interest and Depreciation}}{\text{Principal and Interest}}$
Operating Surplus Ratio	$\frac{\text{Operating Revenue minus Operating Expense}}{\text{Own Source Operating Revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$
Asset Consumption Ratio	$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of Planned Capital Renewal over 10 years}}{\text{NPV of Required Capital Renewal over 10 years}}$

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

21 Information on Borrowings

The Town has a number of borrowings which are listed below. All borrowings were made from the Western Australian Treasury Corporation and repayments were financed by general purpose revenue.

Debentures (Budget) 2019

	Interest Rate	Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June Outstanding \$	Interest Expense \$
Law, Order and Public Safety						
14 Parking Initiative	3.84%	1,941,500	0	754,500	1,187,000	67,500
Recreation and Culture						
04 Aqualife Centre	5.65%	745,000	0	362,000	383,000	37,000
07 Aqualife Centre II	6.19%	1,120,500	0	351,000	769,500	64,000
11 Fletcher Park	4.86%	380,500	0	34,500	346,000	18,000
Economic Services						
13 Underground Power (UGP)	4.37%	405,500	0	405,500	0	13,500
15 UGP - Carlisle North	2.43%	0	2,550,000	239,500	2,310,500	35,500
16 UGP - Victoria Park East	2.43%	0	2,775,000	260,500	2,514,500	39,500
17 UGP - Victoria Park West	2.43%	0	4,050,000	380,500	3,669,500	57,000
Other Property and Services						
02 Depot Land	6.27%	231,000	0	112,000	119,000	13,000
03 Administration Centre	5.86%	311,000	0	151,000	160,000	16,000
09 14 Kent Street	7.55%	413,500	0	71,000	342,500	30,000
10 1 Harper Street	6.35%	732,000	0	86,000	646,000	45,500
12 Depot Upgrade	4.86%	323,000	0	29,500	293,500	15,500
		6,603,500	9,375,000	3,237,500	12,741,000	452,000

Debentures (Actual) 2019

		Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June Outstanding \$	Interest Expense \$
Law, Order and Public Safety						
14 Parking Initiative	3.84%	1,567,319	0	768,757	798,561	52,875
Recreation and Culture						
04 Aqualife Centre	5.65%	744,629	0	361,945	382,684	35,801
07 Aqualife Centre II	6.19%	1,119,811	0	350,761	769,051	60,115
11 Fletcher Park	4.86%	379,345	0	34,518	344,827	18,202
Economic Services						
13 Underground Power (UGP)	4.37%	405,082	0	405,082	0	10,534
Other Property and Services						
02 Depot Land	6.27%	230,816	0	111,847	118,969	10,983
03 Administration Centre	5.86%	310,607	0	150,820	159,787	15,159
09 14 Kent Street	7.55%	412,204	0	70,695	341,509	29,710
10 1 Harper Street	6.35%	731,241	0	85,926	645,315	44,137
12 Depot Upgrade	4.86%	321,247	0	29,231	292,016	14,593
		6,222,301	0	2,369,581	3,852,718	292,110

21 Information on Borrowings (continued)

Debentures (Actual) 2018

		Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June Outstanding \$	Interest Expense \$
Law, Order and Public Safety						
14 Parking Initiative	3.84%	2,666,995	0	1,099,676	1,567,319	81,567
Recreation and Culture						
04 Aqualife Centre	5.65%	1,086,960	0	342,330	744,630	55,483
07 Aqualife Centre II	6.19%	1,449,828	0	330,016	1,119,812	81,087
11 Fletcher Park	4.86%	412,244	0	32,899	379,345	18,943
Economic Services						
13 Underground Power (UGP)	4.37%	793,026	0	387,944	405,082	27,791
Other Property and Services						
02 Depot Land	6.27%	335,966	0	105,150	230,816	17,785
03 Administration Centre	5.86%	452,962	0	142,356	310,606	23,672
09 14 Kent Street	7.55%	477,849	0	65,645	412,204	34,767
10 1 Harper Street	6.35%	811,961	0	80,719	731,242	49,402
12 Depot Upgrade	4.86%	349,107	0	27,861	321,246	16,864
		8,836,898	0	2,614,595	6,222,301	407,360

	2019 Actual \$	2018 Actual \$
Current		
Debentures	1,664,220	1,981,548
	1,664,220	1,981,548
Non-Current		
Debentures	2,188,498	4,240,753
	2,188,498	4,240,753
Total	3,852,718	6,222,301

New Debentures

There were no new debentures entered into during the 2018-2019 Financial year.

Unspent Debentures

There were no unspent debentures at 30 June 2019.

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 32.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

22 Rating Information

(a) Rates Levied

Rating (Budget) 2019

	Rate in \$ / Minimum	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$
Differential Rates							
Residential	0.0840	12,588	274,039,793	23,019,343	150,000	0	23,169,343
Non-Residential	0.0940	1,592	198,853,402	18,692,220	56,070	0	18,748,290
		14,180	472,893,195	41,711,562	206,070	0	41,917,633
Differential Minimums							
Residential	1,233	2,821	37,123,970	3,478,293	0	0	3,478,293
	1,282	307	3,301,143	393,574	0	0	393,574
Non-Residential							
		3,128	40,425,113	3,871,867	0	0	3,871,867
Total		17,308	513,318,308	45,583,430	206,070	0	45,789,500

Rate Equivalent Payments and Adjustments 0

Specified Area Rates 0

Total **45,789,500**

Rating (Actual) 2019

	Rate in \$ / Minimum	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$
Differential Rates							
Residential	0.0840	12,636	274,509,823	23,058,825	127,234	275	23,186,334
	0.0940	1,605	198,827,831	18,689,816	226,885	73,158	18,989,859
Non-Residential							
		14,241	473,337,654	41,748,641	354,119	73,433	42,176,193
Differential Minimums							
Residential	1,233	2,818	37,084,860	3,474,594	(24,653)	(410)	3,449,531
	1,282	319	3,417,993	408,958	26,479	1,968	437,405
Non-Residential							
		3,137	40,502,853	3,883,552	1,826	1,558	3,886,936
Total		17,378	513,840,507	45,632,193	355,945	74,991	46,063,129

Rate Equivalent Payments and Adjustments 0

Specified Area Rates 0

Rates paid in Advance 372,964

Total **46,436,093**

Specified Area Rates

Town did not raise any Specified Area Rates during the 2018-2019 financial year.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

22 Rating Information (continued)

Rating (Actual) 2018

	Rate in \$ / Minimum	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$
Differential Rates							
Residential	0.0816	12,294	266,995,643	21,786,844	468,063	51,634	22,306,541
	0.0913	1,584	199,430,500	18,208,005	(3,905)	(1,510)	18,202,590
Non-Residential							
		13,878	466,426,143	39,994,849	464,158	50,124	40,509,131
Differential Minimums							
Residential	1,197	2,858	37,629,280	3,421,026	(30,660)	2,065	3,392,431
	1,245	312	3,325,973	388,440	975	(386)	389,029
Non-Residential							
		3,170	40,955,253	3,809,466	(29,685)	1,679	3,781,460
Total		17,048	507,381,396	43,804,315	434,473	51,803	44,290,591
Rate Equivalent Payments and Adjustments							0
Specified Area Rates							0
Total							44,290,591

Specified Area Rates

Town did not raise any Specified Area Rates during the 2017-2018 financial year.

23 Rate Setting Statement Information

	2019 30 June \$	2018 1 July \$	2018 30 June \$
Comprises -			
Cash - Unrestricted	18,115,254	10,553,410	10,553,410
Receivables and Accruals - Current	4,008,731	3,328,489	3,328,489
Inventories - Current	32,331	9,470	9,470
Assets Held for Sale	0	0	0
Less -			
Payables - Current	(9,865,595)	(5,092,624)	(5,092,624)
Provisions - Current	(4,229,474)	(4,259,745)	(4,259,745)
Adjustments			
Unspent Loans	0	0	0
Surplus / (Deficit)	8,061,246	4,539,000	4,539,000

24 Service Charges

Town did not raise any new Service charges during the 2018-2019 financial year.

The new Services charges that were initially budgeted within the current financial year for the areas of Carlisle North, Victoria Park East and Victoria Park West did not eventuate during the 2018-2019 Financial year due to third party delays.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

25 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.

Five payment incentives were offered -

Package 1: \$2,000 cash plus two A-Reserve tickets to Western Australian Symphony Orchestra

Package 2: \$1,000 cash plus two A-Reserve tickets to Western Australian Symphony Orchestra

Package 3: \$1,000 cash

Package 4: \$500 cash

Package 5: \$500 cash

	2019 Actual \$	2018 Actual \$
Written-off rates and rates related fees and charges	1,535	2,304

26 Rates Related Interest and Instalment Charges

The following options were made available to Ratepayers for the payment of rates:

Instalment Options	Instalment Plan Due Date	Instalment Plan Admin Fee	Instalment Plan Interest Rate	Unpaid / Late Interest Rate
Option 1 - Full amount				
Single full payment	29 Aug 2018	Nil	Nil	11%
Option 2 - Four payment instalments				
First Instalment	29 Aug 2018	\$0	5.5%	11%
Second Instalment	31 Oct 2018	\$ 14.00	5.5%	11%
Third Instalment	09 Jan 2019	\$ 14.00	5.5%	11%
Fourth Instalment	13 Mar 2019	\$ 14.00	5.5%	11%

	2019 Actual Revenue \$	2019 Budgeted Revenue \$	2018 Actual Revenue \$
Instalment Interest	254,860	250,000	239,699
Late Payment Interest	220,158	130,000	164,491
Waste Debts Interest (Rates)	4,117	2,000	4,080
Charges on instalment plans and arrangements	264,292	235,000	236,691
	743,428	617,000	644,962

27 Employee Numbers

Number of Full-Time Equivalent Employees at Balance Date	173	170
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Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

28 Elected Members' Fees and Allowances

	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Mayoral Allowance	74,585	63,000	64,617
Deputy Mayoral Allowance	18,646	16,000	16,154
Members Meeting Fees	255,454	215,000	221,311
Information and Communication Technology Allowance	31,500	31,500	31,500
Members Expenses	0	3,000	250
Members Travel	530	3,000	3,373
	380,714	331,500	337,204

The higher actual than budget allocation for Elected Member Remuneration reflects a change in timing of payments to Elected Members, and does not represent an overpayment.

29 Events after the reporting period

There are no material or significant events that require disclosure in the financial report.

30 Major Land Transactions

Tamala Park

The Town is a one twelfth (1/12) owner of Lot 9504 Tamala Park with six other Councils (Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo and the Town of Cambridge).

The owner councils have established the Tamala Park Regional Council with the specific function of carrying out a residential land development, known as the Catalina Estate. As part owner of the land, the Town is entitled to one twelfth of the net proceeds of the land development.

During the financial year ended 30 June 2019, 29 lots of land were settled. The Town received sales proceeds of \$0.8 million and recorded the 1/12th share of associated development and selling costs of \$0.3 million, resulting in a gain on disposal of land of \$0.5 million. This note should also be read in conjunction with Note 16 Investments accounted for under the equity method.

Town's share of current year transactions

	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Sale proceeds	828,217	1,250,000	1,836,294
Cost of goods sold	(282,307)	(700,000)	(1,374,060)
	545,910	550,000	462,234

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2019

31 Trust Funds

In previous years moneys held as bonds and deposits were held as Trust funds. From this year, all bonds and deposits not recognised by legislation to be held in trust are shown as current liability at Note 10.

Details	Balance 1 July \$	Amount Received \$	Amount Paid / Retained \$	Re- classification \$	Balance 30 June \$
Construction Training Fund Levy	184	290,626	(272,930)	(17,880)	0
Building Registration Board	5,123	323,006	(314,771)	(13,358)	(0)
Pathways and Works Contributions	1,285,155	122,682	(106,500)	(1,301,337)	0
Miscellaneous Bonds and Deposits	29,137	94,600	(88,700)	(35,037)	0
Leisure Facilities Bonds and Deposits	3,400	17,642	(18,042)	(3,000)	0
WA Planning Commission	18	155,858	(154,848)	(1,027)	0
	1,323,017	1,004,414	(955,791)	(1,371,640)	0

32 Financial Risk Management

This note explains the Town's exposure to financial risks and how these risks could affect the Town's future financial performance

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates.	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments.	Aging analysisCredit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities.	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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;

Interest rate risk

Cash and cash equivalents

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.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Town to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2019					
Cash and cash equivalents	1%	50,512,621	0	50,512,621	0
Financial assets at amortised cost - term deposits	2.56%	0	0	0	0
2018					
Cash and cash equivalents	1%	41,639,572	0	41,639,572	0
Financial assets at amortised cost - term deposits	2.41%	0	0	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019 Actual \$	2018 Actual \$
Impact of a 1% movement in interest rates on profit and loss and equity*	505,126	416,396

*Holding all other variables constant

32 Financial Risk Management (continued)

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Town manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Town does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 21.

Credit Risk

Receivables

Town'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.

Loss Allowance for Rates and Annual Charges

The loss allowance for rates receivable as at 30 June 2019 and 1 July 2018 was reviewed on adoption of AASB 9. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

Loss Allowance for Other Receivables

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for other receivables which includes infringements.

Expected Credit Loss 2018	Current	30 - 60 days	60-90 days	90+ days	Total
Expected Credit Loss	0%	0%	0%	55%	
Gross Carrying Amount	889,197	174,428	94,029	1,413,430	2,571,083
Loss Allowance	0	0	0	774,083	774,083
Expected Credit Loss 2019	Current	30 - 60 days	60-90 days	90+ days	Total
Expected Credit Loss	2%	2%	3%	39%	
Gross Carrying Amount	1,310,653	20,588	14,533	812,640	2,158,414
Loss Allowance	28,768	486	444	315,866	345,563

32 Financial Risk Management (continued)

Liquidity Risk

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. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due Within 1 Year \$	Due Between 1 and 5 Years \$	Due After 5 Years \$	Total Contractual Cash Flows \$	Total Carrying Values \$
2019					
Payables	9,865,595	0	0	9,865,595	9,865,595
Borrowings	1,854,184	2,049,984	424,624	4,328,792	3,852,718
	11,719,780	2,049,984	424,624	14,194,388	13,718,313
2018					
Payables	5,092,624	0	0	5,092,624	5,092,624
Borrowings	2,686,207	3,756,576	984,432	7,427,214	6,222,301
	7,778,831	3,756,576	984,432	12,519,838	11,314,925

33 Related Party Transactions

Key Management Personnel (KMP) Compensation Disclosure

	2,019	2,018
	\$	\$
The total of remuneration of KMP of the Town during the year are as follows:		
Short-term employee benefits	4,022,923	3,997,212
Post-employment benefits	604,624	529,467
Other long-term benefits	30,635	30,348
Termination benefits	144,111	233,543
	4,802,293	4,790,570

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 28.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Town's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accrued during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Town's main related parties are as follows:

Key management personnel

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

Entities subject to significant influence by the Town

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

Other Related Parties

The associate person of KMP was engaged by the Town under normal procurement terms and conditions

Investments accounted for under the equity method

The Town has a one-twelfth interest in the Tamala Park and Mindarie Regional Council Joint Ventures. The interest in these entities is accounted for in these financial statements using the equity method of accounting. For details of interests held in these entities, refer to Note 16.

33 Related Party Transactions

Transactions with related parties

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

The following transactions occurred with related parties

	2019	2018
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services	735	0
Sponsorships	0	55,000
Investments		
Distributions received from investments	333,333	333,333
Amounts outstanding from related parties:		
Trade and other receivables	1,230	1,882

34 Initial Application of Australian Accounting Standards

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 Financial Instruments.

AASB 9 Financial instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Town applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 did not result in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Town has not restated the comparative information which continues to be reported under AASB 139.

The Town assessed that the effect of adopting AASB 9 as at 1 July 2018 was not material and therefore was not reflected as an adjustment to opening Retained Surplus but rather reported in the Statement of Comprehensive Income for the year ended 30 June 2019.

Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Town's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

34 Initial Application of Australian Accounting Standards (continued)

The assessment of the Town's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Town. Following are the changes in the classification of the Town's financial assets:

Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

In summary upon the adoption of AASB 9, the Town had the following required (elected) reclassifications as at 1 July

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Available for sale Financial Assets	30,934	0	0	30,934
Loans and receivables				
Trade and other receivables	4,327,357	4,327,357	0	0
	4,358,291	4,327,357	0	30,934

Impairment

The adoption of AASB 9 has fundamentally changed the Town's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Town to recognise an allowance for ECLs for all financial assets not held at fair value through profit and loss.

Upon adoption of AASB 9, the Town reviewed its allowances made for impairment within 2018 and was satisfied with the amount that was allocated, and therefore had no adjustments to be made to the ECL.

35 New Accounting Standards and Interpretations for Application in Future Years

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 Town. The Standard and Interpretations that were issued but not yet effective for the year ended 30 June 2019 are listed below. Town is currently assessing the impact of these new or amended standards and interpretations which will be implemented during the 2019-2020 financial year.

Standard/Interpretation	Issue Compiled	Applicable	Impact
AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This standard establishes principles for entities to apply to report useful information to users of financial statement about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers.</p> <p>The Town has assessed the impact of this standard and note the impact is expected to be immaterial due to current reporting practices.</p>
AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of Town's operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p>
AASB 1058 Income for Not for profit entities	December 2016	1 January 2019	<p>This standards is likely to have a significant impact on the income recognition for not for profit entities. Key areas for consideration are:</p> <ul style="list-style-type: none"> ○ Assets received below fair value ○ Transfers received to acquire or construct non-financial assets ○ Volunteer Services ○ Grants received ○ Prepaid rates; and ○ Leases entered into at below market rates <p>The Town has rates received in advance as at 30 June 2019. On 01 July 2019 these prepaid rates will be recognised as a financial liability. When these rates become due the financial liability will be extinguished and the Town will recognise income for the prepaid rates that have not been refunded.</p> <p>The Town currently utilises the services of volunteers and these services will be recognised in budgeted revenue and expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.</p>

36 Activities / Programs

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

Program name and Objective	Activities
Governance To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Councils and the administrative support available to the Council for the provision of governance of the district. Other costs relates to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.
General Purpose Funding To collect revenue to finance Council activities.	Includes the activities of collection rates including differential rates and interim rates, interest and fees on instalment arrangements and interest on arrears. Amounts receivable from the Western Australian Local Government Grants Commission for untied grants such as the Financial Assistance Grants. Interest revenue received on municipal and reserve investments is allocated to this program.
Law, Order and Public Safety To provide services to ensure a safer community.	Provision of community safety through Ranger services and equitable Parking management services including registering and impounding of cats and dogs. Revenue allocated to this program includes cat and dog registrations, infringements, fees and charges and prosecutions.
Health To provide an operational framework for good community health.	Administration, inspection and operation of programs concerned with the general health of the community through the Environmental Health area. Revenues and expenses relating to regulation and monitoring of food premises including food sample analysis and noise complaints.
Education and Welfare To assist in meeting the education needs of the community.	Administration, support and operation of services for children, youth, seniors and persons with a disability. Provision of Community Development programs such as community grant
Community Amenities To provide services required by the community.	Administration and operation of the refuse collection and disposal services. Provision of programs for the management and protection of the environment including the Grow it local program. The administration of strategic town planning schemes, planning applications and associated land issues.
Recreation and Culture To establish and manage facilities for the well-being of the community.	Administration and operation of the community halls, recreation centres (Aqualife and Leisurelife), parks, sporting facilities and Libraries. Provision of heritage and community programs and events such as Anzac Day Citizenship ceremonies, Remembrance day and Summer street party.
Transport To provide effective infrastructure to the community in the most efficient way.	Administration, maintenance and construction of roads, drainage, footpaths, including road verges, streetscapes, crossovers, road signs, street trees, street signage and street lighting.

36 Activities / Programs (continued)

Economic Services

To promote the Town and improve its economic base.

The development, promotion, support and research of economic development issues with the community and progression of urban development projects. Provision of building control and swimming pool inspection services. Revenue allocated to this program includes building application, permit / inspection fees and prosecution collections.

Other Property and Services

To provide services required by the community

Provision of Administrative, leadership, project management and Plant operation services.