

**Town of Victoria Park  
Financial Report  
For the year ended 30 June 2018**

*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 2018 is based on proper accounts and records to present fairly the financial position of the Town of Victoria Park at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 20th day of November 2018



Anthony Vuleta  
Chief Executive Officer

Town of Victoria Park  
For the year ended 30 June 2018

Statement of Comprehensive Income - By Nature and Type

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	24	44,290,591	43,850,000	41,589,238
Grants and Contributions - Operating	30	4,425,380	1,531,700	4,670,538
Fees and Charges	29	10,096,411	9,816,200	9,195,922
Service Charges		0	0	0
Interest Earnings	2	1,328,543	1,244,000	1,381,767
Other Revenue		785,389	651,500	1,514,395
		<b>60,926,314</b>	<b>57,093,400</b>	<b>58,351,861</b>
<b>Expenses</b>				
Employee Costs		(22,279,536)	(20,821,600)	(20,745,995)
Materials and Contracts		(21,108,078)	(21,918,223)	(20,910,082)
Utility Charges		(1,670,414)	(1,587,100)	(1,097,280)
Depreciation	2	(8,779,701)	(7,936,000)	(8,237,538)
Interest Expense	2	(407,360)	(432,600)	(452,167)
Insurance		(423,860)	(568,000)	(473,728)
Other Expense		(857,721)	(85,800)	(55,078)
		<b>(55,526,669)</b>	<b>(53,349,323)</b>	<b>(51,971,868)</b>
<b>Grants and Contributions for Assets</b>				
Grants and Contributions - Non-Operating	30	1,171,983	1,780,700	1,605,169
		<b>1,171,983</b>	<b>1,780,700</b>	<b>1,605,169</b>
<b>Profit and Loss from Asset Disposal</b>				
Profit on Asset Disposal		491,820	20,800	391,251
Loss on Asset Disposal		(706,934)	(20,800)	(34,442)
	21	<b>(215,113)</b>	<b>0</b>	<b>356,809</b>
<b>Fair Value Adjustments</b>				
Reversal of prior year loss on revaluation		0	0	325,147
Revaluation adjustment		(60,450)	0	(934,205)
		<b>(60,450)</b>	<b>0</b>	<b>(609,058)</b>
<b>Changes in Equity</b>				
Joint Ventures and Other Financial Assets	18	356,941	0	(1,012,038)
		<b>356,941</b>	<b>0</b>	<b>(1,012,038)</b>
<b>Net Result</b>				
		6,653,005	5,524,777	6,720,875
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Non-Current Assets Revaluation Changes	14	1,344,693	0	3,623,650
<b>Total Other Comprehensive Income</b>		<b>1,344,693</b>	<b>0</b>	<b>3,623,650</b>
<b>Total Comprehensive Income</b>				
		<b>7,997,698</b>	<b>5,524,777</b>	<b>10,344,525</b>

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

Town of Victoria Park  
For the year ended 30 June 2018

**Statement of Comprehensive Income - By Program**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>	2			
General Purpose Funding		47,268,443	46,283,100	44,807,635
Governance		1,200	0	1,309
Law, Order and Public Safety		2,384,339	2,775,400	2,373,934
Health		295,297	247,300	250,973
Education and Welfare		311,003	284,000	270,899
Community Amenities		1,244,154	1,181,400	1,229,158
Recreation and Culture		7,356,638	4,904,600	7,333,619
Transport		286,867	196,000	325,558
Economic Services		459,055	361,000	335,187
Other Property and Services		1,319,319	860,600	1,423,588
		<b>60,926,314</b>	<b>57,093,400</b>	<b>58,351,861</b>
<b>Expenses excluding Finance Costs</b>	2			
General Purpose Funding		(1,745,055)	(608,800)	(978,721)
Governance		(549,149)	(514,100)	(387,725)
Law, Order and Public Safety		(3,926,804)	(3,997,800)	(4,350,046)
Health		(1,541,787)	(1,295,400)	(1,655,174)
Education and Welfare		(1,603,704)	(1,368,000)	(1,071,721)
Community Amenities		(8,573,889)	(8,702,400)	(7,233,207)
Recreation and Culture		(16,485,899)	(17,154,700)	(16,578,910)
Transport		(13,180,341)	(12,430,300)	(12,778,039)
Economic Services		(1,516,044)	(1,256,600)	(1,116,306)
Other Property and Services		(5,996,638)	(5,588,623)	(5,369,851)
		<b>(55,119,309)</b>	<b>(52,916,723)</b>	<b>(51,519,700)</b>
<b>Finance Costs</b>	2			
Law, Order and Public Safety		(81,567)	(95,500)	(44,559)
Recreation and Culture		(172,377)	(177,500)	(213,594)
Economic Services		(27,791)	(30,500)	(44,317)
Other Property and Services		(125,626)	(129,100)	(149,697)
		<b>(407,360)</b>	<b>(432,600)</b>	<b>(452,167)</b>
<b>Grants and Contributions for Assets</b>	30			
Recreation and Culture		0	200,000	32,750
Transport		1,171,983	1,580,700	1,559,189
Other Property and Services		0	0	13,230
		<b>1,171,983</b>	<b>1,780,700</b>	<b>1,605,169</b>

Town of Victoria Park  
For the year ended 30 June 2018

**Statement of Comprehensive Income - By Program (continued)**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Profit and Loss from Asset Disposal</b>	21			
General Purpose Funding		462,234	0	385,267
Governance		0	0	0
Law, Order and Public Safety		0	(1,100)	0
Health		(1,991)	(100)	0
Education and Welfare		0	0	0
Community Amenities		(7,044)	(3,000)	(8,023)
Recreation and Culture		(2,673)	(2,100)	1
Transport		(681,531)	7,800	(11,632)
Economic Services		(855)	(900)	(62)
Other Property and Services		16,746	(600)	(8,743)
		<b>(215,113)</b>	<b>0</b>	<b>356,809</b>
<b>Changes in Joint Venture Operations and Other Financial Assets</b>				
Economic Services	18	356,941	0	(1,012,038)
		<b>356,941</b>	<b>0</b>	<b>(1,012,038)</b>
<b>Fair Value Adjustments</b>				
Reversal of prior year loss on revaluation		0	0	325,147
Revaluation Adjustment		(60,450)	0	(934,205)
		<b>(60,450)</b>	<b>0</b>	<b>(609,058)</b>
<b>Net Result</b>		<b>6,653,005</b>	<b>5,524,777</b>	<b>6,720,876</b>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Non-Current Assets Revaluation Changes	14	1,344,693	0	3,623,650
<b>Total Other Comprehensive Income</b>		<b>1,344,693</b>	<b>0</b>	<b>3,623,650</b>
<b>Total Comprehensive Income</b>		<b>7,997,698</b>	<b>5,524,777</b>	<b>10,344,525</b>

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

Town of Victoria Park  
As at 30 June 2018

**Statement of Financial Position**

	Note	2018 Actual \$	2017 Actual \$
<b>Current Assets</b>			
Cash and Cash Equivalents	3	41,639,572	34,975,098
Trade and Other Receivables	5	3,328,489	4,532,901
Inventories	6	9,470	6,978
Assets Held for Sale	18	846,901	479,097
		<b>45,824,432</b>	<b>39,994,075</b>
<b>Non-Current Assets</b>			
Trade and Other Receivables	5	474,739	623,393
Property, Plant and Equipment	7	667,382,231	667,999,994
Infrastructure	8	234,182,030	235,025,694
Assets Held for Development	18	99,084	101,535
Other Financial Assets	18	9,500,836	8,962,866
		<b>911,638,920</b>	<b>912,713,482</b>
<b>Total Assets</b>		<b>957,463,352</b>	<b>952,707,556</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	5,092,624	4,903,973
Current Portion of Long Term Borrowings	11	1,981,548	2,241,045
Provisions	12	4,259,745	3,958,488
		<b>11,333,917</b>	<b>11,103,506</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	11	4,240,753	6,595,852
Provisions	12	468,169	324,837
		<b>4,708,922</b>	<b>6,920,690</b>
<b>Total Liabilities</b>		<b>16,042,839</b>	<b>18,024,196</b>
<b>Net Assets</b>		<b>941,420,513</b>	<b>934,683,360</b>
<b>Equity</b>			
Retained Surplus		107,376,224	105,938,897
Reserves - Cash Backed	13	31,086,162	24,441,643
Revaluation Surplus	14	802,958,127	804,302,820
		<b>941,420,513</b>	<b>934,683,360</b>

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

Town of Victoria Park  
For the year ended 30 June 2018

**Statement of Changes in Equity**

		Retained Surplus	Reserves Cash Backed	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
<b>Prior Year Balance</b>					
Balance as at 1 July 2016		103,092,300	20,567,367	800,679,169	<b>924,338,834</b>
Net Result		6,720,875	0	0	<b>6,720,875</b>
Other Comprehensive Income					
Changes on Non-Current Asset Revaluation	14	0	0	3,623,651	<b>3,623,651</b>
Transfer From / (To) Reserves	13	(3,874,276)	3,874,276	0	<b>0</b>
<b>Balance as at 30 June 2017</b>		<b>105,938,897</b>	<b>24,441,643</b>	<b>804,302,820</b>	<b>934,683,360</b>
<b>Current Year Balance</b>					
Balance as at 01 July 2017		105,938,897	24,441,643	804,302,820	<b>934,683,360</b>
Net Result		6,653,005	0	0	<b>6,653,005</b>
Other Comprehensive Income					
Revaluation write back on disposals	14	1,428,840	0	(1,428,840)	<b>0</b>
Changes on Non-Current Asset Revaluation	14	0	0	84,147	<b>84,147</b>
Transfer From / (To) Reserves	13	(6,644,519)	6,644,519	0	<b>0</b>
<b>Balance as at 30 June 2018</b>		<b>107,376,224</b>	<b>31,086,162</b>	<b>802,958,127</b>	<b>941,420,513</b>

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

Town of Victoria Park  
For the year ended 30 June 2018

**Statement of Cash Flows**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Rates		44,290,591	45,182,660	41,589,238
Grants and Contributions - Operating		4,425,380	1,531,700	4,670,538
Fees and Charges		8,939,842	11,116,200	8,505,844
Service Charges		148,089	0	209,439
Interest Earnings		1,328,543	1,244,000	1,381,767
Goods and Services Tax		1,156,569	2,000,000	690,078
Other Revenue		2,460,341	651,500	401,788
		<b>62,749,355</b>	<b>61,726,060</b>	<b>57,448,693</b>
<b>Payments</b>				
Employee Costs		(21,834,948)	(20,721,400)	(20,577,761)
Materials and Contracts		(17,644,276)	(22,289,119)	(15,625,895)
Utility Charges		(1,670,414)	(1,587,100)	(1,097,280)
Interest Expense		(407,360)	(432,600)	(452,167)
Insurance		(423,860)	(568,000)	(473,728)
Goods and Services Tax		(3,277,643)	(2,000,000)	(2,978,868)
Other Expense		(970,755)	(85,800)	(1,537,090)
		<b>(46,229,254)</b>	<b>(47,684,019)</b>	<b>(42,742,789)</b>
<b>Net Cash Provided by Operating Activities</b>	15 (b)	<b>16,520,101</b>	<b>14,042,041</b>	<b>14,705,904</b>
<b>Cash Flows from Investing Activities</b>				
Equity Movements in Joint Ventures		8,413	0	976,551
Land Held for Sale and Development Movement		(365,353)	0	35,487
Property, Plant and Equipment Payments		(3,433,267)	(6,475,800)	(4,040,132)
Infrastructure Payments		(5,611,492)	(10,177,900)	(6,800,685)
Grants and Contributions - Non-Operating		1,171,983	1,780,700	1,605,169
Sale of Assets Proceeds		988,687	951,800	186,697
		<b>(7,241,030)</b>	<b>(13,921,200)</b>	<b>(8,036,914)</b>
<b>Net Cash Provided by / (Used in) Investing Activities</b>				
<b>Cash Flows from Financing Activities</b>				
Debenture Repayments		(2,614,597)	(2,241,000)	(2,132,749)
New Debenture Proceeds		0	0	0
Reduction in Loan Liability		0	0	0
		<b>(2,614,597)</b>	<b>(2,241,000)</b>	<b>(2,132,749)</b>
<b>Net Cash Provided by / (Used in) Financing Activities</b>				
<b>Net Increase / (Decrease) in Cash Held</b>		<b>6,664,474</b>	<b>(2,120,159)</b>	<b>4,536,240</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<b>34,975,098</b>	<b>31,450,398</b>	<b>30,438,858</b>
<b>Cash and Cash Equivalents at End of Year</b>	15 (a)	<b>41,639,572</b>	<b>29,330,239</b>	<b>34,975,098</b>

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

Town of Victoria Park  
For the year ended 30 June 2018

**Rate Setting Statement**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
General Purpose Funding		3,440,086	2,433,100	3,603,665
Governance		1,200	0	1,309
Law, Order and Public Safety		2,384,339	2,775,400	2,373,934
Health		295,297	247,300	250,973
Education and Welfare		311,003	284,000	270,899
Community Amenities		1,245,036	1,182,400	1,229,158
Recreation and Culture		7,356,638	4,914,800	7,366,370
Transport		1,458,849	204,000	1,884,747
Economic Services		459,055	361,200	335,187
Other Property and Services		1,348,023	862,000	1,767,947
		<b>18,299,527</b>	<b>13,264,200</b>	<b>19,084,189</b>
<b>Expenses</b>				
General Purpose Funding		(1,745,055)	(608,800)	(978,721)
Governance		(549,149)	(514,100)	(387,725)
Law, Order and Public Safety		(4,068,820)	(4,094,400)	(5,328,810)
Health		(1,543,778)	(1,295,500)	(1,655,174)
Education and Welfare		(1,603,704)	(1,368,000)	(1,071,721)
Community Amenities		(8,581,815)	(8,706,400)	(7,241,230)
Recreation and Culture		(16,660,948)	(17,344,500)	(16,792,504)
Transport		(13,861,872)	(12,430,500)	(12,789,671)
Economic Services		(1,187,749)	(1,288,200)	(2,172,722)
Other Property and Services		(6,134,223)	(5,719,723)	(5,534,274)
		<b>(55,937,112)</b>	<b>(53,370,123)</b>	<b>(53,952,552)</b>
<b>Net Result Excluding Rates</b>		<b>(37,637,585)</b>	<b>(40,105,923)</b>	<b>(34,868,363)</b>
<b>Adjustment for Cash Budget Requirements</b>				
<b>Operating activities excluded from budget</b>				
(Profit) / Loss on Asset Disposals	21	215,113	0	(356,809)
Reversal of prior year loss on revaluation		0	0	(325,147)
Loss on Revaluation		60,450	0	934,205
Depreciation on Assets	2	8,779,701	7,936,000	8,237,538
Movement In Joint Venture Equity	18	(356,941)	0	1,012,037
Adjustment - Land Held for Sale	6	0	0	(30,007)
Adjustment - Current Assets Held for Sale	18	0	0	(479,098)
Movement in Non-Current Under Ground Power / Rates		148,654	0	209,850
Movement in Non-Current Leave Provision		143,332	0	34,066
<b>Amount attributable to operating activities</b>		<b>8,990,310</b>	<b>7,936,000</b>	<b>9,236,634</b>



Town of Victoria Park  
For the year ended 30 June 2018

Rate Setting Statement (continued)

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Adjustment for Cash Budget Requirements</b>				
<b>Investing Activities</b>				
Purchase Land	7	(2,982)	0	0
Purchase Buildings	7	(2,045,534)	(4,047,200)	(2,387,328)
Purchase Furniture and Equipment	7	(198,011)	(280,900)	(394,356)
Purchase Plant and Machinery	7	(891,259)	(1,107,000)	(688,912)
Purchase Information Technology	7	(295,481)	(1,040,700)	(569,536)
Construction of Infrastructure - Roads	8	(2,556,923)	(4,573,500)	(2,975,480)
Construction of Infrastructure - Drainage	8	(317,024)	(642,000)	(463,334)
Construction of Infrastructure - Pathways	8	(285,670)	(509,500)	(269,720)
Construction of Infrastructure - Parks / Reserves	8	(1,344,328)	(3,527,600)	(2,233,441)
Construction of Infrastructure - Other	8	(1,107,547)	(925,300)	(858,711)
Proceeds from Disposal of Assets	21	988,687	951,800	186,697
Non-Operating Grants, Subsidies and Contributions		0	1,780,700	0
<b>Amount attributable to investing activities</b>		<b>(8,056,072)</b>	<b>(13,921,200)</b>	<b>(10,654,121)</b>
<b>Financing Activities</b>				
Debenture Repayments	23	(2,614,597)	(2,241,000)	(2,132,749)
Transfers to Reserves	13	(6,944,519)	(2,827,700)	(4,071,008)
Transfers from Reserves	13	300,000	2,020,000	196,732
New Debenture Proceeds	23	0	0	0
<b>Amount attributable to financing activities</b>		<b>(9,259,116)</b>	<b>(3,048,700)</b>	<b>(6,007,025)</b>
		<b>(17,315,188)</b>	<b>(16,969,900)</b>	<b>(16,661,145)</b>
Add Surplus / (Deficit) July 1 B/Fwd	24	6,210,873	5,289,823	6,914,508
Less Surplus / (Deficit) June 30 C/Fwd	24	4,539,000	0	6,210,874
<b>Amount Required to be Raised from Rates</b>	24	<b>(44,290,590)</b>	<b>(43,850,000)</b>	<b>(41,589,240)</b>

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

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## **1 Significant Accounting Policies**

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

### **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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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 appears at Note 19 to these financial statements.

### **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.

### **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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

### **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.

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

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

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## 1 Significant Accounting Policies (continued)

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### Inventories

#### General

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

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

#### Land held for 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.

### Fixed Assets

Each class of fixed assets within either property, 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 and 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 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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

#### 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 2018**

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**1 Significant Accounting Policies (continued)**

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**Depreciation**

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 133 years
Furniture and Equipment	3 to 12 years
Plant and Machinery	3 to 15 years
Roads	4 to 10 years
Formation	not depreciated
Pavement	40 to 160 years
Surface	15 to 30 years
Footpaths	16 to 70 years
Drainage	100 years
Parks	20 to 80 years
Other Assets	20 to 80 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

**Capitalisation Threshold**

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

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## 1 Significant Accounting Policies (continued)

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### Fair Value of Assets and Liabilities

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

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.

### 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.

#### Income approach

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

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## 1 Significant Accounting Policies

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### Valuation Techniques (continued)

#### Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

#### Financial Instruments

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Town becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Town commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

### Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

#### Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

#### Loans and receivables

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

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

#### Held-to-maturity investments

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

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

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## 1 Significant Accounting Policies

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### Classification and Subsequent Measurement (continued)

#### Available-for-sale financial assets

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

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

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

#### Financial liabilities

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

#### Impairment

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

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

#### Derecognition

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

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

#### Impairment of Assets

In accordance with Australian Accounting Standards the Town's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard. For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

### 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.

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## 1 Significant Accounting Policies

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### 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 and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Town's obligations for employees' annual leave, long service leave and sick leave entitlements are recognised as provisions in the statement of financial position.

#### Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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.

### 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.

### 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.

### 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 amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

### Investment in Associates

An associate is an entity over which the Town has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Town's share of net assets of the associate. In addition, the Town's share of the profit or loss of the associate is included in the Town's profit or loss. The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Town's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired. Profits and losses resulting from transactions between the Town and the associate are eliminated to the extent of the Town's interest in the associate. When the Town's share of losses in an associate equals or exceeds its interest in the associate, the Town discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Town will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.



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## 1 Significant Accounting Policies

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### Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note above "Investment in Associates" for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Town's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 18.

### Rates, Grants, Donations and Other Contributions

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

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

### 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.

### Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Town's intentions to release for sale.

### Rounding Off Figures

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

### 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 statement, 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.

### 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.

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## 1 Significant Accounting Policies

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### New Accounting Standards and Interpretations for Application in Future Periods

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

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

#### AASB 9 - Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)

- Issued: December 2014
- Applicable 1 January 2018
- Impact: Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Town, it is not anticipated the Standard will have any material effect.

#### AASB 15 Revenue from Contracts with Customers

- Issued: December 2014
- Applicable 1 January 2019
- Impact: This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The effect of this Standard will depend upon the nature of future transactions the Town has with those third parties it has dealings with. It may or may not be significant.

#### AASB 16 - Leases

- Issued: February 2016
- Applicable 1 January 2019
- Impact: 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 onto their statement of financial position for all leases. Effectively this means the vast majority of 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 once AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Town, the impact is not expected to be significant.

#### AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)

- Issued: December 2016
- Applicable 1 January 2019
- Impact: These standards are likely to have a significant impact on the income recognition for Not for profit entities. Key areas for consideration are:
  - Assets received below fair value;
  - Transfers received to acquire or construct non-financial assets;
  - Grants received
  - Prepaid rates;
  - Leases entered into at below market rates; and
  - Volunteer service.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions "are known, they will all have application to the Town's operations.

**Notes to, and forming part of, the Financial Report**  
**For the year ended 30 June 2018**

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**1 Significant Accounting Policies**

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**Adoption of New and Revised Accounting Standards**

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities - 1 January 2017

AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities - 01 January 2017

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**2 Revenues and Expenses**

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**Statement of Objective**

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

General Purpose Funding

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

Governance

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

Law, Order and Public Safety

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

Health

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

Education and Welfare

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

Community Amenities

This includes town planning and regional development services, protection of the environment, refuse collection and disposal, provision of public toilets, bus shelters and street furniture.

Recreation and Culture

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

Transport

This area includes the maintenance and construction of roads, drains, pathways, crossovers and traffic calming devices, plus street lighting and cleaning, road signs and parking areas.

Economic Services

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

Other Property and Services

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

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**2 Revenues and Expenses (continued)**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Net Result</b>				
The Net Result includes -				
<b><u>Charging as an Expense</u></b>				
<b>Auditor's Remuneration</b>				
Audit - Financial		24,000	35,500	33,320
Audit - Other		950	0	950
		<b>24,950</b>	<b>35,500</b>	<b>34,270</b>
<b>Bad and Doubtful Debts</b>				
Write Off - Building		35	0	44
Write Off - Finance		2,992	0	3,712
Write Off - Parking Management		67,885	0	39,673
Write Off - Environmental Health		1,272	0	9,080
Write Off - Ranger Services		13,803	0	0
Write Off - Waste		66	0	58
Doubtful Debt - Infringements		774,083	0	0
		<b>860,136</b>	<b>0</b>	<b>52,567</b>
<b>Depreciation</b>				
Buildings		1,319,413	1,234,000	1,299,537
Furniture and Equipment		375,242	215,000	269,532
Plant and Machinery		293,768	250,000	265,367
Information Technology		336,123	225,000	162,163
Roads		4,059,303	3,650,000	4,066,335
Drainage		463,761	463,000	462,172
Pathways		1,194,247	1,189,000	1,172,840
Parks / Reserves		345,131	250,000	306,484
Other Infrastructure		392,714	460,000	233,109
		<b>8,779,701</b>	<b>7,936,000</b>	<b>8,237,538</b>
<b>Interest Expense</b>				
Debentures	23	407,360	432,600	452,167
		<b>407,360</b>	<b>432,600</b>	<b>452,167</b>
<b><u>Crediting as Revenue</u></b>				
<b>Interest Earnings</b>				
Investments - Reserve Funds		417,961	389,400	441,302
Investments - Other Funds		480,591	466,400	529,339
Other Interest Revenue		429,992	388,200	411,126
		<b>1,328,543</b>	<b>1,244,000</b>	<b>1,381,767</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**2 Revenues and Expenses (continued)**

Conditions over Grants and Contributions	By Program	2018 Actual \$	2017 Actual \$
<b>Opening Balance</b>		0	0
<b>Grants/contributions received during the year</b>			
20 Million Tree Funding Grant	Recreation and Culture	0	0
Children's Book Week Grant	Education and Welfare	715	1,600
Crime Prevention Grant	Law, Order and Public Safety	0	16,777
Department of Transport Grant	Transport	46,292	18,895
Federal Black Spot Grant	Transport	470,035	157,750
General Purpose Federal Grant	General Purpose Funding	742,138	766,881
General Road Grant	Transport	375,192	340,053
Lotterywest Grants	Recreation and Culture	87,721	50,000
MRWA Grants	Transport	421,339	1,163,726
Other State Government Grants	Recreation and Culture	58,972	2,561,577
Roads to Recovery Grants	Transport	326,162	245,335
Sports and Recreation Grants	Recreation and Culture	2,773,860	32,750
<b>Grants/contributions received during the year</b>		<b>5,302,426</b>	<b>5,355,344</b>
<b>Grants/contributions expended during the year</b>			
20 Million Tree Funding Grant	Law, Order and Public Safety	0	0
Children's Book Week Grant	Education and Welfare	(715)	(1,600)
Crime Prevention Grant	Recreation and Culture	0	(16,777)
Department of Transport Grant	Recreation and Culture	(46,292)	(18,895)
Federal Black Spot Grant	Transport	(470,035)	(157,750)
General Purpose Federal Grant	Transport	(742,138)	(766,881)
General Road Grant	General Purpose Funding	(375,192)	(340,053)
Lotterywest Grants	Recreation and Culture	(87,721)	(50,000)
MRWA Grants	Transport	(421,339)	(1,163,726)
Roads to Recovery Grants	Transport	(58,972)	(245,335)
Sports and Recreation Grants	Recreation and Culture	(326,162)	(32,750)
State Government Grants	Recreation and Culture	(2,773,860)	(2,561,577)
<b>Grants/contributions expended during the year</b>		<b>(5,302,426)</b>	<b>(5,355,344)</b>
<b>Closing Balance as at 30 June</b>		<b>0</b>	<b>0</b>
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.		5,302,426	5,355,344

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**3 Cash and Cash Equivalents**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Unrestricted</b>	10,553,410	10,533,455
<b>Restricted</b>	31,086,162	24,441,643
	<b>41,639,572</b>	<b>34,975,098</b>

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

**Reserves**

Buildings Renewal	487,366	400,466
Community Art	689,443	641,043
Drainage Renewal	225,520	172,720
Edward Millen Reserve	1,882,335	1,356,878
Furniture and Equipment Renewal	599,407	558,907
Future Fund	14,384,893	12,332,193
Future Projects	4,079,640	1,798,878
Harold Hawthorne - Carlisle Memorial	148,630	126,430
Information Technology	661,800	358,400
Insurance Risk Reserve	396,930	367,830
Land Asset Optimisation	801,300	0
Other Infrastructure Renewal	614,943	574,443
Parks Renewal	96,025	261,025
Pathways Renewal	419,697	367,397
Plant and Machinery	268,942	235,342
Renewable Energy	174,780	220,980
Roads Renewal	881,637	788,737
Underground Power	3,288,499	2,962,799
Waste Management	984,375	917,175
	<b>31,086,162</b>	<b>24,441,643</b>

**Restricted Funds**

Unspent Loans	0	0
	<b>0</b>	<b>0</b>

**Total Reserves and Restricted Cash and Cash Equivalents**

<b>31,086,162</b>	<b>24,441,643</b>
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Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

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**4 Investments**

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No financial assets were held in the form of investments at 30 June for each of the reporting periods.

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**5 Trade and Other Receivables**

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	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Accrued Revenue	267	208,126
Rates Debtors	1,143,707	866,444
ESL Debtors	90,128	59,726
Infringements	899,024	1,750,204
Sundry Debtors	897,976	1,182,103
Prepayments	244,523	422,676
Underground Power	41,518	32,461
Unclaimed Pensioner Rates Rebate	853	837
Unclaimed ESL Rates Rebate	10,492	10,323
Underground Power Rebate	0	0
	<b>3,328,489</b>	<b>4,532,901</b>
<b>Non-Current</b>		
Rates Debtors	238,041	204,042
ESL Debtors	31,005	27,579
Underground Power	205,693	391,772
	<b>474,739</b>	<b>623,393</b>

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**6 Inventories**

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	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Leisurelife	8,083	4,391
Aqualife	1,387	2,587
	<b>9,470</b>	<b>6,978</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**7 Property, Plant and Equipment**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Land</b>		
Independent Valuation - 2017	597,110,520	597,110,520
Disposal	(1,428,840)	0
Work in Progress	2,982	0
	<b>595,684,662</b>	<b>597,110,520</b>
<b>Buildings</b>		
Independent Valuation -2017	86,806,722	86,806,722
Additions after revaluation	3,263,162	0
Less Accumulated Depreciation	(24,160,714)	(22,841,301)
Work in Progress	205,541	1,423,169
	<b>66,114,711</b>	<b>65,388,590</b>
<b>Plant and Machinery</b>		
Independent Valuation -2017	2,286,489	2,346,939
Additions after revaluation	609,369	0
Less Accumulated Depreciation	(295,184)	(46,112)
	<b>2,600,674</b>	<b>2,300,827</b>
<b>Furniture and Equipment</b>		
Independent Valuation - 2017	3,523,880	3,523,880
Additions after revaluation	198,011	0
Less Accumulated Depreciation	(1,886,504)	(1,511,263)
Work in Progress	0	0
	<b>1,835,386</b>	<b>2,012,617</b>
<b>Information Technology</b>		
Independent Valuation - 2017	1,748,741	1,748,741
Additions after revaluation	292,134	0
Less Accumulated Depreciation	(897,423)	(561,300)
Work in Progress	3,346	0
	<b>1,146,798</b>	<b>1,187,441</b>
<b>Total Property, Plant and Equipment</b>	<b>667,382,231</b>	<b>667,999,995</b>



Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**7 Property, Plant and Equipment (continued)**

**Movements in Carrying Amounts**

	Land	Buildings	Plant and Machinery	Furniture and Equipment	Information Technology	Total
	\$	\$	\$	\$	\$	\$
<b>2016-2017</b>						
<u>Assets Capitalised</u>						
<b>Beginning Balance</b>	604,030,000	60,959,959	1,958,213	2,004,485	682,663	<b>669,635,320</b>
Additions	0	3,013,105	688,912	394,356	578,924	<b>4,675,297</b>
Disposals	0	0	(210,589)	(4,566)	0	<b>(215,155)</b>
Depreciation Expense	0	(1,299,537)	(265,367)	(269,532)	(162,163)	<b>(1,996,599)</b>
Transfers	0	41,797	0	(41,797)	0	<b>0</b>
<u>Revaluation Movement</u>						
Transfers to Revaluation	(6,919,480)	1,250,095	0	0	88,017	<b>(5,581,368)</b>
Transfers to Profit and Loss	0	0	129,658	(70,329)	0	<b>59,329</b>
<b>Closing Balance</b>	<b>597,110,520</b>	<b>63,965,419</b>	<b>2,300,827</b>	<b>2,012,617</b>	<b>1,187,441</b>	<b>666,576,824</b>
<u>Work In Progress</u>						
<b>Beginning Balance</b>	0	2,048,947	0	51,186	9,388	<b>2,109,521</b>
Additions	0	1,122,653	0	0	0	<b>1,122,653</b>
Completed and capitalised	0	(1,748,430)	0	(51,186)	(9,388)	<b>(1,809,004)</b>
<b>Closing Balance</b>	<b>0</b>	<b>1,423,170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,423,170</b>
<b>Total</b>	<b>597,110,520</b>	<b>65,388,589</b>	<b>2,300,827</b>	<b>2,012,617</b>	<b>1,187,440</b>	<b>667,999,993</b>
<b>2017-2018</b>						
<u>Assets Capitalised</u>						
<b>Beginning Balance</b>	597,110,520	63,965,421	2,300,827	2,012,617	1,187,441	<b>666,576,825</b>
Additions	0	3,263,163	891,259	198,011	292,135	<b>4,644,568</b>
Disposals	(1,428,840)	0	(237,195)	0	0	<b>(1,666,035)</b>
Depreciation Expense	0	(1,319,413)	(293,768)	(375,242)	(336,123)	<b>(2,324,545)</b>
Transfers	0	0	0	0	0	<b>0</b>
<u>Revaluation Movement</u>						
Transfers to Revaluation	0	0	0	0	0	<b>0</b>
Revaluation adjustment	0	0	(60,450)	0	0	<b>(60,450)</b>
<b>Closing Balance</b>	<b>595,681,680</b>	<b>65,909,171</b>	<b>2,600,674</b>	<b>1,835,386</b>	<b>1,143,452</b>	<b>667,170,363</b>
<u>Work In Progress</u>						
<b>Beginning Balance</b>	0	1,423,169	0	0	0	<b>1,423,169</b>
Additions	2,982	63,541	0	0	3,346	<b>69,869</b>
Completed and capitalised	0	(1,281,169)	0	0	0	<b>(1,281,169)</b>
<b>Closing Balance</b>	<b>2,982</b>	<b>205,541</b>	<b>0</b>	<b>0</b>	<b>3,346</b>	<b>211,869</b>
<b>Total</b>	<b>595,684,662</b>	<b>66,114,711</b>	<b>2,600,674</b>	<b>1,835,386</b>	<b>1,146,798</b>	<b>667,382,232</b>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. 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 2018

**7 Property, Plant and Equipment (continued)**

**Recurring Fair Value Measurements as at 30 June 2018**

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.

<b>Assets</b>	<b>Level of Valuation Input</b>	<b>Fair Value at 30 June 2018</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
<b>Property, Plant and Equipment</b>				
<b>Land</b>	2	9,856,840	Market Approach	Price per square metre
	2	585,824,840	Cost Approach	Price per square metre
<b>Total</b>		<b>595,681,680</b>		
<b>Buildings</b>	2	192,000	Market Approach	Based on actual dimensions and unit rates derived from market evidence, consideration of likely future asset management plans.
	3	65,717,170	Cost Approach	
<b>Total</b>		<b>65,909,170</b>		
<b>Plant and Machinery</b>	2	1,833,515	Market Approach	Make, size, year of manufacture and condition, historic factors (functionality, capacity, utilisation, obsolescence etc.) and component specific factors such as physical condition and maintenance history
	3	767,159	Cost Approach	
<b>Total</b>		<b>2,600,674</b>		
<b>Furniture and Equipment</b>	3	1,835,386	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
<b>Total</b>		<b>1,835,386</b>		
<b>Information Technology</b>	3	1,143,452	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
<b>Total</b>		<b>1,143,452</b>		

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.

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**8 Infrastructure**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Roads</b>		
Independent Valuation	188,099,010	188,099,010
Additions after revaluation	4,605,843	0
Less Accumulated Depreciation	(38,787,720)	(34,728,416)
Work in Progress	40,444	2,089,364
	<b>153,957,577</b>	<b>155,459,958</b>
<b>Pathways</b>		
Independent Valuation	35,873,166	35,873,166
Additions after revaluation	286,905	0
Less Accumulated Depreciation	(17,524,671)	(16,330,424)
Work in Progress	0	1,234
	<b>18,635,400</b>	<b>19,543,976</b>
<b>Drainage</b>		
Independent Valuation	47,753,667	47,753,667
Additions after revaluation	474,583	0
Less Accumulated Depreciation	(13,112,908)	(12,649,147)
Work in Progress	15,533	173,092
	<b>35,130,875</b>	<b>35,277,612</b>
<b>Parks / Reserves</b>		
Independent Valuation	9,395,573	9,395,573
Additions after revaluation	1,843,601	0
Less Accumulated Depreciation	(2,263,873)	(1,918,742)
Work in Progress	429,271	928,544
	<b>9,404,573</b>	<b>8,405,375</b>
<b>Other Assets</b>		
Independent Valuation	19,634,683	19,634,683
Additions after revaluation	1,654,504	0
Less Accumulated Depreciation	(4,235,581)	(3,842,867)
Work in Progress	0	546,956
	<b>17,053,606</b>	<b>16,338,772</b>
<b>Total Infrastructure</b>	<b>234,182,030</b>	<b>235,025,694</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**8 Infrastructure (continued)**

**Movements in Carrying Amounts**

	<b>Roads</b>	<b>Pathways</b>	<b>Drainage</b>	<b>Parks / Reserve</b>	<b>Other Assets</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2016-2017</b>						
<u>Assets Capitalised</u>						
<b>Beginning Balance</b>	154,910,653	18,840,285	33,666,819	6,715,036	8,092,649	<b>222,225,442</b>
Additions	2,678,535	297,458	383,825	2,980,943	424,609	<b>6,765,369</b>
Disposals	0	0	0	0	0	<b>0</b>
Depreciation Expense	(4,066,335)	(1,172,840)	(462,172)	(306,484)	(233,109)	<b>(6,240,940)</b>
Transfers		864,391	113,073	(1,048,787)	71,323	<b>0</b>
<u>Revaluation Movement</u>						
Transfers to Revaluation	(152,259)	713,448	1,402,976	0	7,240,855	<b>9,205,020</b>
Transfers to Profit and Loss	0	0	0	(863,875)	195,489	<b>(668,386)</b>
<b>Closing Balance</b>	<b>153,370,594</b>	<b>19,542,742</b>	<b>35,104,521</b>	<b>7,476,833</b>	<b>15,791,816</b>	<b>231,286,505</b>
<u>Work In Progress Movement</u>						
<b>Beginning Balance</b>	1,792,419	28,972	93,583	1,676,045	112,854	<b>3,703,873</b>
Additions	852,735	1,234	170,446	919,752	507,956	<b>2,452,123</b>
Completed and capitalised	(555,790)	(28,972)	(90,937)	(1,667,254)	(73,854)	<b>(2,416,807)</b>
<b>Closing Balance</b>	<b>2,089,364</b>	<b>1,234</b>	<b>173,092</b>	<b>928,543</b>	<b>546,956</b>	<b>3,739,189</b>
<b>Total</b>	<b>155,459,958</b>	<b>19,543,976</b>	<b>35,277,613</b>	<b>8,405,376</b>	<b>16,338,772</b>	<b>235,025,694</b>
<b>2017-2018</b>						
<u>Assets Capitalised</u>						
<b>Beginning Balance</b>	153,370,593	19,542,742	35,104,520	7,476,831	15,791,815	<b>231,286,502</b>
Additions	4,605,843	286,905	474,583	1,843,601	1,654,503	<b>8,865,435</b>
Disposals	0	0	0	0	0	<b>0</b>
Depreciation Expense	(4,059,303)	(1,194,247)	(463,761)	(345,131)	(392,714)	<b>(6,455,156)</b>
Transfers	0	0	0	0	0	<b>0</b>
<u>Revaluation Movement</u>						
Transfers to Revaluation	0	0	0	0	0	<b>0</b>
Transfers to Profit and Loss	0	0	0	0	0	<b>0</b>
<b>Closing Balance</b>	<b>153,917,133</b>	<b>18,635,400</b>	<b>35,115,342</b>	<b>8,975,302</b>	<b>17,053,605</b>	<b>233,696,782</b>
<u>Work In Progress Movement</u>						
<b>Beginning Balance</b>	2,089,364	1,234	173,092	928,544	546,956	<b>3,739,191</b>
Additions	2,556,923	285,670	317,024	1,344,328	1,107,547	<b>5,611,492</b>
Completed and capitalised	(4,605,843)	(286,905)	(474,583)	(1,843,601)	(1,654,503)	<b>(8,865,435)</b>
<b>Closing Balance</b>	<b>40,444</b>	<b>0</b>	<b>15,533</b>	<b>429,271</b>	<b>0</b>	<b>485,248</b>
<b>Total</b>	<b>153,957,577</b>	<b>18,635,400</b>	<b>35,130,875</b>	<b>9,404,573</b>	<b>17,053,605</b>	<b>234,182,030</b>

The fair value of Infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. 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 2018

**8 Infrastructure (continued)**

**Recurring Fair Value Measurements as at 30 June 2018**

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

<b>Assets</b>	<b>Level of Valuation Input</b>	<b>Fair Value at 30 June 2018</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
<b>Roads</b>	3	153,917,133	Cost Approach	Construction costs and current condition, residual values and remaining useful life assessments
<b>Pathways</b>	3	18,635,400	Cost Approach	Construction costs and current condition, residual values and remaining useful life assessments
<b>Drainage</b>	3	35,115,342	Cost Approach	Construction costs and current condition, residual values and remaining useful life assessments
<b>Parks</b>	3	8,975,302	Cost Approach	Construction costs and current condition, residual values and remaining useful life assessments
<b>Other Assets</b>	3	17,053,606	Cost Approach	Construction costs and current condition, residual values and remaining useful life assessments
<b>Total</b>		<b>233,696,782</b>		

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.

**9 Intangibles**

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

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**10 Trade and Other Payables**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Payroll	221,058	167,403
Revenue Liability	1,953,727	223,997
ESL Liability	40,728	10,445
Trade Creditors	2,002,854	3,556,583
Payables	74,497	437,216
Accrued Expense	799,760	508,330
	<b>5,092,624</b>	<b>4,903,973</b>

**11 Borrowings**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Debentures	1,981,548	2,241,045
	<b>1,981,548</b>	<b>2,241,045</b>
<b>Non-Current</b>		
Debentures	4,240,753	6,595,852
	<b>4,240,753</b>	<b>6,595,852</b>
<b>Total</b>	<b>6,222,301</b>	<b>8,836,898</b>

**12 Provisions**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Current Employee Benefits Related Provisions</b>		
Employee Annual Leave	1,689,531	1,718,324
Employee Sick Leave	630,702	536,921
Employee Long Service Leave	1,385,745	1,188,640
Employee Oncosts	553,767	514,603
	<b>4,259,745</b>	<b>3,958,488</b>
<b>Non-Current Employee Benefits Related Provisions</b>		
Employee Sick Leave	8,552	8,389
Employee Long Service Leave	398,755	274,219
Employee Oncosts	60,862	42,229
	<b>468,169</b>	<b>324,837</b>
<b>Analysis of Total Provisions</b>		
Current	4,259,745	3,958,488
Non-Current	468,169	324,837
	<b>4,727,914</b>	<b>4,283,325</b>

**Notes to, and forming part of, the Financial Report**  
**For the year ended 30 June 2018**

**12 Provisions (continued)**

	Provision for Annual Leave	Provision for Sick Leave	Provision for Long Service Leave	Provision for Employment Oncosts	Total
	\$	\$	\$	\$	\$
Opening Balance as at 01 July 2017	1,718,324	545,310	1,462,859	556,832	4,283,325
Additional Provisions made	958,643	361,726	410,467	258,631	1,989,467
Amounts Used	(987,437)	(267,782)	(88,826)	(200,834)	(1,544,878)
Closing Balance as at 30 June 2018	<b>1,689,531</b>	<b>639,254</b>	<b>1,784,500</b>	<b>614,629</b>	<b>4,727,914</b>
<b>Comprises</b>					
Current	1,689,531	630,702	1,385,745	553,767	4,259,745
Non Current	0	8,552	398,755	60,862	468,169
<b>Total</b>	<b>1,689,531</b>	<b>639,254</b>	<b>1,784,500</b>	<b>614,629</b>	<b>4,727,914</b>

**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.

**Long Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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.

**Provision**

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.

**Employee Oncosts**

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

Employment oncosts, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment oncosts are included as part of "Employee Costs" in the Statement of Comprehensive Income.

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**13 Reserves - Cash Backed**

2018 Actual \$	2018 Budget \$	2017 Actual \$
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In relation to each Reserve account, the purposes for which funds are set aside, and supported by money held in institutions, are -

**Building Renewal**

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

Opening Balance	400,466	400,466	223,266
Transfer to Reserve - Municipal Funds	80,052	80,000	172,410
Transfer to Reserve - Interest Earnings	6,848	7,800	4,790
Transfer from Reserve	0	(70,000)	0
	<b>487,366</b>	<b>418,266</b>	<b>400,466</b>

**Community Art**

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

Opening Balance	641,043	641,043	563,843
Transfer to Reserve - Municipal Funds	37,438	40,000	65,102
Transfer to Reserve - Interest Earnings	10,962	9,000	12,098
Transfer from Reserve	0	0	0
	<b>689,443</b>	<b>690,043</b>	<b>641,043</b>

**Drainage Renewal**

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

Opening Balance	172,720	172,720	146,620
Transfer to Reserve - Municipal Funds	49,847	50,000	22,954
Transfer to Reserve - Interest Earnings	2,953	3,200	3,146
Transfer from Reserve	0	0	0
	<b>225,520</b>	<b>225,920</b>	<b>172,720</b>

**Edward Millen Site**

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

Opening Balance	1,356,878	1,356,878	1,294,878
Transfer to Reserve - Municipal Funds	502,255	75,000	34,216
Transfer to Reserve - Interest Earnings	23,202	26,800	27,784
Transfer from Reserve	0	0	0
	<b>1,882,335</b>	<b>1,458,678</b>	<b>1,356,878</b>



Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**13 Reserves - Cash Backed (continued)**

	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Furniture and Equipment Renewal</b>			
<i>To be used to fund renewal projects associated with Council's Furniture and Equipment assets</i>			
Opening Balance	558,907	558,907	354,207
Transfer to Reserve - Municipal Funds	30,942	30,000	197,100
Transfer to Reserve - Interest Earnings	9,558	11,000	7,600
Transfer from Reserve	0	0	0
	<b>599,407</b>	<b>599,907</b>	<b>558,907</b>

**Future Fund**

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

Opening Balance	12,332,193	12,332,193	10,188,393
Transfer to Reserve - Municipal Funds	1,841,814	1,080,000	1,925,193
Transfer to Reserve - Interest Earnings	210,886	246,600	218,607
Transfer from Reserve	0	0	0
	<b>14,384,893</b>	<b>13,658,793</b>	<b>12,332,193</b>

**Future Projects**

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

Opening Balance	1,798,878	1,798,878	1,648,978
Transfer to Reserve - Municipal Funds	2,250,000	121,300	114,519
Transfer to Reserve - Interest Earnings	30,762	30,000	35,381
Transfer from Reserve	0	(1,500,000)	0
	<b>4,079,640</b>	<b>450,178</b>	<b>1,798,878</b>

**Harold Hawthorne - Carlisle Memorial**

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

Opening Balance	126,430	126,430	75,930
Transfer to Reserve - Municipal Funds	20,037	20,000	48,871
Transfer to Reserve - Interest Earnings	2,163	2,200	1,629
Transfer from Reserve	0	0	0
	<b>148,630</b>	<b>148,630</b>	<b>126,430</b>

**Information Technology**

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

Opening Balance	358,400	358,400	180,000
Transfer to Reserve - Municipal Funds	297,272	300,000	174,538
Transfer to Reserve - Interest Earnings	6,128	7,000	3,862
Transfer from Reserve	0	0	0
	<b>661,800</b>	<b>665,400</b>	<b>358,400</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**13 Reserves - Cash Backed (continued)**

	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Insurance Risk</b>			
<i>To be used for the purpose of meeting the difference between premiums and claims in the event of significant insurance claims.</i>			
Opening Balance	367,830	367,830	431,254
Transfer to Reserve - Municipal Funds	22,809	25,000	124,054
Transfer to Reserve - Interest Earnings	6,291	4,400	9,253
Transfer from Reserve	0	0	(196,732)
	<b>396,930</b>	<b>397,230</b>	<b>367,830</b>
<b>Land Asset Optimisation</b>			
<i>To be used to hold proceeds from, and meet expenses towards, Land Asset Optimisation Strategy initiatives.</i>			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	801,300	0	0
Transfer to Reserve - Interest Earnings	0	0	0
Transfer from Reserve	0	0	0
	<b>801,300</b>	<b>0</b>	<b>0</b>
<b>Other Infrastructure Renewal</b>			
<i>To be used to fund renewal projects associated with Council's Other infrastructure</i>			
Opening Balance	574,443	574,443	527,443
Transfer to Reserve - Municipal Funds	30,678	30,000	35,683
Transfer to Reserve - Interest Earnings	9,822	11,000	11,317
Transfer from Reserve	0	0	0
	<b>614,943</b>	<b>615,443</b>	<b>574,443</b>
<b>Parks Renewal</b>			
<i>To be used to fund renewal projects associated with Council's Parks infrastructure</i>			
Opening Balance	261,025	261,025	218,825
Transfer to Reserve - Municipal Funds	30,536	30,000	37,505
Transfer to Reserve - Interest Earnings	4,464	5,200	4,695
Transfer from Reserve	(200,000)	(250,000)	0
	<b>96,025</b>	<b>46,225</b>	<b>261,025</b>
<b>Pathways Renewal</b>			
<i>To be used to fund renewal projects associated with Council's Pathways infrastructure</i>			
Opening Balance	367,397	367,397	126,097
Transfer to Reserve - Municipal Funds	46,017	50,000	238,594
Transfer to Reserve - Interest Earnings	6,283	3,000	2,706
Transfer from Reserve	0	0	0
	<b>419,697</b>	<b>420,397</b>	<b>367,397</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**13 Reserves - Cash Backed (continued)**

	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Plant and Machinery</b>			
<i>To be used to assist in the acquisition and replacement of the Town's plant and machinery.</i>			
Opening Balance	235,342	235,342	203,442
Transfer to Reserve - Municipal Funds	29,575	30,000	27,535
Transfer to Reserve - Interest Earnings	4,025	4,000	4,365
Transfer from Reserve	0	0	0
	<b>268,942</b>	<b>269,342</b>	<b>235,342</b>
<b>Renewable Energy</b>			
<i>To assist in investigating and funding renewable energy projects within the District</i>			
Opening Balance	220,980	220,980	168,480
Transfer to Reserve - Municipal Funds	50,022	50,000	48,885
Transfer to Reserve - Interest Earnings	3,778	4,400	3,615
Transfer from Reserve	(100,000)	(200,000)	0
	<b>174,780</b>	<b>75,380</b>	<b>220,980</b>
<b>Roads Renewal</b>			
<i>To be used to fund renewal projects associated with Council's Roads Infrastructure</i>			
Opening Balance	788,737	788,737	653,337
Transfer to Reserve - Municipal Funds	79,413	80,000	121,382
Transfer to Reserve - Interest Earnings	13,487	13,600	14,018
Transfer from Reserve	0	0	0
	<b>881,637</b>	<b>882,337</b>	<b>788,737</b>
<b>Underground Power</b>			
<i>To assist in the funding of projects associated with the installation of underground power and associated landscaping.</i>			
Opening Balance	2,962,799	2,962,799	2,696,099
Transfer to Reserve - Municipal Funds	275,035	220,000	208,851
Transfer to Reserve - Interest Earnings	50,665	59,200	57,849
Transfer from Reserve	0	0	0
	<b>3,288,499</b>	<b>3,241,999</b>	<b>2,962,799</b>
<b>Waste Management</b>			
<i>To assist in the funding of waste management and waste minimisation initiatives.</i>			
Opening Balance	917,175	917,175	866,275
Transfer to Reserve - Municipal Funds	51,516	50,000	32,313
Transfer to Reserve - Interest Earnings	15,684	18,000	18,587
Transfer from Reserve	0	0	0
	<b>984,375</b>	<b>985,175</b>	<b>917,175</b>
<b>Total Reserves</b>			
Opening Balance	24,441,643	24,441,643	20,567,367
Transfer to Reserve - Municipal Funds	6,526,558	2,361,300	3,629,706
Transfer to Reserve - Interest Earnings	417,961	466,400	441,302
Transfer from Reserve	(300,000)	(2,020,000)	(196,732)
Closing Balance	<b>31,086,162</b>	<b>25,249,343</b>	<b>24,441,643</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**14 Revaluation Surplus**

	2018 Actual \$	2017 Actual \$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>Land</b>		
Opening Balance	582,023,826	588,943,309
Revaluation Decrement	0	(6,919,480)
Revaluation Write Back on Disposals	(1,428,840)	0
<b>Closing Balance</b>	<b>580,594,986</b>	<b>582,023,826</b>
<b>Buildings</b>		
Opening Balance	36,515,879	35,265,783
Revaluation Increment	0	1,250,095
<b>Closing Balance</b>	<b>36,515,879</b>	<b>36,515,879</b>
<b>Information Technology</b>		
Opening Balance	611,497	523,481
Revaluation Increment	0	88,017
<b>Closing Balance</b>	<b>611,497</b>	<b>611,497</b>
<b>Roads</b>		
Opening Balance	133,956,610	134,108,870
Revaluation Decrement	0	(152,260)
<b>Closing Balance</b>	<b>133,956,610</b>	<b>133,956,610</b>
<b>Pathways</b>		
Opening Balance	13,451,909	12,738,461
Revaluation Increment	0	713,448
<b>Closing Balance</b>	<b>13,451,909</b>	<b>13,451,909</b>
<b>Drainage</b>		
Opening Balance	30,502,244	29,099,268
Revaluation Increment	0	1,402,976
<b>Closing Balance</b>	<b>30,502,244</b>	<b>30,502,244</b>
<b>Other Assets</b>		
Opening Balance	7,240,855	0
Revaluation Increment	0	7,240,855
<b>Closing Balance</b>	<b>7,240,855</b>	<b>7,240,855</b>
<b>Mindarie Regional Council</b>		
Revaluation Increment	84,147	0
<b>Closing Balance</b>	<b>84,147</b>	<b>0</b>
<b>Opening Balance</b>	<b>804,302,821</b>	800,679,172
Revaluation Increment	84,147	10,695,391
Revaluation Decrement	0	(7,071,740)
Revaluation Write Back on Disposal	(1,428,840)	0
<b>Total Asset Revaluation Surplus</b>	<b>802,958,127</b>	<b>804,302,821</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**15 Notes to the Statement of Cash Flows**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of Cash</b>		
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	41,639,572	34,975,098
	<b>41,639,572</b>	<b>34,975,098</b>
<b>(b) Reconciliation of Net Cash Provided by Operating Activities to Net Result</b>		
Net Result	6,653,005	6,720,875
Depreciation	8,779,701	8,237,538
(Profit) / Loss on Sale of Assets	215,113	(356,809)
(Increase) / Decrease in Receivables	1,353,066	(1,373,143)
(Increase) / Decrease in Other Financial Assets	0	0
(Increase) / Decrease in Inventories	(2,492)	1,603
Increase / (Decrease) in Payables	188,651	2,303,717
Increase / (Decrease) in Employee Provisions	444,589	168,234
Fair Value Adjustments	60,450	934,205
Reversal of prior year loss on revaluation	0	(325,147)
Grants and Contributions for Asset Development	(1,171,983)	(1,605,169)
<b>Net Cash from Operating Activities</b>	<b>16,520,101</b>	<b>14,705,904</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank Overdraft Limit	200,000	200,000
Bank Overdraft at Balance Date	0	0
Credit Card Limit	20,000	20,000
Credit Card at Balance Date	(4,385)	(4,244)
<b>Total Amount of Credit Unused</b>	<b>215,615</b>	<b>215,756</b>
<b>Loan Facilities</b>		
Loan Facilities - Current	1,981,548	2,241,045
Loan Facilities - Non-Current	4,240,753	6,595,852
<b>Total Facilities in Use at Balance Date</b>	<b>6,222,301</b>	<b>8,836,898</b>
<b>Unused Loan Facilities at Balance Date</b>	<b>0</b>	<b>246,000</b>

**Notes to, and forming part of, the Financial Report**  
**For the year ended 30 June 2018**

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**16 Contingent Liabilities**

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**Mindarie Regional Council**

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

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

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

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

**Cleanaway Pty Ltd**

Cleanaway Pty Ltd is currently contracted by the Town for waste and recycling collection and processing services. On the 8 February 2018, the Town received notification from Cleanaway Pty Ltd that effective 1 February 2018 the Town's gate rate for recyclables would be increased to \$85 per tonne; and that they would be applying a new variable monthly charge for unreasonable volumes of waste contamination. The Town was also advised that from 01 February 2018 to 30 June 2018 the additional gate cost would amount to \$94,193.75 plus GST (an annualised cost of \$226,063).

The Town sought legal advice on the ability of Cleanaway Pty Ltd being able to make the claim pursuant to the current contract. The legal advice received confirmed that there was no clear contractual right to make the claim. The Town is currently working with Cleanaway Pty Ltd to resolve the disputed claims.

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**17 Capital and Leasing Commitments**

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**(a) Operating Lease Commitments**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
Payable:	<b>\$</b>	<b>\$</b>
no later than one year	244,922	263,106
later than one year but not later than five years	137,948	192,090
later than five year	0	0
	<b>382,870</b>	<b>455,196</b>

**(b) Capital expenditure commitments**

Carried forward capital works commitments under contract at 30 June	<b>264,672</b>	<b>3,028,553</b>
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The capital expenditure commitment outstanding at the end of the current reporting period represents commitments relating to Furniture and Equipment, Plant and Machinery 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 2018

**18 Other Financial Assets**

**Interests in Joint Ventures**

**Mindarie Regional Council**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current Assets	2,837,000	2,445,334
Non-Current Assets	4,843,312	5,002,884
<b>Total Assets</b>	<b>7,680,312</b>	<b>7,448,218</b>
Current Liabilities	609,483	579,955
Non-Current Liabilities	1,411,953	1,372,104
<b>Total Liabilities</b>	<b>2,021,436</b>	<b>1,952,058</b>
<b>Net Assets</b>	<b>5,658,876</b>	<b>5,496,159</b>
<b>Movement in Carrying Amounts</b>		
Opening Balance	5,496,159	5,418,517
Increase in Joint Venture Interest	162,717	77,642
<b>Total Share of Equity</b>	<b>5,658,876</b>	<b>5,496,159</b>
Share of net results	78,570	55,253
Share of Other Comprehensive Income	84,147	22,390
<b>Increase in Joint Venture Interest</b>	<b>162,717</b>	<b>77,642</b>

**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, unaudited.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current Assets	2,827,920	2,814,591
Development cost of Land held for sale	846,901	479,098
Non-Current Assets	160,811	162,490
<b>Total Assets</b>	<b>3,835,632</b>	<b>3,456,178</b>
Current Liabilities	24,176	23,174
Non-Current Liabilities	429	216
<b>Total Liabilities</b>	<b>24,605</b>	<b>23,390</b>
<b>Net Assets</b>	<b>3,811,027</b>	<b>3,432,788</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**18 Other Financial Assets (continued)**

**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 Town has capitalised its share in the Local Government House Trust for the first time this year based on the trust's 30 June 2017 audited financial statements.

	2018	2017
	\$	\$
<b>Investment in WALGA Local Government House Trust</b>	<b>30,933</b>	<b>33,919</b>
<b>Total Interests in Joint Ventures and Other Assets</b>	<b>9,500,836</b>	<b>8,962,867</b>
<b>Land Held for Development and Sale</b>		
<b>Tamala Park Regional Council</b>	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Current Assets</b>		
Land held for sale - Development cost	780,613	415,260
Land held for sale - Purchase cost	66,288	63,838
<b>Total Current</b>	<b>846,901</b>	<b>479,098</b>
<b>Non Current</b>		
Land Held for Development - Purchase cost	99,084	101,535
<b>Total Non Current</b>	<b>99,084</b>	<b>101,535</b>
<b>Movement of Land Held for Development and Sale</b>	<b>365,352</b>	<b>(35,487)</b>
<b>Changes in Equity - Joint Ventures and Other Financial Assets</b>	<b>2018</b>	<b>2017</b>
	\$	\$
Movement in total equity interest in Joint Ventures and Other Assets	537,969	(591,284)
Profit on sale of Tamala Park Land	(462,234)	(385,267)
Movement in land held for Development and Sale	365,352	(35,487)
Revaluation Surplus	(84,147)	0
<b>Net Movement in Joint Venture and Other Financial Asset Equity Interest</b>	<b>356,940</b>	<b>(1,012,038)</b>



**Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018**

**19 Trust Funds**

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

<b>Details</b>	<b>Balance 1 July \$</b>	<b>Amount Received \$</b>	<b>Amount Paid \$</b>	<b>Balance 30 June \$</b>
Construction Training Fund Levy	4,041	409,292	(413,149)	184
Building Registration Board	4,352	362,879	(362,108)	5,123
Pathways and Works Contributions	1,460,465	62,304	(237,614)	1,285,155
Miscellaneous Bonds and Deposits	485,537	93,700	(550,100)	29,137
Leisure Facilities Bonds and Deposits	2,500	13,500	(12,600)	3,400
WA Planning Commission	155	0	(137)	18
	<b>1,957,050</b>	<b>941,674</b>	<b>(1,575,708)</b>	<b>1,323,017</b>

**20 Total Assets Classified by Function and Activity**

	<b>2018 Actual \$</b>	<b>2017 Actual \$</b>
General Purpose Funding	12,036,099	11,882,192
Governance	721,351	1,436,762
Law, Order and Public Safety	894,749	1,748,133
Health	130,958	226,643
Education and Welfare	185,260	172,079
Community Amenities	5,396,884	4,811,014
Recreation and Culture	79,057,848	76,516,411
Transport	227,316,184	228,891,446
Economic Services	15,188,100	12,332,823
Other Property and Services	616,535,919	614,690,053
	<b>957,463,352</b>	<b>952,707,556</b>

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**21 Disposal of Assets**

The following assets were disposed of during the year -

Details and Asset ID	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Land</b>						
Land held for sale *	1,374,060	0	1,836,294	0	462,234	0
Lot 501 Orrong Road, Carlisle	1,428,840	658,800	750,000	658,800	(678,840)	0
<b>Plant and Machinery</b>						
Light Fleet - Plant 283	13,636	13,700	17,327	15,000	3,691	1,300
Light Fleet - Plant 287	10,000	9,500	9,600	8,000	(400)	(1,500)
Light Fleet - Plant 297	11,760	14,700	19,600	15,000	7,840	300
Light Fleet - Plant 329	10,909	15,500	17,555	10,000	6,645	(5,500)
Light Fleet - Plant 363	12,444	17,500	7,418	15,000	(5,026)	(2,500)
Light Fleet - Plant 364	11,364	10,100	8,464	9,000	(2,900)	(1,100)
Light Fleet - Plant 365	11,364	10,100	8,691	9,000	(2,673)	(1,100)
Light Fleet - Plant 368	11,364	10,100	10,509	9,000	(855)	(1,100)
Light Fleet - Plant 369	16,364	16,100	18,691	17,000	2,327	900
Light Fleet - Plant 371	16,364	16,900	20,509	17,000	4,145	100
Light Fleet - Plant 372	9,091	10,100	7,100	10,000	(1,991)	(100)
Light Fleet - Plant 377	0	9,800	0	10,000	0	200
Light Fleet - Plant 382	11,900	14,600	12,782	15,000	882	400
Light Fleet - Plant 384	0	9,800	0	10,000	0	200
Light Fleet - Plant 385	9,545	9,800	8,009	9,000	(1,536)	(800)
Light Fleet - Plant 386	10,909	10,100	8,691	9,000	(2,218)	(1,100)
Light Fleet - Plant 387	12,218	10,100	12,327	9,000	109	(1,100)
Light Fleet - Plant 401	22,171	16,200	19,827	15,000	(2,344)	(1,200)
Minor Plant (118)	338	0	234	500	(103)	500
Minor Plant (130)	0	0	425	500	425	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 (267)	515	0	481	1,000	(34)	1,000
Minor Plant (42)	22,727	20,100	20,037	26,000	(2,691)	5,900
Minor Plant (Low Value)	3,713	0	1,457	1,000	(2,256)	1,000
Truck (043)	0	25,200	0	25,000	0	(200)
Truck (044)	0	14,500	0	20,000	0	5,500
	<b>3,040,095</b>	<b>951,800</b>	<b>2,824,981</b>	<b>951,800</b>	<b>(215,114)</b>	<b>0</b>

\* These transactions are reflected in Tamala Park Regional Council's financial records. The profit on sale is recorded in Town of Victoria Park's financial report.

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**22 Financial Ratios**

	2018	2017	2016
Current Ratio	1.30	1.40	1.53
Asset Sustainability Ratio	0.72	0.61	0.28
Debt Service Cover Ratio	4.85	5.34	6.04
Own Source Revenue Coverage Ratio	1.01	1.00	1.08
Operating Surplus Ratio	0.10	0.09	0.12
Asset Consumption Ratio	0.75	0.76	0.76
Asset Renewal Funding Ratio	0.99	1.04	1.31

The above ratios are calculated as follows -

Current Ratio	$\frac{\text{Current Assets Minus Restricted Assets}}{\text{Current Liabilities Minus Liabilities From Restricted Assets}}$
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 2018

**23 Information on Borrowings**

	Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June \$	Interest Expense \$
<b>Debentures (Budget)</b>					
<b>Law, Order and Public Safety</b>					
14 Parking Initiative	3,366,018	0	699,000	2,667,018	122,600
<b>Recreation and Culture</b>					
04 Aqualife Centre	1,410,738	0	323,700	1,087,038	75,200
07 Aqualife Centre II	1,760,327	0	310,500	1,449,827	104,200
11 Fletcher Park	443,600	0	31,400	412,200	21,200
<b>Economic Services</b>					
13 Underground Power	1,164,556	0	371,500	793,056	46,900
<b>Other Property and Services</b>					
02 Depot Land	434,822	0	98,900	335,922	25,700
03 Administration Centre	587,329	0	134,300	453,029	32,500
09 14 Kent Street	538,805	0	61,000	477,805	39,600
10 1 Harper Street	887,788	0	75,800	811,988	55,200
12 Depot Upgrade	375,662	0	26,600	349,062	17,900
	<b>10,969,645</b>	<b>0</b>	<b>2,132,700</b>	<b>8,836,945</b>	<b>541,000</b>

	Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June \$	Interest Expense \$
<b>Debentures (Actual)</b>					
<b>Law, Order and Public Safety</b>					
14 Parking Initiative	2,666,995	0	1,099,676	1,567,319	81,567
<b>Recreation and Culture</b>					
04 Aqualife Centre	1,086,960	0	342,330	744,629	55,483
07 Aqualife Centre II	1,449,828	0	330,016	1,119,811	81,087
11 Fletcher Park	412,244	0	32,899	379,345	18,943
<b>Economic Services</b>					
13 Underground Power	793,026	0	387,944	405,082	27,791
<b>Other Property and Services</b>					
02 Depot Land	335,966	0	105,150	230,816	17,785
03 Administration Centre	452,962	0	142,356	310,607	23,672
09 14 Kent Street	477,849	0	65,645	412,204	34,767
10 1 Harper Street	811,961	0	80,719	731,241	49,402
12 Depot Upgrade	349,107	0	27,861	321,247	16,864
	<b>8,836,898</b>	<b>0</b>	<b>2,614,597</b>	<b>6,222,301</b>	<b>407,360</b>

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**23 Information on Borrowings**

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**New Debentures**

There were no new debentures entered into during the 2017-2018 Financial year.

**Unspent Debentures**

There were no unspent debentures at 30 June 2018.

**Overdraft**

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

The Town did not need to utilise these facilities and the balance of the bank overdraft at 30 June 2018 was \$nil.

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**24 Rating Information**

<b>Rating (Budget)</b>	<b>Rate in \$ / Minimum</b>	<b>Property Numbers #</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim and Back Rates \$</b>	<b>Total Revenue \$</b>
<b>Differential Rates</b>						
GRV - Residential	0.0816	11,893	259,992,458	21,215,385	29,300	21,244,685
GRV - Non-Residential	0.0913	1,589	200,001,962	18,260,179	117,200	18,377,379
		<b>13,482</b>	<b>459,994,420</b>	<b>39,475,564</b>	<b>146,500</b>	<b>39,622,064</b>
<b>Differential Minimums</b>						
GRV - Residential	1,197	3,218	42,960,910	3,851,946	0	3,851,946
GRV - Non-Residential	1,245	302	3,218,633	375,990	0	375,990
		<b>3,520</b>	<b>46,179,543</b>	<b>4,227,936</b>	<b>0</b>	<b>4,227,936</b>
<b>Total</b>		<b>17,002</b>	<b>506,173,963</b>	<b>43,703,500</b>	<b>146,500</b>	<b>43,850,000</b>

Rate Equivalent Payments and Adjustments	0
Specified Area Rates	0

**Total** **43,850,000**

<b>Rating (Actual)</b>		<b>Property Numbers #</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim and Back Rates \$</b>	<b>Total Revenue \$</b>
<b>Differential General Rates</b>						
GRV - Residential	0.0816	12,294	266,995,643	21,786,844	519,697	22,306,541
GRV - Non-Residential	0.0913	1,584	199,430,500	18,208,005	(5,415)	18,202,590
		<b>13,878</b>	<b>466,426,143</b>	<b>39,994,849</b>	<b>514,282</b>	<b>40,509,131</b>
<b>Differential Minimums</b>						
GRV - Residential	1,197	2,858	37,629,280	3,421,026	(28,595)	3,392,431
GRV - Non-Residential	1,245	312	3,325,973	388,440	589	389,029
		<b>3,170</b>	<b>40,955,253</b>	<b>3,809,466</b>	<b>(28,006)</b>	<b>3,781,460</b>
<b>Total</b>		<b>17,048</b>	<b>507,381,396</b>	<b>43,804,315</b>	<b>486,276</b>	<b>44,290,591</b>

Rate Equivalent Payments and Adjustments	0
Specified Area Rates	0

**Total** **44,290,591**

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**24 Rating Information (continued)**

	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>30 June</b>	<b>1 July</b>	<b>30 June</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Information on Surplus / (Deficit) Brought Forward</b>			
<b>Comprises -</b>			
Cash - Unrestricted	10,553,410	10,533,455	10,533,455
Receivables and Accruals - Current	3,328,489	4,532,901	4,532,901
Inventories - Current	9,470	6,978	6,978
Assets Held for Sale	0	0	0
<b>Less -</b>			
Payables - Current	(5,092,624)	(4,903,973)	(4,903,973)
Provisions - Current	(4,259,745)	(3,958,488)	(3,958,488)
<b>Adjustments</b>			
Unspent Loans	0	0	0
<b>Surplus / (Deficit)</b>	<b>4,539,000</b>	<b>6,210,873</b>	<b>6,210,873</b>

**25 Specified Area Rates**

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

**26 Service Charges**

	<b>Revenue</b>	<b>Budget</b>	<b>Applied to</b>	<b>Budget to</b>
	<b>Raised</b>	<b>Revenue</b>	<b>Service Costs</b>	<b>Costs</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Underground Power	0	0	0	0

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

**Notes to, and forming part of, the Financial Report**  
**For the year ended 30 June 2018**

**27 Rates Related Discounts, Incentives, Concessions and Write-Offs**

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

Five payment incentives were offered -

**Package 1:** \$2,000 cash plus four 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

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Written-off rates and rates related fees and charges	2,304	3,809

**28 Rates Related Interest and Charges**

	<b>Interest</b>	<b>Actual</b>	<b>Budgeted</b>
	<b>Rate</b>	<b>Revenue</b>	<b>Revenue</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>
Instalment Interest	5.5	239,699	250,000
Late Payment Interest	11	164,491	130,000
Waste Debts Interest (Rates)	11	4,080	2,000
Charges on instalment plans and arrangements		236,691	210,000
		<b>644,962</b>	<b>592,000</b>

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

- 1      2 September 2017
- 2      7 November 2017
- 3      11 January 2018
- 4      17 March 2018

Administration charges and interest applied for the final three instalments (\$13 per instalment).



Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**29 Fees and Charges**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
General Purpose Funding	328,631	307,198
Law, Order and Public Safety	2,101,022	2,135,292
Health	274,413	241,901
Education and Welfare	295,897	233,640
Community Amenities	1,183,050	1,157,263
Recreation and Culture	4,473,955	4,526,894
Transport	161,978	171,981
Economic Services	395,789	298,259
Other Property and Services	881,676	123,495
	<b>10,096,411</b>	<b>9,195,922</b>

**30 Grants and Contributions**

**By Nature or Type**

Grants and Contributions - Operating	4,425,380	4,670,538
Grants and Contributions - Non-Operating	1,171,983	1,605,169
	<b>5,597,363</b>	<b>6,275,707</b>

**By Program**

General Purpose Funding	1,159,537	1,734,921
Governance	0	0
Law, Order and Public Safety	256,841	172,410
Health	210	67
Education and Welfare	10,000	61,527
Community Amenities	0	0
Recreation and Culture	2,824,346	2,598,623
Transport	1,295,029	1,694,524
Economic Services	0	292
Other Property and Services	51,400	13,343
	<b>5,597,363</b>	<b>6,275,707</b>

**31 Employee Numbers**

Number of Full-Time Equivalent Employees at Balance Date	<b>170</b>	<b>180</b>
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**32 Elected Members' Fees and Allowances**

	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Mayoral Allowance	64,617	62,800	62,537
Deputy Mayoral Allowance	16,154	15,700	15,634
Members Meeting Fees	221,311	215,100	214,188
Information and Communication Technology Allowance	31,500	31,500	31,500
Members Expenses	250	5,100	1,848
Members Travel	3,373	7,000	1,712
	<b>337,204</b>	<b>337,200</b>	<b>327,418</b>

**Notes to, and forming part of, the Financial Report**  
**For the year ended 30 June 2018**

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**33 Events after the reporting period**

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

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**34 Major Land Transactions**

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**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 2018, 31 lots of land were settled. The Town received sales proceeds of \$1.8 million and recorded the 1/12th share of associated development and selling costs of \$1.4 million, resulting in a gain on disposal of land of \$0.4 million. This note should also be read in conjunction with Note 18 Interests in Joint Ventures.

**Notes to, and forming part of, the Financial Report**  
**For the year ended 30 June 2018**

**35 Financial Risk Management**

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

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

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	41,639,572	34,975,098	41,639,572	34,975,098
Receivables	3,803,228	5,156,294	3,803,228	5,156,294
<b>Financial Liabilities</b>				
Payables	5,092,624	4,903,973	5,092,624	4,903,973
Borrowings	6,222,301	8,836,898	6,185,074	8,221,598

Fair value is determined as follows -

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

**Cash and cash equivalents and Financial Assets at Fair Value**

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

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

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

	2018	2017
	\$	\$
Impact of a 1% movement in interest rates on cash and investments		
- Equity	416,396	349,751
- Statement of Comprehensive Income	416,396	349,751

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

**Notes to, and forming part of, the Financial Report**  
**For the year ended 30 June 2018**

**35 Financial Risk Management (continued)**

**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. The Town's profile of credit risk at balance date was -

	<b>2018</b>	<b>2017</b>
Percentage of Rates and Annual Charges		
- Current (Due within 12 months)	53%	58%
- Overdue and not impaired	47%	42%
Percentage of Other Receivables		
- Current (Due within 30 days)	26%	25%
- Overdue and not impaired	74%	75%

**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 -

	<b>Due Within 1 Year \$</b>	<b>Due Between 1 and 5 Years \$</b>	<b>Due After 5 Years \$</b>	<b>Total Contractual Cash Flows \$</b>	<b>Total Carrying Values \$</b>
<b>2018</b>					
Payables	5,092,624	0	0	<b>5,092,624</b>	5,092,624
Borrowings	2,686,207	3,756,576	984,432	<b>7,427,214</b>	6,222,301
	<b>7,778,831</b>	<b>3,756,576</b>	<b>984,432</b>	<b>12,519,838</b>	<b>11,314,925</b>
<b>2017</b>					
Payables *	4,903,973	0	0	<b>4,903,973</b>	4,903,973
Borrowings	2,686,207	6,112,354	1,314,860	<b>10,113,421</b>	8,836,897
	<b>7,590,180</b>	<b>6,112,354</b>	<b>1,314,860</b>	<b>15,017,394</b>	<b>13,740,871</b>

\* The amount of payable excludes the GST payable to the Australian Taxation Office (statutory payable)

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

**35 Financial Risk Management (continued)**

**Payables and Borrowings (continued)**

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

	Less Than 1 Year	Between 1 and 5 Years	More Than 5 Years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	%
<b>Year Ended 30 June 2018</b>					
Fixed Rate Debentures	1,981,548	3,366,682	874,070	6,222,301	2.67%
	Less Than 1 Year	Between 1 and 5 Years	More Than 5 Years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	%
<b>Year Ended 30 June 2017</b>					
Fixed Rate Debentures	2,241,045	5,456,208	1,139,644	8,836,897	2.65%

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## 36 Related Party Transactions

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### Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Town during the year are as follows:		
Short-term employee benefits	3,997,212	3,731,810
Post-employment benefits	529,467	330,245
Other long-term benefits	30,348	92,568
Termination benefits	233,543	123,472

#### Short-term employee benefits

These amounts include all salary, annual 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 32.

#### 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 accruing 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.

#### Joint venture entities 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 the joint venture entities is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 18.

Notes to, and forming part of, the Financial Report  
For the year ended 30 June 2018

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**36 Related Party Transactions (continued)**

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**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.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Associated companies/individuals:</b>		
Sale of goods and services	0	0
Purchase of goods and services	0	(900)
Sponsorships	(55,000)	(15,000)
<b>Joint venture entities:</b>		
Distributions received from joint venture entities	333,333	916,666
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	1,882	2,146
Loans to associated entities	0	0
Loans to key management personnel	0	0
<b>Amounts payable to related parties:</b>		
Trade and other payables	0	0
Loans from associated entities	0	0