

TOWN OF VICTORIA PARK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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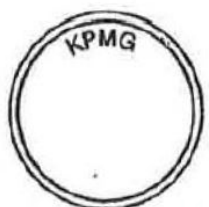
COMMUNITY VISION

The Town of Victoria Park: A dynamic place for everyone.

- We are Perth's most empowered and engaged community.
- We are Perth's premier place for entertainment and entrepreneurship.
- We lead in sustainability
- We put people first in urban design and safety.
- We are inclusive and connected with a thriving community.

Principal place of business:

99 Shepperton Road
Victoria Park WA 6100



**TOWN OF VICTORIA PARK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Victoria Park for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Town of Victoria Park at 30 June 2021 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

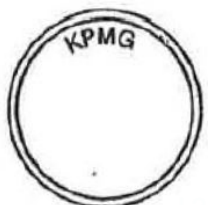
20th day of January 2022



Acting Chief Executive Officer

Natalie Martin Goode

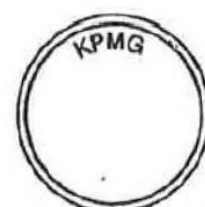
Name of Acting Chief Executive Officer



TOWN OF VICTORIA PARK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 Actual \$	2021 Budget \$	Restated * 2020 Actual \$
Revenue				
Rates	28(a)	43,062,877	43,588,067	46,943,703
Operating grants, subsidies and contributions	2(a)	1,416,596	1,433,000	4,046,472
Fees and charges	2(a)	8,699,743	7,486,677	8,095,719
Interest earnings	2(a)	395,800	1,165,100	1,042,332
Other revenue	2(a)	891,701	424,450	974,813
		54,466,717	54,097,294	61,103,041
Expenses				
Employee costs		(23,521,530)	(22,648,251)	(22,980,033)
Materials and contracts		(20,655,572)	(27,501,699)	(26,717,753)
Utility charges		(1,449,118)	(1,565,814)	(1,572,770)
Depreciation on non-current assets	10(c)	(9,595,447)	(9,565,650)	(9,464,247)
Interest expenses	2(b)	(304,262)	(309,199)	(258,419)
Insurance expenses		(464,587)	(257,500)	(474,456)
Other expenditure	2(b)	(4,019)	(149,500)	(1,921)
		(55,994,535)	(61,997,613)	(61,469,600)
		(1,527,818)	(7,900,319)	(366,559)
Non-operating grants, subsidies and contributions	2(a)	1,004,795	2,414,149	6,679,123
Profit on asset disposals	10(a)	62,019	1,704,507	275
Loss on asset disposals	10(a)	(1,894,759)	(70,884)	(12,050)
Fair value adjustments to financial assets at fair value through profit or loss	5(b)	-	-	1,868
Profit from sale of land (TPRC Joint Arrangement)	27(b)	1,435,089	-	362,936
Net Share of Interest in Associate	26(c)	(12,639)	-	(78,569)
Revaluation decrement on Property Plant and Equipment	8(a)	-	-	(714,912)
Revaluation decrement on Infrastructure	9(a)	-	-	(10,138,889)
		594,505	4,047,772	(3,900,218)
		(933,313)	(3,852,547)	(4,266,777)
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(399,909)	-	(359,687,086)
Total other comprehensive loss for the period				
		(399,909)	-	(359,687,086)
Total comprehensive loss for the period				
		(1,333,222)	(3,852,547)	(363,953,863)

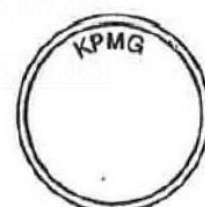
* Refer to note 36(a) Associate Entity Restatement and Guarantee Payment
This statement is to be read in conjunction with the accompanying notes.



TOWN OF VICTORIA PARK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 Actual \$	2021 Budget \$	Restated * 2020 Actual \$
Revenue				
General purpose funding		45,202,065	44,318,507	49,556,068
Law, order, public safety		2,115,091	1,675,282	2,342,900
Health		167,092	182,300	251,169
Education and welfare		220,357	177,000	147,567
Community amenities		1,299,517	1,120,500	1,217,034
Recreation and culture		4,274,684	3,553,485	6,232,993
Transport		247,620	419,700	370,641
Economic services		593,910	406,500	521,685
Other property and services		346,381	2,244,020	462,984
		54,466,717	54,097,294	61,103,041
Expenses				
General purpose funding		(1,076,199)	(1,232,142)	(1,200,592)
Governance		(686,729)	(415,580)	(744,637)
Law, order, public safety		(3,393,601)	(2,666,794)	(3,654,797)
Health		(1,536,789)	(663,978)	(1,413,124)
Education and welfare		(2,170,624)	(1,853,785)	(1,666,129)
Community amenities		(8,659,988)	(12,883,385)	(8,914,131)
Recreation and culture		(17,473,005)	(15,398,068)	(16,942,670)
Transport		(13,507,967)	(9,748,715)	(13,213,393)
Economic services		(2,318,872)	(2,264,170)	(6,928,231)
Other property and services		(4,866,499)	(14,561,797)	(6,533,478)
		(55,690,273)	(61,688,414)	(61,211,181)
Finance Costs				
General purpose funding		(17,989)	-	(18,994)
Law, order, public safety		-	-	(23,071)
Recreation and culture		(40,453)	(45,850)	(82,452)
Transport		-	(203,300)	-
Other property and services		(245,820)	(60,049)	(133,902)
		(304,262)	(309,199)	(258,419)
		(1,527,818)	(7,900,319)	(366,559)
Non-operating grants, subsidies and contributions	2(a)	1,004,795	2,414,149	6,679,123
Profit on disposal of assets	10(a)	62,019	1,704,507	275
Loss on disposal of assets	10(a)	(1,894,759)	(70,884)	(12,050)
Fair value adjustments to financial assets at fair value through profit or loss	5(b)	-	-	1,868
Share of net profit of associates accounted for using the equity method	26(c)	1,435,089	-	362,936
Revaluation decrement on Property Plant and Equipment	8(a)	-	-	(714,912)
Revaluation decrement on Infrastructure	9(a)	-	-	(10,138,889)
Share of comprehensive income of associates and joint ventures accounted for using the equity method	26	(12,639)	-	(78,569)
		594,505	4,047,772	(3,900,218)
Net result for the period		(933,313)	(3,852,547)	(4,266,777)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(399,909)	-	(359,687,086)
Total other comprehensive loss for the period		(399,909)	-	-
Total comprehensive loss for the period		(1,333,222)	(3,852,547)	-

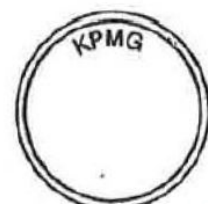
* Refer to note 23(a) Associate Entity Restatement and Guarantee Payment
This statement is to be read in conjunction with the accompanying notes.



**TOWN OF VICTORIA PARK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	NOTES	2021 \$	Restated * 2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	40,128,544	45,086,829
Trade and other receivables	6	4,433,868	4,203,836
Other financial assets	5(a)	17,000,000	16,000,000
Inventories	7	204,257	504,086
TOTAL CURRENT ASSETS		61,766,669	65,794,751
NON-CURRENT ASSETS			
Trade and other receivables	6	287,757	308,982
Other financial assets	5(b)	7,036,903	36,903
Inventories	7	1,129,482	492,627
Investment in associate	26(a)	6,541,814	6,269,274
Property, plant and equipment	8	271,011,994	272,949,274
Infrastructure	9	264,422,901	266,523,200
Right-of-use assets	11(a)	83,547	150,385
TOTAL NON-CURRENT ASSETS		550,514,398	546,730,645
TOTAL ASSETS		612,281,067	612,525,396
CURRENT LIABILITIES			
Trade and other payables	14	6,527,295	5,446,139
Other liabilities	16	3,335,696	376,463
Lease liabilities	17(a)	73,678	64,155
Borrowings	18(a)	2,798,462	3,149,536
Employee related provisions	19	4,704,937	4,293,471
TOTAL CURRENT LIABILITIES		17,440,068	13,329,764
NON-CURRENT LIABILITIES			
Right-of-use assets			
Lease liabilities	17(a)	20,069	93,746
Borrowings	18(a)	13,987,423	16,785,885
Employee related provisions	19	345,344	494,612
TOTAL NON-CURRENT LIABILITIES		14,352,836	17,374,243
TOTAL LIABILITIES		31,792,904	30,704,007
NET ASSETS		580,488,163	581,821,389
EQUITY			
Retained surplus		82,533,102	91,121,689
Reserves - cash/financial asset backed	4	53,222,743	45,567,473
Revaluation surplus	13	444,732,318	445,132,227
TOTAL EQUITY		580,488,163	581,821,389

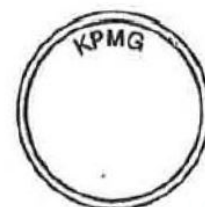
* Refer to note 36(a) Associate Entity Restatement and Guarantee Payment
This statement is to be read in conjunction with the accompanying notes.



**TOWN OF VICTORIA PARK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

		RESERVES CASH/FINANCIAL		
	NOTES	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
		\$	\$	\$
Balance as at 1 July 2019		112,011,915	32,397,369	804,819,313
Associate Entity Restatement	36(a)	(3,453,345)	-	-
Restated balance at the beginning of the financial year		108,558,570	32,397,369	804,819,313
Comprehensive income				
Net result for the period	36(a)	(4,266,777)	-	-
Other comprehensive income/(loss)	13	-	-	(359,687,086)
Total comprehensive income/(loss)		(4,266,777)	-	(359,687,086)
Transfers from reserves	4	10,985,084	(10,985,084)	-
Transfers to reserves	4	(24,155,188)	24,155,188	-
Restated balance as at 30 June 2020		91,121,689	45,567,473	445,132,227
Comprehensive income				
Net result for the period		(933,313)	-	-
Associate Entity Restatement		-	-	-
Other comprehensive income/(loss)	13	-	-	(399,909)
Total comprehensive income		(933,313)	-	(399,909)
Transfers from reserves	4	3,003,760	(3,003,760)	-
Transfers to reserves	4	(10,659,030)	10,659,030	-
Balance as at 30 June 2021		82,533,102	53,222,743	444,732,318
				580,488,167

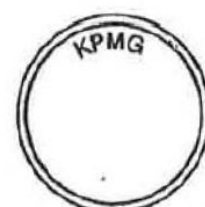
This statement is to be read in conjunction with the accompanying notes.



**TOWN OF VICTORIA PARK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		43,672,223	44,238,067	46,097,265
Operating grants, subsidies and contributions		4,204,470	1,435,500	4,046,472
Fees and charges		8,731,492	7,486,677	9,005,765
Service charges		-	-	8,514
Interest received		395,800	1,165,100	1,042,332
Goods and services tax received		2,601,770	2,000,000	3,687,654
Other revenue		891,701	424,450	974,813
		60,497,456	56,749,794	64,862,815
Payments				
Employee costs		(23,259,332)	(22,648,251)	(22,696,189)
Materials and contracts		(20,229,538)	(26,801,699)	(27,547,336)
Utility charges		(1,449,118)	(1,565,814)	(1,572,770)
Interest expenses		(304,262)	(309,199)	(258,419)
Insurance paid		(464,587)	(257,500)	(474,456)
Goods and services tax paid		(2,962,217)	(2,000,000)	(3,687,654)
Other expenditure		(4,019)	(149,500)	(39,356)
		(48,673,073)	(53,731,963)	(56,276,180)
Net cash provided by/(used in) operating activities	20	11,824,383	3,017,831	8,586,635
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for term deposits		(8,000,000)	-	(16,000,000)
Payments for purchase of property, plant & equipment		(1,293,086)	(2,818,493)	(3,645,040)
Payments for construction of infrastructure		(6,438,695)	(14,444,341)	(13,760,131)
Non-operating grants, subsidies and contributions	2(a)	1,004,795	2,414,149	2,910,296
Proceeds from sale of property, plant & equipment	10(a)	408,011	4,332,000	192,358
Distribution from Associate	26(c)	750,000	-	250,000
		(13,568,975)	(10,516,685)	(30,052,517)
Net cash provided by/(used in) investment activities		(13,568,975)	(10,516,685)	(30,052,517)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(3,149,536)	(640,000)	(2,067,297)
Payments for principal portion of lease liabilities	17(b)	(64,154)	(82,144)	(42,613)
Proceeds from new borrowings	18(b)	-	-	18,150,000
		(3,213,690)	(722,144)	16,040,090
Net cash provided by/(used in) financing activities		(3,213,690)	(722,144)	16,040,090
Net increase/(decrease) in cash held		(4,958,282)	(8,220,998)	(5,425,792)
Cash at beginning of year		45,086,829	60,923,491	50,512,621
Cash and cash equivalents at the end of the year	20	40,128,544	52,702,493	45,086,829

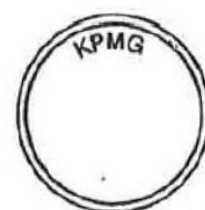
This statement is to be read in conjunction with the accompanying notes.



**TOWN OF VICTORIA PARK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

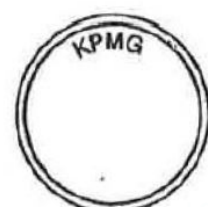
	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	9,618,689	8,254,482	7,688,282
		9,618,689	8,254,482	7,688,282
Revenue from operating activities (excluding rates)				
General purpose funding		2,139,188	2,293,100	2,975,300
Law, order, public safety		2,115,091	1,675,282	2,346,976
Health		167,092	182,300	251,169
Education and welfare		220,357	177,000	147,567
Community amenities		1,299,517	1,120,500	1,217,034
Recreation and culture		4,274,684	3,553,485	6,232,993
Transport		247,620	419,700	370,641
Economic services		2,028,999	406,500	521,685
Other property and services		408,400	2,385,867	459,183
		12,900,948	12,213,734	14,522,548
Expenditure from operating activities				
Governance		(686,729)	(415,580)	(744,637)
General purpose funding		(1,094,188)	(1,232,142)	(1,219,586)
Law, order, public safety		(3,394,493)	(2,666,794)	(14,531,670)
Health		(1,536,789)	(663,978)	(1,413,124)
Education and welfare		(2,170,624)	(1,853,785)	(1,666,129)
Community amenities		(8,659,988)	(12,883,385)	(8,914,131)
Recreation and culture		(17,652,087)	(15,443,918)	(17,030,209)
Transport		(15,166,778)	(9,952,015)	(13,213,393)
Economic services		(2,318,872)	(2,264,170)	(7,004,932)
Other property and services		(5,221,385)	(14,692,730)	(6,674,343)
		(57,901,933)	(62,068,497)	(72,412,154)
Non-cash amounts excluded from operating activities	29(a)	9,541,849	7,932,027	20,290,013
Amount attributable to operating activities		(25,840,447)	(33,668,254)	(29,911,311)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,004,795	2,414,149	6,679,123
Proceeds from disposal of assets	10(a)	408,011	4,332,000	192,358
Purchase of property, plant and equipment	8(a)	(1,293,086)	(2,818,493)	(3,645,040)
Purchase and construction of infrastructure	9(a)	(6,438,692)	(14,444,341)	(13,760,132)
Distribution from Associate	26(c)	750,000	0	250,000
Amount attributable to investing activities		(5,568,972)	(10,516,685)	(10,283,691)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(3,149,536)	(640,000)	(2,067,297)
Proceeds from borrowings	18(c)	0	0	18,150,000
Payments for principal portion of lease liabilities	17(b)	(64,154)	(82,144)	(42,613)
Transfers to reserves (restricted assets)	4	(10,659,030)	(4,026,600)	(24,155,188)
Transfers from reserves (restricted assets)	4	3,003,760	5,372,000	10,985,084
Amount attributable to financing activities		(10,868,960)	623,256	2,869,986
Surplus/(deficit) before imposition of general rates		(42,278,379)	(43,561,683)	(37,325,016)
Total amount raised from general rates	28(a)	43,062,877	43,588,067	46,943,704
Surplus/(deficit) after imposition of general rates	29(b)	784,498	26,384	9,618,689

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



TOWN OF VICTORIA PARK
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FOR THE YEAR ENDED 30 JUNE 2021

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TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Town to measure any vested improvements at zero cost.

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

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.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

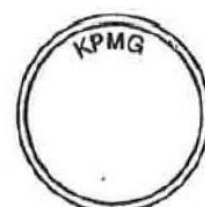
CRITICAL ACCOUNTING ESTIMATES

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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee expenses
- Land held for resale - inventories
- Other financial assets
- Property, plant and equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,180,661	1,140,000	1,204,876
Law, order, public safety	66,929	85,500	86,728
Health	65	1,000	-
Recreation and culture	37,388	15,500	2,586,520
Transport	129,735	191,000	166,712
Economic services	1,818	-	1,636
	1,416,596	1,433,000	4,046,472
Non-operating grants, subsidies and contributions			
Recreation and culture	50,770	-	4,200,177
Transport	874,115	2,414,149	1,515,458
Other property and services	79,910	-	963,488
	1,004,795	2,414,149	6,679,123
Total grants, subsidies and contributions	2,421,391	3,847,149	10,725,595
Fees and charges			
General purpose funding	248,239	338,300	352,820
Law, order, public safety	1,886,777	1,393,282	2,067,603
Health	159,786	166,100	235,570
Education and welfare	210,262	174,000	140,280
Community amenities	1,254,899	1,084,000	1,181,947
Recreation and culture	4,217,450	3,532,835	3,276,513
Transport	104,727	220,700	199,107
Economic services	437,756	368,500	476,634
Other property and services	179,847	208,960	165,244
	8,699,743	7,486,677	8,095,719

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

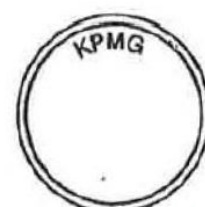
Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Town was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	1,416,596	761,546	4,078,378
Fees and charges	7,041,864	6,372,677	6,537,171
Other revenue	179,660	424,450	445,354
Non-operating grants, subsidies and contributions	1,004,795	2,414,149	6,679,123
	9,642,915	9,972,822	17,740,026

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Town is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	376,463	-	-
Revenue from contracts with customers recognised during the year	8,261,657	7,558,673	11,060,903
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,004,795	2,414,149	6,679,123
	9,642,915	9,972,822	17,740,026

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Contract liabilities from contracts with customers	(3,335,696)	-	(376,463)
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Contract assets primarily relate to the Town's right to consideration for work completed but not billed at 30 June 2021.

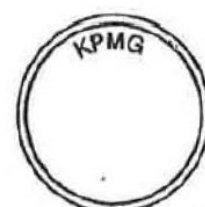
Impairment of assets associated with contracts with customers are detailed at note 2(b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates

Statutory permits and licences

Fines

Other revenue

Reimbursements and recoveries

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 28(c))

Other interest earnings

SIGNIFICANT ACCOUNTING POLICIES

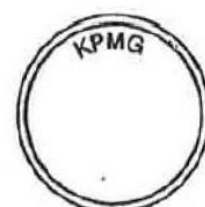
Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	43,062,877	43,588,067	46,943,704
Statutory permits and licences	839,058	643,000	497,220
Fines	818,821	471,000	1,061,328
	<u>44,720,756</u>	<u>44,702,067</u>	<u>48,502,252</u>
Reimbursements and recoveries	712,041	-	529,459
Other	179,660	424,450	445,354
	<u>891,701</u>	<u>424,450</u>	<u>974,813</u>
Interest on reserve funds	147,919	401,600	276,592
Rates instalment and penalty interest (refer Note 28(c))	156,785	458,502	487,341
Other interest earnings	91,096	304,998	278,400
	<u>395,800</u>	<u>1,165,100</u>	<u>1,042,332</u>

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

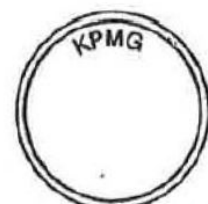
2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration				
Audit of the Annual Financial Report		43,100	-	42,000
Other services		21,418	-	-
		64,518	-	42,000
Interest expenses (finance costs)				
Borrowings	18(b)	286,273	307,750	239,425
Lease liabilities	17(b)	17,989	1,449	18,994
		304,262	309,199	258,419
Other expenditure				
Sundry expenses		4,019	149,500	1,921
		4,019	149,500	1,921

The impairment loss on contract assets has been recognised in relation to expenditure incurred for a future event for which grant funding is yet to be received.

This amount has been recognised as revenue as the Town has satisfied the relevant performance obligations in the contract.

The Town has calculated the loss allowance to take into account the credit risk associated with the event being postponed or cancelled due to ongoing uncertainties associated with COVID-19 pandemic.



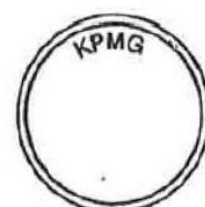
TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle.
Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTES	2021 \$	2020 \$
Cash at bank and on hand		40,128,544	45,086,829
Total cash and cash equivalents		40,128,544	45,086,829
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
Cash and cash equivalents		32,558,439	29,943,936
Financial assets at amortised cost	5	24,000,000	16,000,000
		56,558,439	45,943,936

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	53,222,743	45,567,473
Contract liabilities from contracts with customers	16	3,335,696	376,463
Total restricted assets		56,558,439	45,943,936

As at 30 June all unspent underground power loans funds were held in the underground power reserve.

Unspent loans	18(c)	10,506,876	13,197,654
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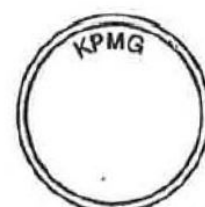
SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

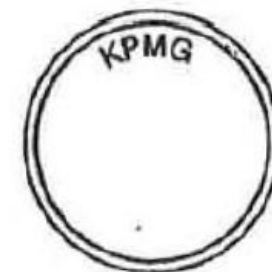
Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

4. RESERVES - CASH/FINANCIAL ASSET BACKED	2021 Actual	2021 Actual	2021 Actual	2021 Actual	2021 Budget	2021 Budget	2021 Budget	2021 Budget	2020 Actual	2020 Actual	2020 Actual	2020 Actual
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Building	1,534,483	194,262	-	1,728,745	1,537,031	3,000	(770,000)	770,031	521,433	1,013,050	-	1,534,483
(b) Community Art	658,478	4,638	-	663,116	613,269	-	-	613,269	727,269	81,209	(150,000)	658,478
(c) COVID 19 Recovery	500,000	1,621	(500,000)	1,621	500,000	-	(500,000)	-	-	500,000	-	500,000
(d) Drainage Renewal	281,890	120,916	-	402,806	282,715	5,000	(280,000)	7,715	254,715	27,175	-	281,890
(e) Edward Millen	2,025,265	6,575	-	2,031,840	1,729,453	6,000	-	1,735,453	1,959,453	66,729	(917)	2,025,265
(f) Furniture and Equipment Renewal	665,984	37,162	-	703,146	669,558	9,000	-	678,558	635,558	30,426	-	665,984
(g) Future Fund	14,607,271	2,797,418	-	17,404,689	14,642,506	9,000	(1,700,000)	12,951,506	13,442,506	1,664,765	(500,000)	14,607,271
(h) Future Projects	143,606	48,950	-	192,556	480,631	15,000	-	495,631	3,874,131	133,075	(3,863,600)	143,606
(i) Harold Hawthorne - Carlisle Memorial	182,816	593	-	183,409	183,896	20,000	-	203,896	166,396	16,420	-	182,816
(j) Information Technology	1,081,575	118,982	-	1,200,557	1,080,112	20,000	-	1,100,112	874,112	207,463	-	1,081,575
(k) Insurance Risk	457,980	1,487	-	459,467	460,314	37,400	-	497,714	429,315	28,665	-	457,980
(l) Land Asset Optimisation	1,680,429	5,455	-	1,685,884	1,666,040	3,812,000	(340,000)	5,138,040	2,183,400	18,640	(521,611)	1,680,429
(m) Other Infrastructure Renewal	333,484	378,818	-	712,302	157,383	1,700	-	159,083	651,383	30,561	(348,460)	333,484
(n) Parks Renewal	1,124,573	1,433,651	-	2,558,224	1,127,311	7,000	(900,000)	234,311	147,811	976,762	-	1,124,573
(o) Pathways Renewal	31,368	1,597,648	-	1,629,016	83,505	12,000	-	95,505	452,505	28,863	(450,000)	31,368
(p) Plant and Machinery	326,498	248,545	-	575,043	327,945	10,000	-	337,945	298,946	27,552	-	326,498
(q) Renewable Energy	279,978	911	-	280,889	282,032	50,000	(170,000)	162,032	228,031	51,947	-	279,978
(r) Roads Renewal	1,460,633	2,944,345	-	4,404,978	1,464,539	4,000	(212,000)	1,256,539	948,039	512,594	-	1,460,633
(s) Underground Power	16,779,487	77,469	(2,503,760)	14,353,196	16,779,487	2,000	-	16,781,487	3,549,678	18,180,305	(4,950,496)	16,779,487
(t) Urban Forest Strategy	500,000	501,624	-	1,001,624	500,000	-	(500,000)	-	-	500,000	-	500,000
(u) Waste Management	911,675	137,960	-	1,049,635	1,118,688	3,500	-	1,122,188	1,052,688	58,987	(200,000)	911,675
	45,567,473	10,659,030	(3,003,760)	53,222,743	45,686,415	4,026,600	(5,372,000)	44,341,015	32,397,369	24,155,188	(10,985,084)	45,567,473

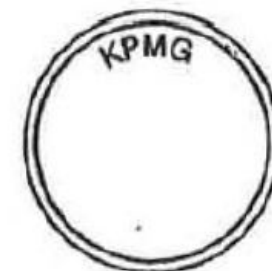
All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021
4. RESERVES - CASH/FINANCIAL ASSET BACKED (CONTINUED)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Building	Ongoing	To be used to assist in funding renewal initiatives associated with Council's buildings.
(b) Community Art	Ongoing	To be used to assist in funding the purchase and placement of art for the Council and community.
(c) COVID 19 Recovery	30/06/2021	To be used to assist in the funding future programs and projects to support the community and local businesses during COVID-19 recovery.
(d) Drainage Renewal	Ongoing	To be used to assist in funding renewal initiatives associated with Council's drainage.
(e) Edward Millen	Ongoing	To be used to assist in improving and/or maintaining the Edward Millen Site, including the associated grounds.
(f) Furniture and Equipment Renewal	Ongoing	To be used to assist in funding renewal initiatives associated with Council's furniture and equipment.
(g) Future Fund	Ongoing	To be used to assist in funding initiatives and purchases that diversify the revenue streams of Council.
(h) Future Projects	Ongoing	To assist in funding 'new' and 'upgrade' capital initiatives that are generally significant in nature.
(i) Harold Hawthorne - Carlisle Memorial	Ongoing	To assist in funding major appliances/equipment and structural repairs at these Council responsibility facilities.
(j) Information Technology	Ongoing	To be used to assist in funding renewal initiatives associated with Council's information technology.
(k) Insurance Risk	Ongoing	To be used to assist in meeting any expense outlays in the event of significant insurance claims.
(l) Land Asset Optimisation	Ongoing	To be used to hold proceeds from, and meet expenses towards, Land Asset Optimisation Strategy initiatives.
(m) Other Infrastructure Renewal	Ongoing	To be used to assist in funding renewal initiatives associated with Council's other infrastructure.
(n) Parks Renewal	Ongoing	To be used to assist in funding renewal initiatives associated with Council's parks.
(o) Pathways Renewal	Ongoing	To be used to assist in funding renewal initiatives associated with Council's pathways.
(p) Plant and Machinery	Ongoing	To be used to assist in funding renewal initiatives associated with Council's plant and machinery.
(q) Renewable Energy	Ongoing	To assist in investigating and funding renewable energy initiatives within the District.
(r) Roads Renewal	Ongoing	To be used to assist in funding renewal initiatives associated with Council's roads.
(s) Underground Power	Ongoing	To be used to assist in funding initiatives associated with the installation of underground power and associated works.
(t) Urban Forest Strategy	Ongoing	To be used to assist in funding initiatives associated with the Urban Forest Strategy.
(u) Waste Management	Ongoing	To be used to assist in funding waste management and waste minimisation initiatives



5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

(b) Non-current assets

Term deposits

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Term deposits

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	17,000,000	16,000,000
	<u>17,000,000</u>	<u>16,000,000</u>
	17,000,000	16,000,000
	<u>17,000,000</u>	<u>16,000,000</u>
	7,000,000	-
	36,903	36,903
	<u>7,036,903</u>	<u>36,903</u>
	7,000,000	-
	<u>7,000,000</u>	<u>-</u>
	36,903	36,903
	<u>36,903</u>	<u>36,903</u>

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

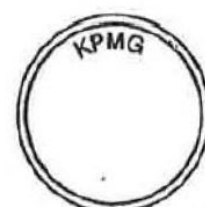
Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 30.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Infringements	
Prepayments	
Underground power receivables	
Unclaimed ESL Rates Rebate	
Unclaimed Pensioner Rates Rebate	
Accrued Revenue	

Non-current

Pensioner's rates	
ESL Debtors	
Underground Power receivables	

2021	2020
\$	\$
2,468,819	2,754,382
645,025	466,894
360,447	-
(190,212)	(172,850)
830,789	862,538
130,576	226,027
36,766	39,653
36,323	3,218
50,678	23,974
64,657	-
4,433,868	4,203,836
251,563	257,250
32,875	34,603
3,319	17,129
287,757	308,982

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

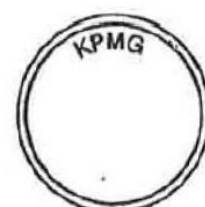
SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

7. INVENTORIES

Current

Leisurelife
Aqualife
Land Held for Sale (TPRC)

Non-current

Land held for resale - cost
Cost of acquisition
Development costs

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
Additions to inventory
Balance at end of year

	2021	2020
	\$	\$
	2,446	3,360
	10,311	8,210
	191,500	492,516
	204,257	504,086
	71,788	102,415
	1,057,694	390,212
	1,129,482	492,627
	996,713	1,058,848
	(53,186)	(436,317)
	390,212	374,181
	1,333,739	996,713

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

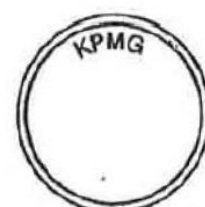
Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing 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 onto the buyer at this point.

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



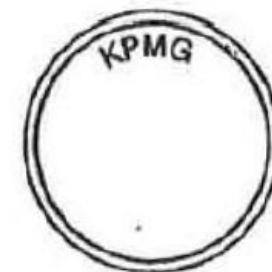
TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings - non-specialised	Total land and buildings	Furniture and equipment	Plant and machinery	Information technology	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Gross balance amount at 1 July 2019	598,630,999	91,466,270	690,097,269	3,369,616	2,965,958	2,034,107	724,163,880
Accumulated depreciation at 1 July 2019	-	(25,740,189)	(25,740,189)	(2,075,659)	(551,572)	(1,162,995)	(55,270,604)
Balance at 1 July 2019	598,630,999	65,726,081	664,357,080	1,293,957	2,414,386	871,112	668,893,276
Additions	-	1,818,143	1,818,143	150,012	765,284	586,634	3,320,073
Disposals	-	-	-	(19,464)	(184,669)	-	(204,133)
Revaluation increments / (decrements) transferred to revaluation surplus	(393,526,499)	(2,243,475)	(395,769,974)	-	-	(611,497)	(396,381,471)
Revaluation (loss) / reversals transferred to profit or loss	-	-	-	(502,370)	(153,658)	(58,884)	(714,912)
Work in Progress							
Additions	7,527	469,059	476,586	-	142,060	186,835	805,481
Completed and capitalised	-	(59,005)	(59,005)	-	(130,950)	(247,301)	(437,256)
Depreciation (expense)	-	(1,631,223)	(1,631,223)	(429,786)	(391,780)	(362,492)	(2,815,281)
Balance at 30 June 2020	205,115,009	64,138,585	269,253,594	492,349	2,591,623	611,708	272,949,274
Comprises:							
Gross balance amount at 30 June 2020	205,115,009	118,870,284	323,985,293	1,514,499	2,911,007	993,358	329,404,157
Accumulated depreciation at 30 June 2020	-	(54,731,699)	(54,731,699)	(1,022,150)	(319,384)	(381,650)	(56,454,883)
Balance at 30 June 2020	205,115,009	64,138,585	269,253,594	492,349	2,591,623	611,708	272,949,274
Additions	83,608	908,533	992,141	-	515,958	220,620	1,728,719
Disposals	-	(43,794)	(43,794)	-	(412,154)	-	(455,948)
Work in Progress							
Additions	-	109,318	109,318	-	-	111,008	220,326
Completed and capitalised	(10,509)	(459,334)	(469,843)	-	(142,060)	(44,056)	(655,959)
Depreciation (expense)	-	(2,275,533)	(2,275,533)	(58,226)	(371,694)	(68,965)	(2,774,418)
Balance at 30 June 2021	205,188,108	62,377,775	267,565,883	434,123	2,181,673	830,315	271,011,994
Comprises:							
Gross balance amount at 30 June 2021	205,188,108	119,338,398	324,526,506	1,514,500	2,748,207	1,280,930	330,070,143
Accumulated depreciation at 30 June 2021	-	(56,960,623)	(56,960,623)	(1,080,377)	(566,534)	(450,615)	(59,058,149)
Balance at 30 June 2021	205,188,108	62,377,775	267,565,883	434,123	2,181,673	830,315	271,011,994
Work in Progress							
Balance at 1 July 2019	2,982	59,005	61,987	-	130,950	290,560	483,497
Additions	7,527	469,059	476,586	-	142,060	143,577	762,223
Completed and capitalised	-	(59,005)	(59,005)	-	(130,950)	(247,301)	(437,256)
Balance at 30 June 2020	10,509	469,059	479,568	-	142,060	186,835	808,463
Additions	-	109,318	109,318	-	-	111,008	220,326
Completed and capitalised	(10,509)	(459,334)	(469,843)	-	(142,060)	(44,056)	(655,959)
Balance at 30 June 2021	-	119,043	119,043	-	-	253,787	372,830



8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2020	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2020	Available market information and utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition, residual values and remaining useful life assessment.
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2020	Construction costs and current condition residual values and remaining useful life assessment inputs.

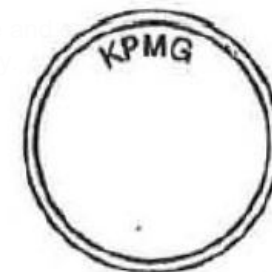
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in significantly higher or lower fair value measurement.

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.

(ii) Cost

Furniture and equipment	Cost approach	Cost	June 2020	Purchase cost
Plant and equipment	Cost approach	Cost	June 2020	Purchase cost
Information technology	Cost approach	Cost	June 2020	Purchase cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.



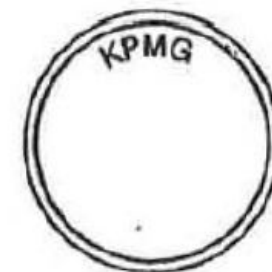
**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads \$	Infrastructure - pathways \$	Infrastructure- drainage \$	Infrastructure - parks \$	Other infrastructure \$	Total Infrastructure \$
Gross balance at 1 July 2019	194,675,451	36,267,337	48,378,021	11,947,714	21,550,535	312,819,058
Accumulated depreciation at 1 July 2019	(42,892,333)	(18,728,802)	(13,581,463)	(2,622,670)	(4,652,554)	(82,477,822)
Balance at 1 July 2019	151,783,118	17,538,535	34,796,558	9,325,044	16,897,981	230,341,236
Additions	874,950	705,775	21,844	7,243,487	592,544	9,438,600
(Disposals)	-	-	-	-	-	-
Revaluation increments / (decrements) transferred to revaluation surplus	28,574,507	15,586,705	(123,269)	-	(7,240,855)	36,797,088
Revaluation increments / (decrements) transferred to profit or loss	-	-	-	(8,693,383)	(1,445,505)	(10,138,888)
Revaluation (loss) / reversals transferred to profit or loss	3,664,693	251,687	330,844	354,076	571,152	5,172,452
Impairment (losses) / reversals	-	-	-	-	-	-
<u>Work in Progress</u>						
Additions	54,325	543,447	-	750,955	37,503	1,386,230
Completed and capitalised	(597,974)	(1,311)	(37,299)	(1,600,566)	-	(2,237,150)
Depreciation (expense)	(4,059,303)	(1,194,247)	(463,761)	(443,049)	(438,476)	(6,598,836)
Transfers	-	-	-	-	-	-
Balance at 30 June 2020	180,892,290	33,553,347	34,562,216	8,541,003	8,974,344	266,523,200
Comprises:						
Gross balance at 30 June 2020	230,984,058	39,202,233	48,363,831	11,688,703	15,128,741	345,367,566
Accumulated depreciation at 30 June 2020	(50,091,768)	(5,648,886)	(13,801,615)	(3,147,700)	(6,154,397)	(78,844,366)
Balance at 30 June 2020	180,892,290	33,553,347	34,562,216	8,541,003	8,974,344	266,523,200
Additions	4,279,008	1,284,539	224,353	603,517	301,011	6,692,428
Disposals	(1,559,128)	(22,021)	(70,820)	(125,990)	(6,844)	(1,784,803)
<u>Work in Progress</u>						
Additions	69,193	2,453	-	172,756	345,314	589,716
Completed and capitalised	(8,427)	(662,342)	-	(135,177)	(37,503)	(843,449)
Depreciation (expense)	(4,212,229)	(1,174,216)	(451,343)	(465,560)	(450,843)	(6,754,191)
Balance at 30 June 2021	179,460,707	32,981,761	34,264,406	8,590,549	9,125,478	264,422,901
Comprises:						
Gross balance at 30 June 2021	232,331,520	39,794,689	48,488,221	12,066,389	15,723,524	348,404,343
Accumulated depreciation at 30 June 2021	(52,870,813)	(6,812,928)	(14,223,815)	(3,475,840)	(6,598,046)	(83,981,442)
Balance at 30 June 2021	179,460,707	32,981,761	34,264,406	8,590,549	9,125,478	264,422,901
<u>Work in Progress Balances</u>						
Balance at 1 July 2019	597,974	122,756	37,299	1,604,439	-	2,362,468
Additions	54,325	543,447	-	750,955	37,503	1,386,230
Completed and capitalised	(597,974)	(1,311)	(37,299)	(1,600,566)	-	(2,237,150)
Restated balance at 30 June 2020	54,325	664,892	-	754,827	37,503	1,511,547
Additions	69,193	2,453	-	172,756	345,314	589,716
Completed and capitalised	(8,427)	(662,342)	-	(135,177)	(37,503)	(843,449)
Balance at 30 June 2021	115,091	5,003	-	792,406	345,314	1,257,814



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. INFRASTRUCTURE (Continued)

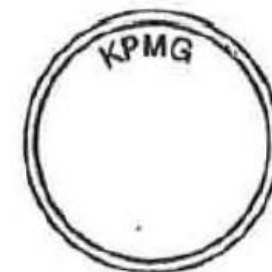
(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach, using depreciated replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments including the cost of removal and disposal of existing assets
Infrastructure - pathways	3	Cost approach, using depreciated replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments including the cost of removal and disposal of existing assets
Infrastructure- drainage	3	Cost approach, using depreciated replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments including the cost of removal and disposal of existing assets
Infrastructure - parks	3	Cost approach, using depreciated replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure*	3	Cost approach, using depreciated replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments

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

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 to determine the fair value of infrastructure using either level 3 inputs.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Town.

Revaluation (Continued)

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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

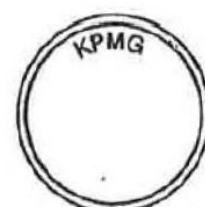
Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Town to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).



TOWN OF VICTORIA PARK
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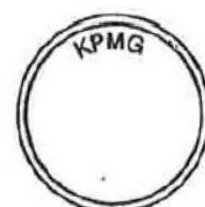
10. FIXED ASSETS (CONTINUED)

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	-	-	-	-	2,237,340	3,800,000	1,562,660	-	-	-	-	-
Buildings - non-specialised	43,794	-	-	(43,794)	-	-	-	-	-	-	-	-
Furniture and equipment	-	-	-	-	-	-	-	-	19,464	7,414	-	(12,050)
Plant and machinery	412,154	408,011	62,019	(66,162)	461,037	532,000	141,847	(70,884)	184,669	184,944	275	-
Information technology	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - roads	1,559,128	-	-	(1,559,128)	-	-	-	-	-	-	-	-
Infrastructure - pathways	22,021	-	-	(22,021)	-	-	-	-	-	-	-	-
Infrastructure- drainage	70,820	-	-	(70,820)	-	-	-	-	-	-	-	-
Infrastructure - parks	125,990	-	-	(125,990)	-	-	-	-	-	-	-	-
Other infrastructure	6,844	-	-	(6,844)	-	-	-	-	-	-	-	-
	2,240,751	408,011	62,019	(1,894,759)	2,698,377	4,332,000	1,704,507	(70,884)	204,133	192,358	275	(12,050)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Law, order, public safety				
6922 VW Caddy Maxi	16,856	15,964	-	(892)
7001 Subaru Impreza	14,244	15,509	1,265	-
7006 Holden Colorado Ute	18,838	21,645	2,807	-
7011 Isuzu D Max 4x2 Ute	19,424	24,146	4,722	-
7346 HAKO Citymaster 600 Sweeper	64,692	14,196	-	(50,496)
7348 Toyota Corolla SX Sedan	8,571	16,191	7,620	-
7356 Subaru Impreza 2.0i Hatch	14,664	14,146	-	(518)
7364 Nissan X-Trail ST-L 7 Seater	18,521	22,100	3,579	-
7365 Holden Colorado LTZ 4x2 Ute	19,830	23,236	3,406	-
7375 Subaru Impreza 2.0i Hatch	17,434	14,600	-	(2,834)
7392 Subaru Forester 2.5i-L Eyesight	22,790	25,509	2,719	-
7400 Dual Axle Tandem Trailer	8,271	6,827	-	(1,444)
7425 Nissan X-Trail ST-L	20,822	23,237	2,415	-
7426 Subaru Impreza 2.0i-L	17,488	21,418	3,930	-
7458 CoastMac Dual Axle Plant Trailer	15,525	10,133	-	(5,392)
7463 Subaru Impreza Hatchback 2.0i-L	19,506	22,327	2,821	-
7471 Subaru Impreza 2.0i-L Hatch	18,715	29,076	10,361	-
Transport				
6776 VW Caddy Maxi Van	13,881	16,191	2,310	-
Other property and services				
5059 Polmac Light Trailer	-	612	612	-
5061 Polmac Single Axle 5x4 Trailer	-	568	568	-
5066 Nissan P1F1A18DU Fork Lift	8,910	13,713	4,803	-
5074 Kubota M8540 4x4 Tractor	32,782	33,063	281	-
6310 Push Mower	-	1,172	1,172	-
6312 Push Mower	1,925	1,172	-	(753)
6879 Holden Colorado LT7 Wagon	13,881	20,509	6,628	-
7491 Gerni Neptune 7-63 Pressure Cleaner	4,584	751	-	(3,833)
	412,154	408,011	62,019	(66,162)
Other Asset class				
Program				
Recreation and culture	176,628	-	-	(176,628)
Transport	1,651,969	-	-	(1,651,969)
	1,828,597	-	-	(1,828,597)
	2,240,751	408,011	62,019	(1,894,759)



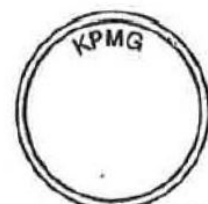
TOWN OF VICTORIA PARK
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10. FIXED ASSETS (CONTINUED)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Town which are currently in use yet fully depreciated are shown in the table below.

	2021	2020
	\$	\$
Buildings - non-specialised	475,400	474,500
Furniture and equipment	30,290	25,130
Infrastructure - roads	64,901	-
Infrastructure - parks	74,054	-
Other infrastructure	36,649	-
	<u>681,294</u>	<u>499,630</u>



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. FIXED ASSETS (CONTINUED)

(c) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	2,275,533	1,606,500	1,631,223
Furniture and equipment	58,226	334,050	429,786
Plant and machinery	371,694	327,000	391,780
Information technology	68,965	306,000	362,492
Infrastructure - roads	4,212,229	4,141,200	4,059,303
Infrastructure - pathways	1,174,216	1,122,000	1,194,247
Infrastructure- drainage	451,343	474,300	463,761
Infrastructure - parks	465,560	714,000	443,049
Other infrastructure	450,843	540,600	438,476
Right-of-use assets - Information technology	66,838	-	50,129
	9,595,447	9,565,650	9,464,247

Revision of useful lives of plant and equipment

During the year the estimated useful lives of assets was reviewed. No changes were identified in the review.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	20-100 yrs
Furniture and Equipment	10-40 yrs
Plant and Machinery	15-25 yrs
Information Technology	7-30 yrs
Roads - Formation	not depreciated
Roads - Pavement	60-80 yrs
Roads - Surface	20-25 yrs
Footpaths	15-45 yrs
Drainage	50-80 yrs
Parks	10-80 yrs
Other Assets	20-100 yrs
Right of Use Asset (Information Technology)	Shorter of lease term or useful life of the underlying asset

Depreciation on revaluation

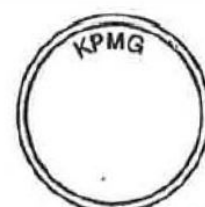
When an item of property, plant and equipment is revalued. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.



11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - Information technology	Right-of-use assets Total
	\$	\$
Balance at 1 July 2019	200,514	200,514
Depreciation (expense)	(50,129)	(50,129)
Balance at 30 June 2020	150,385	150,385
Depreciation (expense)	(66,838)	(66,838)
Balance at 30 June 2021	83,547	83,547

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(66,838)	(50,129)
Interest expense on lease liabilities	(17,989)	(18,994)
Total amount recognised in the statement of comprehensive income	(84,827)	(69,123)
Total cash outflow from leases	(82,143)	(61,607)

The Town has one lease relating to information technology. The lease term is for 5 years. The lease has fixed payments.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Town assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Town uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

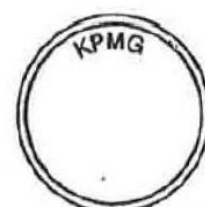
Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Town anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.



12. INTANGIBLE ASSETS

The Town did not hold any recognised intangible assets as at 30 June 2021 (2020: Nil).

TOTAL INTANGIBLE ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the the Town are recognised as intangible assets where the following criteria are met:

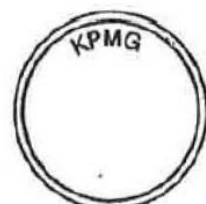
- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;

Computer software (continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

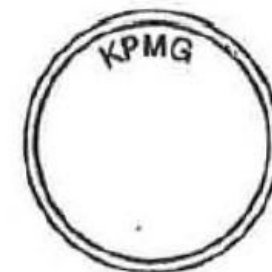


**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	186,314,867	-	-	186,314,867	579,841,366	-	(393,526,499)	(393,526,499)	186,314,867
Buildings - non-specialised	34,272,404	-	-	34,272,404	36,515,879	-	(2,243,475)	(2,243,475)	34,272,404
Information technology	-	-	-	-	611,497	-	(611,497)	(611,497)	-
Infrastructure - roads	162,531,117	-	-	162,531,117	133,956,610	28,574,507	-	28,574,507	162,531,117
Infrastructure - pathways	29,038,614	-	-	29,038,614	13,451,909	15,586,705	-	15,586,705	29,038,614
Infrastructure- drainage	30,378,975	-	-	30,378,975	30,502,244	-	(123,269)	(123,269)	30,378,975
Other infrastructure	-	-	-	-	7,240,855	-	(7,240,855)	(7,240,855)	-
Mindarie Regional Council	2,596,250	(399,909)	(399,909)	2,196,341	2,698,953	-	(102,703)	(102,703)	2,596,250
	445,132,227	(399,909)	(399,909)	444,732,318	804,819,313	44,161,212	(403,848,298)	(359,687,086)	445,132,227

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1. Vested land no longer to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional, significance should no longer be recognised.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
ESL Liability
Prepaid Income
Bonds and deposits held
Payroll
Accrued Expenses
Payables

	2021	2020
	\$	\$
	3,258,069	2,430,333
	728,353	410,257
	-	88,870
	12,300	-
	1,454,336	1,363,720
	230,558	264,325
	765,826	814,403
	77,853	74,231
	6,527,295	5,446,139

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Town prior to the end of the financial year that are unpaid and arise when the Town becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

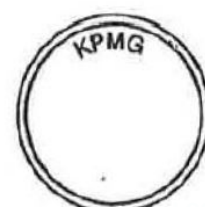
Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Town recognises revenue for the prepaid rates that have not been refunded.

15. SHORT-TERM BORROWINGS

The following restrictions have been imposed by regulations or other externally imposed requirements:

Unspent Loans

	2021	2020
	\$	\$
	10,506,876	13,197,654
	10,506,876	13,197,654



16. OTHER LIABILITIES

Current

Contract liabilities

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year
 1 to 2 years

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the the Town's obligation to transfer goods or services to a customer for which the Town has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

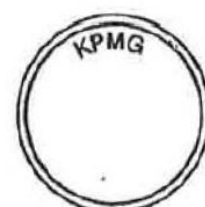
Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

2021	2020
\$	\$
3,335,696	376,463
3,335,696	376,463

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
2,822,696	-
513,000	-
3,335,696	-

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
 Grant liabilities represent the the Town's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.



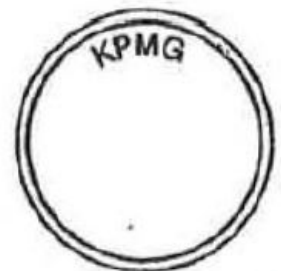
**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

17. LEASE LIABILITIES

(a) Lease Liabilities	2021	2020
Current	\$ 73,678	\$ 64,155
Non-current	20,069	93,746
	<u>93,747</u>	<u>157,901</u>

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
					Lease Principal 1 July 2020	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2020	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
General purpose funding					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Printers	E6N0162072	MAIA	1.16%	48 months	157,901	-	(64,154)	93,747	(17,989)	184,824	-	(82,144)	102,680	(1,449)	200,514	-	(42,613)	157,901	(18,994)
					157,901	-	(64,154)	93,747	(17,989)	184,824	-	(82,144)	102,680	(1,449)	200,514	-	(42,613)	157,901	(18,994)



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

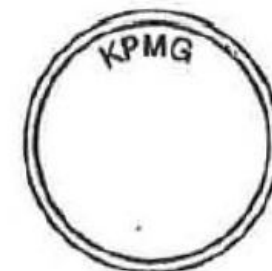
18. INFORMATION ON BORROWINGS

(a) Borrowings	2021	2020
	\$	\$
Current	2,798,462	3,149,536
Non-current	13,987,423	16,785,885
	16,785,885	19,935,421

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021					30 June 2021					30 June 2020				
				Actual Principal 1 July 2020	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Law, order, public safety																		
Parking Initiative	14	WATC*	3.84%	-	-	-	-	-	-	-	798,562	-	(798,562)	(23,072)	-	-	-	
Recreation and culture																		
Aqualife Centre	4	WATC*	5.65%	-	-	-	-	-	-	-	382,684	-	(382,684)	(14,992)	-	-	-	
Aqualife Centre II	7	WATC*	6.19%	396,242	-	(396,242)	(14,133)	-	396,242	-	(396,300)	(18,500)	(58)	769,051	-	(372,809)	(37,825)	396,242
Fletcher Park	11	WATC*	4.86%	308,611	-	(37,997)	(14,251)	270,614	308,611	-	(38,000)	(15,000)	270,611	344,827	-	(36,216)	(16,046)	308,611
Economic services																		
Underground Power	13	WATC*	4.37%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Underground Power	15	WATC*	1.16%	18,150,000	-	(2,503,759)	(194,855)	15,646,241	18,150,000	-	-	(203,300)	18,150,000	-	18,150,000	-	(61,217)	18,150,000
Other property and services																		
Depot Land	2	WATC*	6.27%	-	-	-	-	-	-	-	-	-	-	118,969	-	(118,969)	(3,748)	-
Administration Centre	3	WATC*	5.86%	-	-	-	-	-	-	-	-	-	-	159,787	-	(159,787)	(6,140)	-
14 Kent Street	9	WATC*	7.55%	265,376	-	(81,990)	(18,399)	183,386	265,376	-	(82,000)	(18,600)	183,376	341,508	-	(76,132)	(24,264)	265,376
1 Harper Street	10	WATC*	6.35%	553,845	-	(97,370)	(32,566)	456,475	553,845	-	(91,500)	(40,000)	462,345	645,315	-	(91,470)	(38,532)	553,845
Depot Upgrade	12	WATC*	4.86%	261,347	-	(32,178)	(12,069)	229,169	261,347	-	(32,200)	(12,350)	229,147	292,015	-	(30,668)	(13,589)	261,347
				19,935,421	-	(3,149,536)	(286,273)	16,785,885	19,935,421	-	(640,000)	(307,750)	19,295,421	3,852,718	18,150,000	(2,067,297)	(239,425)	19,935,421

* WA Treasury Corporation
 All Underground Power loan repayments funded by UGP service charges.
 All other loan repayments were financed by general purpose revenue.



TOWN OF VICTORIA PARK
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18. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Borrowings

Particulars	Loan Number	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
			\$	\$	\$	\$
Underground Power	15*	13/03/2020	13,197,654	-	(2,690,778)	10,506,876
* WA Treasury Corporation			13,197,654	-	(2,690,778)	10,506,876

(d) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2021	2020
	\$	\$
Bank overdraft limit	9,000,000	9,000,000
Credit card limit	22,000	22,000
Credit card balance at balance date	16,057	3,665
Total amount of credit unused	9,038,057	9,025,665

Loan facilities

Loan facilities - current	2,798,462	3,149,536
Loan facilities - non-current	13,987,423	16,785,885
Lease liabilities - current	73,678	64,155
Lease liabilities - non-current	20,069	93,746
Total facilities in use at balance date	16,879,632	20,093,322

Unused loan facilities at balance date 10,506,876 13,197,654

Refer to Note 3 for further details that all unspent underground power loan funds as at 30 June were already held in as restricted cash in the underground power reserve f

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

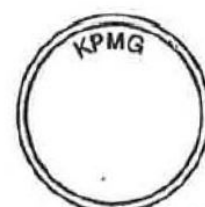
Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 30.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Personal Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020				
Current	2,059,770	710,330	1,523,371	4,293,471
Non-current	-	54,229	440,383	494,612
	2,059,770	764,559	1,963,754	4,788,083
Additional provision	1,454,166	438,030	334,659	2,226,855
Amounts used	(1,319,688)	(401,403)	(243,566)	(1,964,657)
Balance at 30 June 2021	2,194,248	801,186	2,054,847	5,050,281
Comprises				
Current	2,194,248	747,593	1,763,096	4,704,937
Non-current	-	53,593	291,751	345,344
	2,194,248	801,186	2,054,847	5,050,281

	2021 \$	2020 \$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	1,294,606	1,215,264
More than 12 months from reporting date	3,515,008	3,395,821
Expected reimbursements from other WA local governments	240,667	176,998
	5,050,281	4,788,083

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

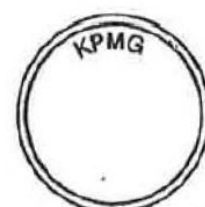
rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

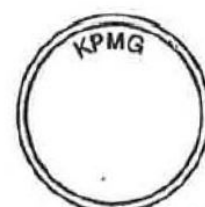


20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

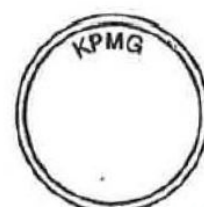
For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	40,128,544	52,702,493	45,086,829
Reconciliation of Net Result to Net Cash Provided By Operating Activities to Net Result			
Net result	(933,313)	(3,852,547)	(4,266,777)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	-	-	(1,868)
Share of loss of equity accounted investees	12,639	-	37,435
Adjustments to fair value of investment property	-	-	41,134
Depreciation on non-current assets	9,595,447	9,565,650	9,464,247
(Profit)/loss on sale of asset	1,832,740	(1,633,623)	11,775
Share of profits of associates	(1,435,089)	-	(362,936)
Reversal of loss on revaluation of fixed assets	-	-	10,853,801
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(208,807)	652,500	(149,991)
(Increase)/decrease in inventories	(337,026)	-	62,135
Increase/(decrease) in payables	1,081,156	700,000	(7,386,164)
Increase/(decrease) in employee provisions	262,198	-	283,844
Increase/(decrease) in other liabilities	2,959,233	-	-
Non-operating grants, subsidies and contributions	(1,004,795)	(2,414,149)	-
Net cash provided by operating activities	11,824,383	3,017,831	8,586,635



21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	469,609	769,956
General purpose funding	13,922,315	18,960,882
Law, order, public safety	431,379	463,413
Health	92,036	83,430
Education and welfare	214,661	183,014
Community amenities	15,691,372	18,289,658
Recreation and culture	78,352,203	78,093,284
Transport	263,440,921	260,547,552
Economic services	19,094,781	16,790,383
Other property and services	220,094,076	221,667,950
Unallocated	477,713	(3,324,126)
	612,281,067	612,525,396



22. CONTINGENT LIABILITIES

Mindarie Regional Council (MRC) -Commitment - Deed of Guarantee

In line with other equity holders in the Mindarie Regional Council, the Town of Victoria Park has guaranteed a proportionate of its equity share (1/12) the obligations of the MRC to the contractor who built and is operating the Neerabup Resource Recovery Facility. The financial guarantee is to provide comfort to the operator (and its financiers) by providing a direct contractual relationship between each member council and the operator.

The guarantee can be called upon in the event of a default event during the contractor's operation of the facility. The share of the liability that could be generated by the exercise of the guarantee is estimated at an amount of \$7.21 million depending on the time of any such default event. The current guarantee period expires on 15 July 2021.

The Deed of Guarantee will only crystallise if:

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

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

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

No amount has been provided for in relation to the guarantee during the financial year (2020: \$Nil)

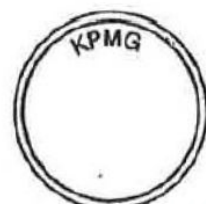
Contaminated Sites

In compliance with the Contaminated Sites Act 2003 Section 11, the Town has not been notified of any sites that are potentially contaminated. The Town however has sites that are sumps which may be contaminated and have received notice from Mindarie Regional Council on potential contamination at the Tamala Park Waste Management Facility site.

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

In February 2020, Mindarie Regional Council received the Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site.

Among other things, the purpose of the MAR is to confirm that earlier investigations adequately characterised the contamination status of the site and whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.



22. CONTINGENT LIABILITIES (CONTINUED)

The MRC received a second iteration of the MAR in November 2021, which has further assessed the contamination status of the site. In reaching their conclusion, the independent auditor of the MAR has evaluated the information contained in the investigative reports as generally complete, accurate and compliant with the relevant guidelines. Also, the assessments were sufficient to define the potential extent and types of contamination. The auditor has determined, based on the analysis contained in the assessed reports, that the site remains suitable for ongoing use as a Class II landfill ('source site'). Likewise, the affected site to the north of the facility remains suitable for its current use as a development buffer zone ('affected site'). A summary of findings for the source and affected sites are listed below:

Source site:

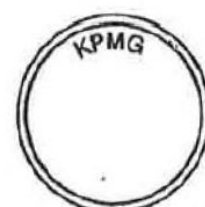
- All soils samples returned results below established criteria.
- Groundwater results indicate impact to the aquifer immediately below the landfill levels above relevant drinking water established criteria, although some results are reflective of naturally occurring conditions. Groundwater on site remains suitable for controlled industrial use on site without an unacceptable risk.
- Landfill gas results indicate that the existing extraction system is working effectively, with negligible detection of landfill gas outside the extraction network.

Affected site:

- Groundwater results indicate some contaminants above the relevant drinking water established criteria but not criteria for non potable uses. Elevated levels of some identified contaminants are also known to occur naturally in the local environment.
- No landfill gas detected outside the site boundary.

Currently, DWER has classified the source site as "Contaminated – Remediation Required" and the affected site as "Contaminated – Restricted Use".

The MRC has commenced further work on implementing the recommendations of this most recent MAR, to determine the magnitude and extent of contamination including risks to human health, the environment and environmental values. Specifically, this work is focused upon assessing the adequacy of the landfill gas monitoring network, the potential for the subterranean migration of landfill gas, and the continued compilation and assessment of both gas and groundwater results to further inform future mitigation measures. Therefore, it is not possible to make a reasonable estimate as to the financial impact that may arise from any possible future remedial action at this time.



23. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- Carried forward capital works commitments under contract

	2021	2020
	\$	\$
	917,900	632,016
	917,900	632,016

The capital expenditure commitment outstanding at the end of the current reporting period represents commitments relating to property, plant, equipment and infrastructure projects that have been carried forward to the next financial year.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

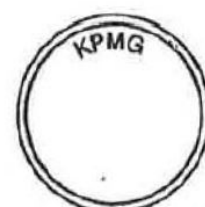
- not later than one year

	2021	2020
	\$	\$
	18,841	66,640
	18,841	66,640

SIGNIFICANT ACCOUNTING POLICIES

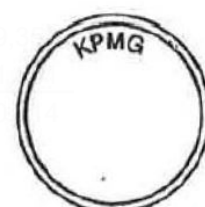
Leases

Lease liabilities for short term leases (with lease term of 12 months or less) and low value leases (with underlying value of \$5,000 or less) are not recognised as lease liabilities in note 11. Lease payments associated with these leases are expensed when paid.



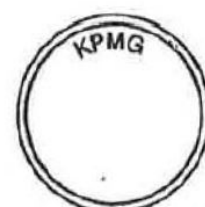
24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Mayor Karen Vernon			
Mayor's annual allowance	62,727	62,727	62,727
Meeting attendance fees	30,841	30,841	28,463
Other expenses	657	5,000	-
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,344	1,000	39
	100,069	103,068	94,729
Deputy Mayor Bronwyn Ife			
Deputy Mayor's annual allowance	15,682	15,682	15,254
Meeting attendance fees	23,000	23,000	23,000
Annual allowance for ICT expenses	3,500	3,500	3,500
	42,182	42,182	41,754
Cr Claire Anderson			
Meeting attendance fees	23,000	23,000	23,000
Annual allowance for ICT expenses	3,500	3,500	3,500
	26,500	26,500	26,500
Cr Wilfred Hendriks			
Meeting attendance fees	23,000	23,000	16,025
Annual allowance for ICT expenses	3,500	3,500	2,439
	26,500	26,500	18,464
Cr Luana Lisandro			
Meeting attendance fees	23,000	23,000	7,667
Annual allowance for ICT expenses	3,500	3,500	1,167
	26,500	26,500	8,834
Cr Ronhhda Potter			
Meeting attendance fees	23,000	23,000	23,000
Annual allowance for ICT expenses	3,500	3,500	3,500
	26,500	26,500	26,500
Cr Jesvin Karimi			
Meeting attendance fees	23,000	23,000	16,025
Annual allowance for ICT expenses	3,500	3,500	2,439
	26,500	26,500	18,464
Cr Brian Oliver			
Meeting attendance fees	23,000	23,000	23,000
Annual allowance for ICT expenses	3,500	3,500	3,500
	26,500	26,500	26,500
Cr Vicki Potter			
Meeting attendance fees	23,000	23,000	23,000
Annual allowance for ICT expenses	3,500	3,500	3,500
	26,500	26,500	26,500
Cr Julian Jacobs			
Meeting attendance fees	-	-	6,975
Annual allowance for ICT expenses	-	-	1,061
	-	-	8,036
Mayor Trevor Vaughan			
Meeting attendance fees	-	-	-
Annual allowance for ICT expenses	-	-	-
	-	-	-



24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Jennifer Ammons-Noble			
Meeting attendance fees	-	-	6,975
Annual allowance for ICT expenses	-	-	1,061
	-	-	8,036
	327,751	330,750	314,731
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Mayor's allowance	62,727	62,727	62,727
Deputy Mayor's allowance	15,682	15,682	15,254
Meeting attendance fees	214,841	214,841	206,483
Other expenses	657	5,000	-
Annual allowance for ICT expenses	31,500	31,500	30,228
Travel and accommodation expenses	2,344	1,000	39
	327,751	330,750	314,731



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

25. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Town during the year are as follows:

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	936,756	900,430
Post-employment benefits	131,545	103,030
Other long-term benefits	18,783	47,612
Termination benefits	7,590	-
	1,094,674	1,051,072

Short-term employee benefits

These amounts include all salary, 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 above.

Post-employment benefits

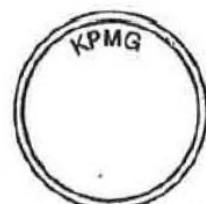
These amounts are the current-year's estimated cost of providing for the Town's superannuation contributions made during the year.

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).



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2021 Actual \$	2020 Actual \$
Sale of goods and services	4,784	4,001
Sponsorships	1,500	74,751
Joint venture entities:		
Distributions received from joint venture entities	750,000	250,000
Amounts outstanding from related parties:		
Trade and other receivables	-	732

Related Parties

The Town's main related parties are as follows:

i. 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.

ii. Other Related Parties

An associate person of KMP employed by the Town under normal employment terms and conditions.

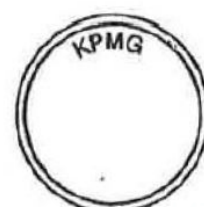
Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Town.

iii. 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.

iv. Joint arrangements accounted for under the equity method

The Town has a one-twelfth interest in the Mindarie and Tamala Park Regional Councils. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in associate entities, refer to Note 26.



26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

	2021	*Restated 2020	2020
Net Assets	\$	\$	\$
Mindarie Regional Council 26(a)	1,961,040	2,360,949	5,685,076
Tamala Park Regional Council 26(b)	4,580,774	3,908,325	3,908,325
	6,541,814	6,269,274	9,593,401

(a) Mindarie Regional Council

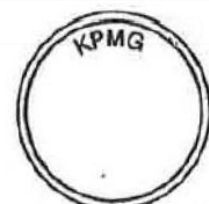
The Mindarie Regional Council (MRC) was formally constituted in December 1987. The Town of Victoria Park, along with the Municipalities of Joondalup, Wanneroo, Stirling, Perth, Cambridge and Vincent, form the membership of the Mindarie Regional Council.

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 MRC of the refuse disposal facility as per the constitution amendment (25 November 1996). The following table summarises the financial information of the MRC as included in its own financial statements.

The Town's share in the assets and liabilities based on the audited results of the Mindarie Regional Council is as follows:

	2021	* Restated 2020	2020
	\$	\$	\$
Current assets	42,526,862	40,659,608	40,659,608
Non current assets	90,593,148	103,135,423	64,690,790
Total assets	133,120,010	143,795,031	105,350,398
Current liabilities	14,479,677	14,128,381	8,355,529
Non current liabilities	95,107,847	101,335,259	28,773,967
Total liabilities	109,587,524	115,463,640	37,129,496
Net Assets	23,532,486	28,331,391	68,220,902
Town of Victoria Park 1/12 Share	1,961,040	2,360,949	5,685,076
Equity			
Retained surplus	(23,933,585)	(23,943,474)	15,946,037
Reserves	19,754,751	22,712,639	22,712,639
Revaluation surplus	23,625,594	25,476,500	25,476,500
Council contributions	4,085,726	4,085,726	4,085,726
Total Equity	23,532,486	28,331,391	68,220,902
Revenue	55,753,809	56,192,614	56,192,614
Expenses	(60,609,155)	(56,657,442)	(58,208,057)
Total	(4,855,346)	(464,828)	(2,015,443)
Profit/(Loss) from Ordinary Activities	56,441	(310,581)	(310,581)
Net Result	(4,798,905)	(775,409)	(2,326,024)
Other Comprehensive Income	-	-	-
Total Comprehensive Income (100%)	(4,798,905)	(775,409)	(2,326,024)
Town of Victoria Park 1/12 Share of Net Results	(399,909)	(64,617)	(193,835)
1/12 Share of Net Results	(399,909)	(64,617)	(193,835)
1/12 Share of Other Comprehensive Income	-	-	-
Increase/(Decrease) in Equity Interest	(399,909)	(64,617)	

* Refer to note 36(a) Associate Entity Restatement and Guarantee Payment



26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS (CONTINUED)

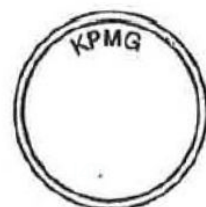
(b) Tamala Park Regional Council

The Tamala Park Regional Council (TPRC) 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 TPRC. The following table summarises the financial information of the TPRC as included in its own financial statements.

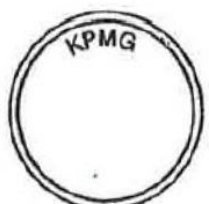
The Town's share in the assets and liabilities based on the audited results of the Tamala Park Regional Council is as follows:

	2021	2020
	\$	\$
Current assets	53,668,172	45,517,277
Non current assets	1,722,724	1,757,617
Total assets	55,390,896	47,274,894
Current liabilities	420,373	345,026
Non current liabilities	1,231	29,968
Total liabilities	421,604	374,994
Net Assets	54,969,292	46,899,900
Town of Victoria Park 1/12 Share	4,580,774	3,908,325
Net increase/(decrease) in share of TPRC net assets	672,449	98,984
Equity		
Retained surplus	1,077,792	1,650,364
Member contributions	53,885,147	45,243,183
Revaluation surplus	6,353	6,353
Total equity	54,969,292	46,899,900
Revenue	496,982	789,822
Expenses	(1,070,778)	(950,217)
Total	(573,796)	(160,395)
Profit/(Loss) from Ordinary Activities	1,224	-
Net Result	(572,572)	(160,395)
Other Comprehensive Income	-	-
Total Comprehensive Income (100%)	(572,572)	(160,395)
Town of Victoria Park 1/12 Share	(47,714)	(13,366)
Balance at 1 July	3,908,325	3,921,691
- Share of associates total comprehensive income arising during the period	672,449	(13,366)
Balance at 30 June	4,580,774	3,908,325
1/12 Share of Net Results/(change in Retained Surplus)	(47,714)	(13,366)
1/12 Share of Other Comprehensive Income/(Change in Member contributions)	720,163	112,350
1/12 Share of change in the Revaluation Surplus	-	-
Increase/(Decrease) in Equity Interest	672,449	98,984



26 INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS (CONTINUED)

	2021	2020	Application of AASB 1059	Restated 2020
	\$	\$	\$	\$
(c) Change in equity				
Investment in Mindarie Regional Council				
Opening Balance	2,360,949	5,878,911	(3,453,345)	2,425,566
Changes on Revaluation of Non-Current Assets	(399,909)	(170,352)	170,352	-
Net Share of Interests in Mindarie Regional Council	-	(23,483)	(41,134)	(64,617)
Closing Balance	1,961,040	5,685,076	(3,324,127)	2,360,949
Investment in Tamala Park Regional Council				
Opening Balance	3,908,325	3,679,194	-	3,679,194
Proceeds from Sale of Land	2,492,783	753,148	-	753,148
Land Development Expenses	(1,057,694)	(390,212)	-	(390,212)
Proceeds Distribution	(750,000)	(250,000)	-	(250,000)
Prior year adjustment	-	130,147	-	130,147
Net Share of Interests in Tamala Park Regional Council - Retained surplus	(47,714)	(13,366)	-	(13,366)
Net Share of Interests in Tamala Park Regional Council - Members Equity	35,075	(586)	-	(586)
Closing Balance	4,580,775	3,908,325	-	3,908,325
Net Share of Interests in Mindarie Regional Council	-	(23,483)	(41,134)	(64,617)
Net Share of Interests in Tamala Park Regional Council - Retained surplus	(47,714)	(13,366)	-	(13,366)
Net Share of Interests in Tamala Park Regional Council - Members Equity	35,075	(586)	-	(586)
Increase/(Decrease) in Equity Interest	(12,639)	(37,435)	(41,134)	(78,569)
Profit from sale of land				
Proceeds from sale of land	2,492,783	753,148	-	753,148
Land development Expenses	(1,057,694)	(390,212)	-	(390,212)
	1,435,089	362,936	-	362,936



26. INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(d) Associate Entity Restatement and Guarantee Fee

1. Mindarie Regional Council Resource Recovery Facility Agreement - Guarantee Fee Payment

Subsequent to the balance sheet date on 19 August, the Mindarie Regional Council (MRC) determined to terminate its arrangement in relation to Resource Recovery Facility Agreement (RRFA) early. The Town was called on to contribute a termination payment in proportion to its one twelfth share in MRC. Council of Town of Victoria Park endorsed the payment approval of a total \$7.083M to the MRC. Payment was made in August 2021, fully extinguishing the Town's obligation under the RRFA. No adjustments have been made to the financial statements at 30 June 2021.

Background:

The MRC was until recently a party to a 20-year waste processing agreement with BioVision 2020 Pty Ltd (BioVision) which commenced in 2009. Under the agreement, BioVision processed 100,000 tonnes of waste per year for the MRC at the Resource Recovery Facility (RRF) in Neerabup, extracting the organic material from the largely unsorted waste stream for beneficial use.

To date, the processing facility and the contract have operated well and have diverted over 600,000 tonnes of waste from landfill.

With the introduction of the State's Waste Avoidance and Resource Recovery Strategy 2030 (WARR Strategy), there is a clear change to the way in which organics will be separated and sorted at the household level through the use of a third bin for Food Organics and Garden Organics (FOGO).

A number of the MRC's member councils have been progressively providing Garden Organics (GO) bins to their residents as a transition step. The organics collected in these bins are currently being processed by external recyclers. The change to organics handling in Perth, now and into the future, means that the RRF is no longer the most suitable processing infrastructure and technology for this material stream.

To this end, the MRC and BioVision mutually agreed to terminate their processing agreement with effect from 31 August 2021, through a payment by the MRC to BioVision of \$85.2m and both parties releasing each other in respect of their respective obligations and agreement.

The MRC has taken legal ownership of the facility and is currently assessing how best it can be used in the future.

2. Associate Entity Restatement - Initial Impact of AASB1059 on Mindarie Regional Council 2020 Annual Report Figures

The 2020 audited figures for the Mindarie Regional Council in Note 26(a) now include a restatement of figures due to the initial application of AASB 1059. An additional third column has been included to disclose the impact of AASB 1059.

The Towns 1/12 share in the Mindarie Regional Council's Equity as at 30 June 2020 reducing by \$3,324,127.

The Towns 1/12 share in the Mindarie Regional Council's Total Comprehensive Income as at 30 June 2020 reducing by \$129,218.

The 1/12 share of the total financial impact resulting in a \$3.453M decrease to Equity in the Mindarie Regional Council.

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

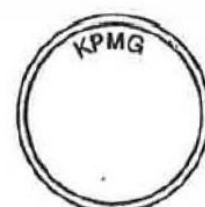
An associate is an entity over which the Town has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

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.



27. MAJOR LAND TRANSACTIONS

Tamala Park Regional Council - Development of Catalina Estate

(a) Details

The Town is a participant (along with the Cities of Joondalup, Perth, Stirling, Vincent, Wanneroo and the Town of Cambridge) in the operations of the Tamala Park Regional Council (TPRC) Lot 9504.

The TPRC was created in 2006 to develop the Catalina 'Estate - approximately 173 hectares of land for sale immediately north of the land leased by the Mindarie Regional Council. The Town has a one twelfth (1/12) equity in the net assets of the development and the net proceeds of the land development; as well as a one twelfth (1/12) share in the asset of the lands held for development.

The Town's share of the land sale proceeds at Tamala Park is \$2,492,783.

The Town's share of the development and selling costs is \$1,057,694 resulting in a net gain amount of \$1,435,089.

This note should also be read in conjunction with Note 26 Investment in Associates.

(b) Current year transactions

Town's share of current year transactions

Other revenue

- Sale of land proceeds (distributed)
- Sale of land proceeds (not distributed)

Other expenditure

- Land development cost of goods sold

Net profit on sale of land

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	750,000	-	250,000
	1,742,783	-	503,148
	(1,057,694)	-	(390,212)
	1,435,089	-	362,936

The above operating revenue for the proceeds of land held for resale is reflected in other revenue and operating expenditure for the cost of the disposed land held for resale is reflected in other expenditure.

(c) Expected future cash flows

	2021/22	2022/23	2023/24	2024/25	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	(2,618,247)	(2,618,754)	(2,413,856)	(2,190,666)	(9,841,523)
Cash inflows					
- Sale proceeds	4,670,374	4,465,042	4,744,462	5,037,014	18,916,892
Net cash flows	2,052,127	1,846,288	2,330,606	2,846,348	9,075,369
	2025/26	2026/27	2027/28	2028/29	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	(2,904,050)	(2,751,955)	(516,018)	(271,600)	(6,443,623)
Cash inflows					
- Sale proceeds	5,503,308	6,609,530	3,739,413	389,156	16,241,407
Net cash flows	2,599,258	3,857,575	3,223,395	117,556	9,797,784

(d) Assets and liabilities

Land held for resale included within Note 7

Non-current

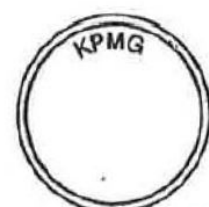
Land held for resale - cost

Cost of acquisition

Development costs

Land held for development (TPRC)

	2021	2020
	\$	\$
	71,788	102,415
	1,057,694	390,212
	1,129,482	492,627



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

28. RATING INFORMATION

(a) Rates

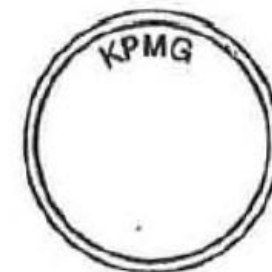
RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	0.0916	12,459	227,821,251	20,855,556	182,317	4,670	21,042,543	20,868,427	140,000	-	21,008,427	23,882,028
Non-Residential	0.0969	1,622	187,472,519	18,183,851	(131,594)	(346,750)	17,705,507	18,166,087	100,000	-	18,266,087	19,178,740
Sub-Total		14,081	415,293,770	39,039,407	50,723	(342,080)	38,748,050	39,034,514	240,000	-	39,274,514	43,060,768
Minimum payment	Minimum \$											
Gross rental valuations												
Residential	1,136	3,426	36,729,628	3,888,528	(43,990)	(3,175)	3,841,363	3,891,936	-	-	3,891,936	3,422,316
Non-Residential	1,181	357	3,426,706	431,065	39,860	2,539	473,464	421,617	-	-	421,617	460,620
Sub-Total		3,783	40,156,334	4,319,593	(4,130)	(636)	4,314,827	4,313,553	-	-	4,313,553	3,882,936
Total amount raised from general rate		17,864	455,450,104	43,359,000	46,593	(342,716)	43,062,877	43,348,067	240,000	-	43,588,067	46,943,704
							43,062,877				43,588,067	46,943,704

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Town recognises revenue for the prepaid rates that have not been refunded.



28. RATING INFORMATION (Continued)

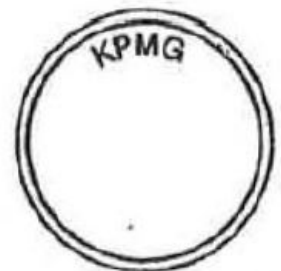
(b) Discounts, Incentives, Concessions, & Write-offs

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

Waivers or Concessions

Rate or Fee and
 Charge to which
 the Waiver or
 Concession is Granted

	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Rates	Write off	0.00%	0.00	1,611	999	939
Fees & Charges	Write off	0.00%	0.00	706	10,002	1,410
Total write offs				2,317	11,001	2,349

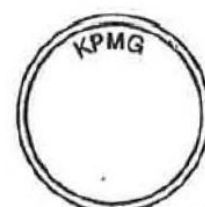


28. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	02/10/2020	Nil	Nil	4.00%
Option Two				
First instalment	02/10/2020	Nil	2.00%	4.00%
Second instalment	08/12/2020	7.00	2.00%	4.00%
Third instalment	23/02/2021	7.00	2.00%	4.00%
Fourth instalment	28/04/2021	7.00	2.00%	4.00%

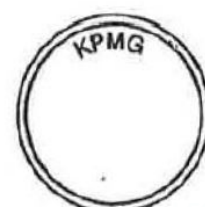
	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	69,267	204,500	234,411
Interest on Deferred Rates	2,953	4,002	5,150
Interest on instalment plan	84,565	250,000	247,780
Charges on instalment plan	128,247	260,000	263,676
	285,032	718,502	751,017



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

29. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2020/21	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)
Notes	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(62,019)	(1,704,507)	(275)
Less: Contract Assets				
Less: Fair value adjustments to financial assets at amortised cost (WALGA LG House Trust)		-	(1,868)	(1,868)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		(1,435,089)	-	(362,936)
Less: Movement in Net Share of Interest in Associate		12,639	-	78,570
Add: Movement in pensioner deferred rates (non-current)		21,225	-	45,114
Less: Movement in employee benefit provisions (non-current)		(149,268)	-	159,935
Less: Movement in Inventory (Land held for development TPRC non-current)		(636,855)	-	25,344
Add: Movement of inventory (Land held for resale TPRC current)		301,016	-	16,030
Add: Loss on disposal of assets	10(a)	1,894,759	70,884	12,050
Add: Loss on revaluation of fixed assets	13	-	-	10,853,801
Add: Depreciation on non-current assets	10(c)	9,595,447	9,565,650	9,464,247
Non cash amounts excluded from operating activities		9,541,849	7,932,027	20,290,013
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash/financial asset backed	4	(53,222,743)	(44,341,015)	(45,567,473)
Less: Current assets not expected to be received at end of year				
- Land held for resale	7	(191,500)	-	(492,516)
- Current assets restricted to trading undertaking		-	(6,146,196)	-
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	18(a)	2,798,462	3,527,980	3,149,536
- Current portion of term deposits moved to non-current		7,000,000	-	-
- Current portion of lease liabilities		73,678	-	64,155
- Unadjusted suspense items		-	(74,758)	-
Total adjustments to net current assets		(43,542,103)	(47,033,989)	(42,846,298)
Net current assets used in the Rate Setting Statement				
Total current assets		61,766,669	62,123,428	65,794,751
Less: Total current liabilities		(17,440,068)	(15,063,055)	(13,329,764)
Less: Total adjustments to net current assets		(43,542,103)	(47,033,989)	(42,846,298)
Net current assets used in the Rate Setting Statement		784,498	26,384	9,618,689



30. FINANCIAL RISK MANAGEMENT

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

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

The Town does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Town's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Town to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.20%	40,128,544	-	40,128,544	-
Financial assets at amortised cost - term deposits	0.63%	17,000,000	17,000,000	-	-
2020					
Cash and cash equivalents	1.00%	45,086,829	-	45,086,829	-
Financial assets at amortised cost	0.87%	16,000,000	16,000,000	-	-

Sensitivity analysis

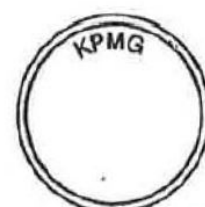
Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	401,285	450,868

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Town manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Town does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 18(b).



30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

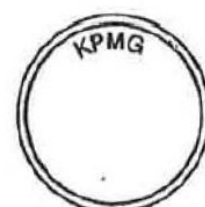
The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Town applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Sundry Debtors					
Expected credit loss	2.19%	3.36%	5.06%	43.86%	
Gross carrying amount	449,268	292,809	55,551	631,726	1,429,354
Loss allowance	9,839	9,838	2,811	277,075	299,563
30 June 2020					
Sundry Debtors					
Expected credit loss	2.19%	3.36%	5.06%	43.86%	
Gross carrying amount	78,713	3,828	33,288	974,310	1,090,139
Loss allowance	1,724	129	1,684	427,332	430,869

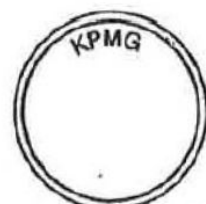


30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Town's contract assets represent work completed, which have not been invoiced at year end. This is due to the Town not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Town applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Town has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.



30. FINANCIAL RISK MANAGEMENT (Continued)

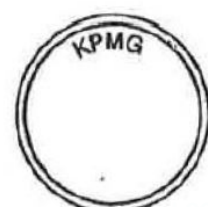
(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Town manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(d).

The contractual undiscounted cash flows of the Town's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	6,090,062	-	-	6,090,062	6,527,295
Borrowings	2,798,462	11,210,127	2,777,296	16,785,885	16,785,885
Contract liabilities	2,822,696	513,000	-	3,335,696	3,335,696
Lease liabilities	73,678	20,069	-	93,747	93,747
	<u>11,784,898</u>	<u>11,743,196</u>	<u>2,777,296</u>	<u>26,305,390</u>	<u>26,742,623</u>
2020					
Payables	5,446,139	-	-	5,446,139	5,446,139
Borrowings	3,454,595	11,947,852	5,609,365	21,011,812	19,935,421
Contract liabilities	376,463	-	-	376,463	376,463
Lease liabilities	82,144	102,680	-	184,824	157,901
	<u>9,359,341</u>	<u>12,050,532</u>	<u>5,609,365</u>	<u>27,019,238</u>	<u>25,915,924</u>

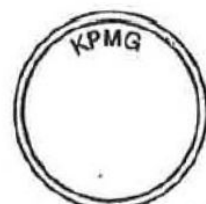


31. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The following material or significant events occurred after the end of the reporting period that require disclosure in the financial report.

Guarantees

Subsequent to the balance sheet date on 19 August, the Mindarie Regional Council (MRC) determined to terminate its arrangement in relation to Resource Recovery Facility Agreement (RRFA) early. The Town's response was called on to contribute to the termination payment in proportion to its one twelfth share in MRC. Council of Town of Victoria Park endorsed the payment approval of a total \$7.083M to the MRC. Payment was made in August 2021, fully extinguishing the Town's obligation under the RRFA. No adjustments have been made to the financial statements at 30 June 2021.



**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

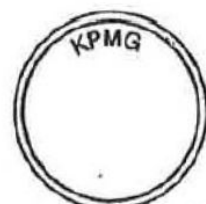
32 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the 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.

(a) AASB 1059 Service Concession Arrangements: Grantors

Service concessions assets are those assets where a third-party operator constructs assets for the Town, upgrades existing assets of the Town or uses existing assets of the Town to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Town and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. Newly constructed or upgraded assets are measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. In the case of existing assets, these are reclassified and treated in the same manner with any difference at the date of reclassification between the carrying amount of the assets and their fair value (current replacement cost) being treated as if it is a revaluation of the asset.

The Town has considered the requirements of AASB 1059 Service Concession Arrangements: Grantors, and confirms that the Town has no existing arrangements that fall within the scope of this standard.



TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

When the Town applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) 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.

f) 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.

g) Fair value of assets and liabilities

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

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

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

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

h) 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.

Cost approach

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

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

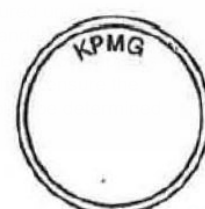
i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are revalued, such as roads, drains, public built annual assessment of impairment is required. Rather than revaluations need only be made with sufficient revaluation carrying value does not differ materially from that which would be using fair value at the end of the reporting period.

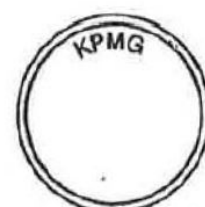


**TOWN OF VICTORIA PARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

34. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	Includes the activities of members of Councils and the administrative support available to the Council for the provision of governance of the district. Other costs relates to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.
<p>GENERAL PURPOSE FUNDING To collect revenue to finance Council activities.</p>	Includes the activities of collection rates including differential rates and interim rates, interest and fees on instalment arrangements and interest on arrears. Amounts receivable from the Western Australian Local Government Grants Commission for untied grants such as the Financial Assistance Grants. Interest revenue received on municipal and reserve investments is allocated to this program.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to ensure a safer community.</p>	Provision of community safety through ranger services and equitable parking management services including registering and impounding of cats and dogs. Revenue allocated to this program includes cat and dog registrations, infringements, fees and charges and prosecutions.
<p>HEALTH To provide an operational framework for good community health.</p>	Administration, inspection and operation of programs concerned with the general health of the community through the environmental health area. Revenues and expenses relating to regulation and monitoring of food premises including food sample analysis and noise complaints.
<p>EDUCATION AND WELFARE To assist in meeting the education needs of the community.</p>	Administration, support and operation of services for children, youth, seniors and persons with a disability. Provision of community development programs such as community grant
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	Administration and operation of the refuse collection and disposal services. Provision of programs for the management and protection of the environment including the Grow it local program. The administration of strategic town planning schemes, planning applications and associated land issues.
<p>RECREATION AND CULTURE To establish and manage facilities for the well-being of the community.</p>	Administration and operation of the community halls, recreation centres (Aqualife and Leisurelife), parks, sporting facilities and Libraries. Provision of heritage and community programs and events such as Anzac Day Citizenship ceremonies, Remembrance day and Summer street party.
<p>TRANSPORT To provide effective infrastructure to the community in the most efficient way.</p>	Administration, maintenance and construction of roads, drainage, footpaths, including road verges, streetscapes, crossovers, road signs, street trees, street signage and street lighting.
<p>ECONOMIC SERVICES To promote the Town and improve its economic base.</p>	The development, promotion, support and research of economic development issues with the community and progression of urban development projects. Provision of building control and swimming pool inspection services. Revenue allocated to this program includes building application, permit / inspection fees and prosecution collections.
<p>OTHER PROPERTY AND SERVICES To provide services required by the community</p>	Provision of administrative, leadership, project management and plant operation services.

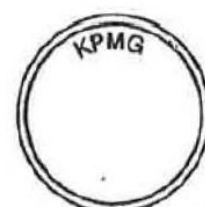


35. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	8.12	1.52	1.44
Asset consumption ratio	0.79	0.55	0.73
Asset renewal funding ratio	1.06	1.06	1.01
Asset sustainability ratio	0.67	0.75	0.62
Debt service cover ratio	2.26	(0.51)	6.07
Operating surplus ratio	(0.04)	(0.19)	0.11
Own source revenue coverage ratio	0.91	0.79	1.07

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



36. ASSOCIATE ENTITY RESTATEMENT AND GUARANTEE PAYMENT

(a) Mindarie Regional Council (MRC) - Prior Period Restatement

The service concession arrangements relates to the 20-year Resource Recovery Facility Agreement (RRFA) with an agreement end date of 2030. Under the agreement the operator has responsibility to manage the facility for the purpose of processing the member council's waste on behalf of MRC. On termination of the agreement MRC will assume all rights and responsibilities in relation to the assets and liabilities of the Service Concession.

MRC adopted AASB 1059 Service Concession Arrangement: Grantors (issued December 2014) on 1 July 2019 resulting in changes to accounting policies. In accordance with transition provisions of AASB 1059, MRC adopted the new rules retrospectively by recognising and measuring service concession assets and related liabilities on 1 July 2019.

The impact of MRC adopting AASB 1059 Service Concession Assets on the Town's Financial Statements is as follows:

	Previously Reported 30 June 2020 \$	Application of AASB 1059 increase \$	Restated 30 June 2020 \$
(a) Changes to the Statement of Comprehensive Income			
Net Share of Interest in Associate	(37,435)	(41,134)	(78,569)
(b) Changes to the Statement of Financial Position			
Investments in associate	9,593,401	(3,324,127)	6,269,274
(c) Changes to Equity			
Retained Surplus as at 1 July 2019	112,011,915	(3,453,345)	108,558,570
Adjustment to revaluation surplus (2020)	444,961,876	170,351	445,132,227
Net result for the year (2020)	(4,225,644)	(41,134)	(4,266,778)

(b) Guarantee Payment

Subsequent to balance sheet date, MRC determined to terminate its arrangement early in relation to RRFA noted above. MRC's early termination payment to the operator was guaranteed by the member councils. On the 24 August 2021 the Town paid its one twelfth proportion amounting to \$7.083M (refer to Note 31). The Town's financial statements as at 30 June 2021 do not incorporate the \$7.083M payout and it will be reported in next year's 2021/22 financial statements.

