

Statement of Comprehensive Income - By Nature and Type

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	26	46,943,703	46,391,068	46,436,093
Grants and Contributions - Operating	2 (a)	4,046,472	3,457,000	1,993,361
Fees and Charges	2 (a)	8,095,719	9,943,930	9,664,339
Service Charges		0	0	52
Interest Earnings	2 (a)	1,042,332	1,255,000	1,563,810
Other Revenue		974,813	447,000	397,478
		61,103,041	61,493,998	60,055,134
Expenses				
Employee Costs		(22,980,033)	(22,336,132)	(22,942,658)
Materials and Contracts		(26,717,753)	(26,718,645)	(19,473,541)
Utility Charges		(1,572,770)	(1,430,000)	(1,620,113)
Depreciation	11	(9,464,247)	(8,037,500)	(9,177,539)
Interest Expense	2 (b)	(258,419)	(205,000)	(292,110)
Insurance		(474,456)	(665,700)	(450,619)
Other Expense		(112,989)	(143,500)	(4,616)
		(61,580,668)	(59,536,477)	(53,961,195)
		(477,627)	1,957,521	6,093,939
Grants and Contributions for Assets				
Grants and Contributions - Non-Operating	2 (a)	6,679,123	8,741,000	1,367,729
		6,679,123	8,741,000	1,367,729
Profit and Loss from Asset Disposal				
Profit on Asset Disposal		34,437	57,600	371,147
Profit on Land Inventory Disposal		504,198	0	545,910
Loss on Asset Disposal		(46,212)	(45,532)	(526,165)
	10	492,423	12,068	390,892
Fair Value Adjustments				
Revaluation decrement on Property Plant and Equipment		(714,912)	0	0
Revaluation decrement on Infrastructure		(10,138,889)		
		(10,853,801)	0	0
Share of Results of investments and financial assets				
Fair value adjustment to financial assets at fair value through profit or loss		1,868	0	(2,985)
Share of loss of equity accounted investees		97,116	0	197,374
		98,984	0	194,389
Net Result for the period		(4,060,898)	10,710,589	8,046,948
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation		(373,660,920)	0	134,096
Total Other Comprehensive Income for the period		(373,660,920)	0	134,096
Total Comprehensive Income for the period		(377,721,818)	10,710,589	8,181,044

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

Statement of Comprehensive Income - By Program

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
General Purpose Funding		49,556,068	48,953,068	49,209,126
Governance		0	0	0
Law, Order and Public Safety		2,342,900	3,163,575	3,071,057
Health		251,169	292,700	297,134
Education and Welfare		147,567	214,100	263,298
Community Amenities		1,217,034	1,202,780	1,267,870
Recreation and Culture		6,232,993	6,430,575	4,446,068
Transport		370,641	287,000	495,405
Economic Services		521,685	402,000	363,702
Other Property and Services		462,984	548,200	641,474
		61,103,041	61,493,998	60,055,134
Expenses excluding Finance Costs				
General Purpose Funding		(1,200,592)	(1,651,318)	(895,661)
Governance		(744,637)	(681,402)	(614,946)
Law, Order and Public Safety		(3,654,797)	(4,365,170)	(4,010,945)
Health		(1,413,124)	(1,572,192)	(1,632,252)
Education and Welfare		(1,666,129)	(1,818,297)	(1,428,122)
Community Amenities		(8,914,131)	(8,894,783)	(8,232,034)
Recreation and Culture		(16,942,670)	(17,743,559)	(16,166,765)
Transport		(13,213,393)	(13,245,860)	(13,269,978)
Economic Services		(7,039,299)	(2,387,378)	(1,785,428)
Other Property and Services		(6,533,478)	(8,318,518)	(5,632,953)
		(61,322,249)	(60,678,477)	(53,669,085)
Finance Costs				
General Purpose Funding		(18,994)	0	0
Law, Order and Public Safety		(23,071)	(38,500)	(52,875)
Recreation and Culture		(82,452)	(89,000)	(128,711)
Economic Services		0	0	(10,534)
Other Property and Services		(133,902)	(77,500)	(99,989)
		(258,419)	(205,000)	(292,110)
Non-operating grants, subsidies and contributions		6,679,123	8,741,000	1,367,729
Profit on disposal of assets		34,437	57,600	371,147
Loss on disposal of assets		(46,212)	(45,532)	(526,165)
Share of profit or loss of land inventory		504,198	0	545,910
Revaluation decrement on Property Plant and Equipment		(714,912)	0	0
Revaluation decrement on Infrastructure		(10,138,889)	0	0
Fair value adjustment to financial assets at fair value through profit or loss		1,868	0	(2,985)
Share of loss of equity accounted investees		97,116	0	197,374
		(4,060,899)	9,363,589	8,046,948
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		(373,660,920)	0	134,096
Total Other Comprehensive Income for the period		(373,660,920)	0	134,096
Total Comprehensive Income for the period		(377,721,819)	9,363,589	8,181,044

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

Statement of Financial Position

	Note	30 June 2020 Actual \$	30 June 2019 Actual \$
Current Assets			
Cash and Cash Equivalents	3 (a)	45,086,829	50,512,621
Trade and Other Receivables	5 (a)	4,203,836	4,008,731
Other Financial Assets	3 (a)	16,000,000	0
Inventories	6 (a)	645,348	540,877
		65,936,013	55,062,229
Non-Current Assets			
Trade and Other Receivables	5 (b)	308,982	354,097
Inventories	6 (b)	492,627	517,971
Property, Plant and Equipment	7	259,169,273	669,420,031
Infrastructure	8	266,523,200	232,703,706
Financial Assets at Fair Value through Profit and Loss	24	36,903	35,035
Investments accounted for using equity method	23	9,593,401	9,790,955
Right of Use Assets	12	150,386	0
		536,274,772	912,821,794
Total Assets		602,210,784	967,884,023
Current Liabilities			
Trade and Other Payables	15	5,446,139	5,720,305
Contract Liability	16	376,463	4,145,290
Lease Liability	12 (b)	64,155	0
Borrowings	17	3,149,536	1,664,220
Employee related Provisions	18	4,293,471	4,229,474
		13,329,764	15,759,289
Non-Current Liabilities			
Lease Liability	12	93,746	0
Borrowings	17	16,785,885	2,188,498
Employee related Provisions	18	494,612	334,677
		17,374,244	2,523,175
Total Liabilities		30,704,008	18,282,465
Net Assets		571,506,776	949,601,558
Equity			
Retained Surplus		94,780,912	112,384,879
Reserves - Cash Backed		45,567,473	32,397,367
Revaluation Surplus	14	431,158,393	804,819,312
		571,506,777	949,601,558

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

Statement of Changes in Equity

	Note	Retained Surplus	Reserves Cash Backed	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
Prior Year Balance					
Balance as at 1 July 2018		107,376,224	31,086,162	802,958,128	941,420,514
Comprehensive income					
Net Result		8,046,948	0	0	8,046,948
Other Comprehensive Income					
Changes on Revaluation of Non-Current Assets		0	0	134,096	134,096
Total Comprehensive Income		8,046,948	0	134,096	8,181,044
Transfer From / (To) Reserves		(1,311,206)	1,311,206	0	0
Transfer on disposals		753,621	0	(753,621)	0
Adjustment to Revaluation Surplus		(2,480,709)	0	2,480,709	0
Balance as at 30 June 2019		112,384,879	32,397,368	804,819,312	949,601,558
Change in accounting policy	38	(372,964)	0	0	(372,964)
Restated total Equity as at 30 June 2019		112,011,915	32,397,368	804,819,312	949,228,594
Current Year Balance					
Balance as at 01 July 2019		112,011,915	32,397,368	804,819,312	949,228,594
Comprehensive income					
Net Result		(4,060,898)	0	0	(4,060,898)
Other Comprehensive Income					
Changes on Revaluation of Non-Current Assets	14	0	0	(373,660,920)	(373,660,920)
Total Comprehensive Loss		(4,060,898)	0	(373,660,920)	(377,721,818)
Transfer From / (To) Reserves		(13,170,106)	13,170,106	0	(0)
Balance as at 30 June 2020		94,780,912	45,567,473	431,158,392	571,506,777

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

Statement of Cash Flows

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates	26	46,097,265	46,391,068	45,659,220
Grants and Contributions - Operating	2 (a)	4,046,472	3,457,000	1,993,361
Fees and Charges		9,005,765	9,943,930	13,061,801
Service Charges		8,514	0	0
Interest Earnings		1,042,332	1,255,000	1,563,810
Goods and Services Tax		3,687,654	2,000,000	1,892,643
Other Revenue		974,813	447,000	260,708
		64,862,816	63,493,998	64,431,543
Payments				
Employee Costs		(22,696,189)	(22,336,132)	(23,123,065)
Materials and Contracts		(31,341,513)	(26,794,177)	(16,848,155)
Utility Charges		(1,572,770)	(1,400,000)	(1,620,113)
Interest Expense		(258,419)	(205,000)	(292,110)
Insurance		(474,456)	(665,700)	(450,620)
Goods and Services Tax		(3,687,654)	(2,000,000)	(2,659,263)
Other Expense		(14,005)	(143,500)	(4,616)
		(60,045,007)	(53,544,509)	(44,997,942)
Net Cash Provided by Operating Activities	19	4,817,809	9,949,489	19,433,602
Cash Flows from Investing Activities				
Property, Plant and Equipment Payments		(3,645,039)	(5,236,450)	(6,160,437)
Infrastructure Payments		(13,760,131)	(20,897,935)	(5,088,749)
Grants and Contributions - Non-Operating	2 (a)	6,679,123	8,741,000	1,367,729
Proceeds from sale of Property Plant and Equipment		192,357	288,000	1,357,154
Return of Member Contributions		250,000	0	333,333
Payments for term deposits		(16,000,000)	0	0
Net Cash Provided by / (Used in) Investing Activities		(26,283,690)	(17,105,385)	(8,190,971)
Cash Flows from Financing Activities				
Repayment of Borrowings	17	(2,067,297)	(2,068,499)	(2,369,581)
Payment for Principal Portion of Lease Liabilities	12	(42,613)	0	0
Proceeds from Borrowings	17	18,150,000	0	0
Net Cash Provided by / (Used in) Financing Activities		16,040,090	(2,068,499)	(2,369,581)
Net Increase / (Decrease) in Cash Held		(5,425,792)	(9,224,395)	8,873,050
Cash and Cash Equivalents at Beginning of Year		50,512,621	43,505,733	41,639,572
Cash and Cash Equivalents at End of Year	3 (a)	45,086,829	34,281,338	50,512,621

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

Rate Setting Statement

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating Activities				
Revenue from Operating Activities (excluding Rates)				
General Purpose Funding		3,116,563	2,562,000	3,318,943
Governance		0	0	0
Law, Order and Public Safety		2,346,976	3,164,666	3,077,302
Health		251,169	292,700	297,134
Education and Welfare		147,567	214,100	263,298
Community Amenities		1,217,034	1,202,780	1,268,607
Recreation and Culture		6,232,993	6,437,166	4,773,730
Transport		370,641	334,325	495,405
Economic Services		521,685	402,000	558,091
Other Property and Services		493,345	550,793	677,977
		14,697,973	15,160,530	14,730,486
Expenditure from Operating Activities				
General Purpose Funding		(1,219,585)	(1,651,318)	(895,661)
Governance		(744,637)	(681,402)	(614,946)
Law, Order and Public Safety		(14,531,670)	(4,412,486)	(4,068,620)
Health		(1,413,124)	(1,572,192)	(1,632,252)
Education and Welfare		(1,666,129)	(1,818,297)	(1,428,122)
Community Amenities		(8,914,131)	(8,894,783)	(8,232,034)
Recreation and Culture		(17,030,209)	(17,846,825)	(16,314,527)
Transport		(13,213,393)	(13,245,860)	(13,269,978)
Economic Services		(6,940,315)	(2,397,832)	(1,799,962)
Other Property and Services		(6,585,142)	(8,408,014)	(6,095,881)
		(72,258,334)	(60,929,009)	(54,351,984)
		(57,560,361)	(45,768,479)	(39,621,497)
Non-cash amounts excluded from operating activities		20,086,001	9,372,432	8,579,409
Amount attributable to operating activities	31	20,086,001	9,372,432	8,579,409
Investing Activities				
Purchase Land	7	(7,527)	(71,000)	(3,702,939)
Purchase Buildings	7	(2,228,197)	(2,606,400)	(1,249,848)
Purchase Furniture and Equipment	7	(150,012)	(183,400)	(139,566)
Purchase Plant and Machinery	7	(776,394)	(1,265,000)	(578,496)
Purchase Information Technology	7	(482,909)	(1,110,650)	(489,587)
Construction of Infrastructure - Roads	8	(3,995,994)	(6,217,360)	(2,528,128)
Construction of Infrastructure - Drainage	8	(315,389)	(497,700)	(171,538)
Construction of Infrastructure - Pathways	8	(1,500,427)	(2,225,055)	(230,022)
Construction of Infrastructure - Parks / Reserves	8	(6,747,122)	(10,816,820)	(1,883,708)
Construction of Infrastructure - Other	8	(1,201,199)	(1,141,000)	(275,353)
Proceeds from Disposal of Assets	10	192,357	288,000	1,357,154
Return of Member Contribution from Tamala Park		250,000	0	333,333
Non-Operating Grants, Subsidies and Contributions	2 (a)	6,679,123	8,741,000	1,367,729
Amount attributable to investing activities		(10,283,690)	(17,105,385)	(8,190,971)

Town of Victoria Park
For the year ended 30 June 2020

Rate Setting Statement (continued)

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Financing Activities				
Debenture Repayments		(2,067,298)	(2,068,499)	(2,369,582)
Payment for principal portion of lease liabilities		(42,613)	0	0
Transfers to Reserves		(24,155,190)	(3,516,000)	(5,828,606)
Transfers from Reserves		10,985,084	6,276,000	4,517,400
New Debenture Proceeds		18,150,000	0	0
Amount attributable to financing activities		2,869,984	691,501	(3,680,787)
		(44,888,066)	(52,809,931)	(42,913,846)
Add Surplus / (Deficit) July 1 B/Fwd		8,196,828	6,418,862	4,539,000
Less Surplus / (Deficit) June 30 C/Fwd		10,252,466	0	8,061,246
Amount Required to be Raised from Rates	26	(46,943,704)	(46,391,068)	(46,436,092)

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

2 Revenues and Expenses

REVENUE AND INCOME RECOGNITION POLICY

Recognition of revenue and income is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and income 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	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 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 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

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

2 Revenues and Expenses (continued)

REVENUE RECOGNITION POLICY

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	Revenue recognition
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund 80% if cancelled after hire	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	Revenue recognised when booking is done.
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

2 Revenues and Expenses

	2020 Actual \$	2019 Actual \$
(a) Fees and Charges		
General Purpose Funding	352,820	345,335
Law, Order and Public Safety	2,067,603	2,594,960
Health	235,570	281,617
Education and Welfare	140,280	247,924
Community Amenities	1,181,947	1,204,066
Recreation and Culture	3,276,513	4,402,084
Transport	199,107	129,582
Economic Services	476,634	330,901
Other Property and Services	165,244	127,871
	8,095,719	9,664,339

Grants and Contribution Revenue

By Nature or Type

Grants and Contributions - Operating	4,046,472	1,993,361
Grants and Contributions - Non-Operating	6,679,123	1,367,729
	10,725,595	3,361,090

By Program

General Purpose Funding	1,204,876	1,162,477
Law, Order and Public Safety	86,728	423,307
Health	0	105
Education and Welfare	0	11,340
Recreation and Culture	6,786,697	29,100
Transport	1,682,170	1,732,516
Economic Services	1,636	0
Other Property and Services	963,488	2,245
	10,725,595	3,361,090

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.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

2 Revenues and Expenses (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
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	46,943,703	46,108,879	46,436,093
Service charges	0	0	52
Statutory permits and licences	497,220	416,500	353,415
Fines	1,061,328	1,392,498	1,400,957
Assets and services acquired below fair value			
Contributed low value assets	359,290	0	0
Other Revenue			
Reimbursements and Recoveries	529,459	627,654	388,817
Other	445,591	48,909	8,661
	975,049	676,563	397,478
Interest Earnings			
Investments - Reserve Funds	276,592	351,500	542,514
Investments - Other Funds	276,378	450,000	526,949
Interest - Rates	482,191	442,000	481,611
Other Interest Revenue	7,172	11,500	12,736
	1,042,332	1,255,000	1,563,810

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

(b) Expenses

	Note	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Auditors remuneration				
Audit of the Annual Financial Report		42,000	74,000	33,521
Other services				
Interest expenses (finance costs)				
Borrowings	17	239,425	205,000	292,110
Lease liabilities	12	18,994	0	0
Other Expenditure				
Impairment loss on trade and other receivables	35	49,500	0	345,563

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

3 Cash and Cash Equivalents and Other Financial Assets

	Note	2020 Actual \$	2019 Actual \$
(a) Cash and Cash Equivalents			
Cash at bank		45,078,644	50,503,616
Cash on Hand		8,185	9,005
		45,086,829	50,512,621
(b) Other Financial Assets			
Term Deposits		16,000,000	0
		16,000,000	50,512,621

(c) Restricted Cash and Cash Equivalents and Other Financial Assets

The following funds have restrictions on them 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		29,943,936	36,542,657
- Financial assets at amortised cost		16,000,000	0
		45,943,936	36,542,657

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

Reserves - cash or term deposits backed	4	45,567,473	32,397,367
Contract liabilities from contracts with customers	16	138,463	127,550
Unspent grants, subsidies and contributions	16	238,000	4,017,740
Total restricted assets		45,943,936	36,542,657

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.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

4 Reserves - Cash Backed

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

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

	Anticipated Date of Use	2020 Actual \$	2020 Budget \$	2019 Actual \$
Building Renewal				
<i>To provide funds to assist with acquisition, construction, upgrading or replacement of buildings in the Town.</i>				
Opening Balance		521,433	487,366	487,366
Transfer to Reserve - Municipal Funds		1,008,598	25,000	25,000
Transfer to Reserve - Interest Earnings		4,452	13,000	9,067
Transfer from Reserve		0	0	0
	Ongoing	1,534,483	525,366	521,433

Community Art

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

Opening Balance		727,269	689,443	689,443
Transfer to Reserve - Municipal Funds		75,000	25,000	25,000
Transfer to Reserve - Interest Earnings		6,209	18,000	12,826
Transfer from Reserve		(150,000)	(25,000)	0
	Ongoing	658,478	707,443	727,269

COVID-19 Recovery Reserve

To be used to assist in funding recovery initiatives related to COVID-19.

Opening Balance		0	689,443	0
Transfer to Reserve - Municipal Funds		500,000	25,000	0
Transfer to Reserve - Interest Earnings		0	18,000	0
Transfer from Reserve		0	(25,000)	0
	Ongoing	500,000	707,443	0

Drainage Renewal

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

Opening Balance		254,715	225,520	225,520
Transfer to Reserve - Municipal Funds		25,000	25,000	25,000
Transfer to Reserve - Interest Earnings		2,175	6,000	4,195
Transfer from Reserve		0	0	0
	Ongoing	281,890	256,520	254,715

Edward Millen Reserve

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

Opening Balance		1,959,453	1,457,678	1,882,335
Transfer to Reserve - Municipal Funds		50,000	50,000	50,000
Transfer to Reserve - Interest Earnings		16,729	37,000	27,118
Transfer from Reserve		(917)	0	0
	Ongoing	2,025,265	1,544,678	1,959,453

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

4 Reserves - Cash Backed (continued)

	Anticipated Date of Use	2020 Actual \$	2020 Budget \$	2019 Actual \$
Furniture and Equipment Renewal				
<i>To be used to fund renewal projects associated with Council's Furniture and Equipment assets</i>				
Opening Balance		635,558	599,407	599,407
Transfer to Reserve - Municipal Funds		25,000	25,000	25,000
Transfer to Reserve - Interest Earnings		5,426	15,000	11,151
Transfer from Reserve		0	0	0
Ongoing		665,984	639,407	635,558

Future Fund

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

Opening Balance		13,442,506	14,384,893	14,384,893
Transfer to Reserve - Municipal Funds		1,550,000	2,500,000	2,500,000
Transfer to Reserve - Interest Earnings		114,765	360,000	267,613
Transfer from Reserve		(500,000)	0	(3,710,000)
Ongoing		14,607,271	17,244,893	13,442,506

Future Projects

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

Opening Balance		3,874,131	1,948,578	4,079,640
Transfer to Reserve - Municipal Funds		100,000	550,000	550,000
Transfer to Reserve - Interest Earnings		33,075	49,000	47,991
Transfer from Reserve		(3,863,600)	(1,802,000)	(803,500)
Ongoing		143,606	745,578	3,874,131

Harold Hawthorne - Carlisle Memorial

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

Opening Balance		166,395	148,630	148,630
Transfer to Reserve - Municipal Funds		15,000	15,000	15,000
Transfer to Reserve - Interest Earnings		1,420	4,000	2,765
Transfer from Reserve		0	0	0
Ongoing		182,816	167,630	166,395

Information Technology

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

Opening Balance		874,112	661,800	661,800
Transfer to Reserve - Municipal Funds		200,000	200,000	200,000
Transfer to Reserve - Interest Earnings		7,463	17,000	12,312
Transfer from Reserve		0	0	0
Ongoing		1,081,575	878,800	874,112

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

4 Reserves - Cash Backed (continued)

	Anticipated Date of Use	2020 Actual \$	2020 Budget \$	2019 Actual \$
Insurance Risk				
<i>To be used for the purpose of meeting the difference between premiums and claims in the event of significant insurance claims.</i>				
Opening Balance		429,314	396,930	396,930
Transfer to Reserve - Municipal Funds		25,000	25,000	25,000
Transfer to Reserve - Interest Earnings		3,665	10,000	7,384
Transfer from Reserve		0	0	0
	Ongoing	457,980	431,930	429,314
Land Asset Optimisation				
<i>To be used to hold proceeds from, and meet expenses towards, Land Asset Optimisation Strategy initiatives.</i>				
Opening Balance		2,183,400	801,300	801,300
Transfer to Reserve - Municipal Funds		0	1,386,000	1,371,092
Transfer to Reserve - Interest Earnings		18,640	21,000	14,908
Transfer from Reserve		(521,611)	0	(3,900)
	Ongoing	1,680,429	2,208,300	2,183,400
Other Infrastructure Renewal				
<i>To be used to fund renewal projects associated with Council's Other infrastructure</i>				
Opening Balance		651,383	614,943	614,943
Transfer to Reserve - Municipal Funds		25,000	25,000	25,000
Transfer to Reserve - Interest Earnings		5,561	16,000	11,440
Transfer from Reserve		(348,460)	(300,000)	0
	Ongoing	333,484	355,943	651,383
Parks Renewal				
<i>To be used to fund renewal projects associated with Council's Parks infrastructure</i>				
Opening Balance		147,811	96,025	96,025
Transfer to Reserve - Municipal Funds		975,500	50,000	50,000
Transfer to Reserve - Interest Earnings		1,262	3,000	1,786
Transfer from Reserve		0	0	0
	Ongoing	1,124,573	149,025	147,811
Pathways Renewal				
<i>To be used to fund renewal projects associated with Council's Pathways infrastructure</i>				
Opening Balance		452,505	419,697	419,697
Transfer to Reserve - Municipal Funds		25,000	25,000	25,000
Transfer to Reserve - Interest Earnings		3,863	11,000	7,808
Transfer from Reserve		(450,000)	(200,000)	0
	Ongoing	31,368	255,697	452,505

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

4 Reserves - Cash Backed (continued)

	Anticipated Date of Use	2020 Actual \$	2020 Budget \$	2019 Actual \$
Plant and Machinery				
<i>To be used to assist in the acquisition and replacement of the Town's plant and machinery.</i>				
Opening Balance		298,945	268,942	268,942
Transfer to Reserve - Municipal Funds		25,000	25,000	25,000
Transfer to Reserve - Interest Earnings		2,552	7,000	5,003
Transfer from Reserve		0	0	0
Ongoing		326,498	300,942	298,945
Renewable Energy				
<i>To assist in investigating and funding renewable energy projects within the District</i>				
Opening Balance		228,032	174,780	174,780
Transfer to Reserve - Municipal Funds		50,000	50,000	50,000
Transfer to Reserve - Interest Earnings		1,947	5,000	3,252
Transfer from Reserve		0	0	0
Ongoing		279,978	229,780	228,032
Roads Renewal				
<i>To be used to fund renewal projects associated with Council's Roads Infrastructure</i>				
Opening Balance		948,039	881,637	881,637
Transfer to Reserve - Municipal Funds		504,500	50,000	50,000
Transfer to Reserve - Interest Earnings		8,094	23,000	16,402
Transfer from Reserve		0	0	0
Ongoing		1,460,633	954,637	948,039
Underground Power				
<i>To assist in the funding of projects associated with the installation of underground power and associated landscaping.</i>				
Opening Balance		3,549,677	3,288,499	3,288,499
Transfer to Reserve - Municipal Funds		18,150,000	3,871,000	200,000
Transfer to Reserve - Interest Earnings		30,305	83,000	61,178
Transfer from Reserve		(4,950,496)	(1,825,000)	0
2020-2021		16,779,487	5,417,499	3,549,677
Urban Forest Strategy				
<i>To assist in funding initiatives associated with the Urban Forest Strategy</i>				
Opening Balance		0	3,288,499	0
Transfer to Reserve - Municipal Funds		469,695	3,871,000	(61,178)
Transfer to Reserve - Interest Earnings		30,305	83,000	61,178
Transfer from Reserve		0	(1,825,000)	0
Ongoing		500,000	5,417,499	0
Waste Management				
<i>To assist in the funding of waste management and waste minimisation initiatives.</i>				
Opening Balance		1,052,688	984,375	984,375
Transfer to Reserve - Municipal Funds		50,000	50,000	50,000
Transfer to Reserve - Interest Earnings		8,987	25,000	18,313
Transfer from Reserve		(200,000)	(250,000)	0
Ongoing		911,675	809,375	1,052,688
Total Reserves				
Opening Balance		32,397,367	32,508,385	31,086,162
Transfer to Reserve - Municipal Funds		23,848,293	12,868,000	5,224,914
Transfer to Reserve - Interest Earnings		306,897	824,000	603,692
Transfer from Reserve		(10,985,084)	(6,252,000)	(4,517,400)
Net transfer from retained Earnings		13,170,106	7,440,000	1,311,206

Closing Balance

45,567,473	39,948,385	32,397,367
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Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

5 Trade and Other Receivables

	Note	2020 Actual \$	2019 Actual \$
(a) Current Assets			
Trade and Other Receivables			
Accrued Revenue		0	31,556
Rates Debtors		2,754,382	1,916,096
ESL Debtors		222,221	165,618
Infringements		862,538	915,625
Sundry Debtors		466,894	1,242,789
Allowance for impairment of receivables		(395,071)	(345,563)
Prepayments		226,027	3,915
Current Underground Power		39,653	48,167
Unclaimed ESL Rates Rebate		3,218	3,331
Unclaimed Pensioner Rates Rebate		23,976	27,199
		4,203,836	4,008,731

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 35.

Classification and subsequent measurement

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

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

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

5 Trade and Other Receivables (continued)

	Note	2020 Actual \$	2019 Actual \$
(b) Non Current Assets			
Rates Debtors		257,250	240,048
ESL Debtors		34,603	30,584
Underground Power Debtors		17,129	83,465
		308,982	354,097

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.

6 Inventories

	2020 Actual \$	2019 Actual \$
(a) Current		
Leisurelife	3,360	4,079
Aqualife	8,210	28,252
Land Held for Sale	633,778	508,546
	645,348	540,877
(b) Non Current		
Land Held for Development	492,627	517,971
	492,627	517,971

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 Sale

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.

Finance costs and holding charges incurred after development is completed are expensed.

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

7 Property, Plant and Equipment

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

	Land	Buildings	Plant and Machinery	Furniture and Equipment	Information Technology	Total
	\$	\$	\$	\$	\$	\$
2018-2019						
<u>Assets Capitalised</u>						
Beginning Balance	595,681,680	65,909,170	2,600,676	1,835,386	1,143,452	667,170,364
Additions	3,702,939	1,396,384	447,546	139,566	202,373	5,888,808
Disposals	(753,620)	0	(284,547)	(302,994)	(158,485)	(1,499,646)
Depreciation Expense	0	(1,579,474)	(349,289)	(378,001)	(316,228)	(2,622,991)
Closing Balance	598,630,999	65,726,080	2,414,387	1,293,957	871,112	668,936,535
<u>Work In Progress</u>						
Beginning Balance	2,982	205,541	0	0	3,346	211,869
Additions	0	54,250	130,950	0	290,560	475,760
Completed and capitalised	0	(200,786)	0	0	(3,346)	(204,132)
Closing Balance	2,982	59,005	130,950	0	290,560	483,497
Total Property Plant and Equip	598,633,981	65,785,085	2,545,337	1,293,957	1,161,671	669,420,032
	Land	Buildings	Plant and Machinery	Furniture and Equipment	Information Technology	Total
	\$	\$	\$	\$	\$	\$
2019-2020						
<u>Assets Capitalised</u>						
Beginning Balance	598,630,999	65,726,080	2,414,387	1,293,957	871,112	668,936,535
Additions	0	1,249,618	653,372	20,989	586,634	2,510,614
Disposals	0	0	(184,669)	(19,464)	0	(204,132)
Revaluation Increase/(Decrease)	(407,306,499)	(2,243,475)	(153,658)	(502,370)	(670,381)	(410,876,383)
Adjustments after revaluation	0	568,525	111,912	129,023	0	809,459
Depreciation Expense	0	(1,631,223)	(391,780)	(429,786)	(362,492)	(2,815,282)
Closing Balance	191,324,500	63,669,525	2,449,563	492,349	424,873	258,360,811
<u>Work In Progress</u>						
Beginning Balance	2,982	59,005	130,950	0	290,560	483,497
Additions	7,527	469,059	142,060	0	143,577	762,223
Completed and capitalised	0	(59,005)	(130,950)	0	(247,301)	(437,256)
Closing Balance	10,509	469,059	142,060	0	186,835	808,464
Total Property Plant and Equip	191,335,009	64,138,585	2,591,623	492,349	611,708	259,169,275

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

7 Property, Plant and Equipment (continued)

Fair Value Measurements as at 30 June 2020

All Property, Plant and Equipment categories were last independently valued as at 30 June 2020

Assets	Level of Valuation Input	Fair Value at 30 June 2020	Valuation Technique(s)	Basis of Valuation	Inputs Used
Property Plant and Equipment					
Land	2	191,324,500	Market Approach	Independent	Price per square metre / market borrowing rate
Total		191,324,500			
Buildings	3	63,669,525	Cost Approach	Independent	Asset condition, legal and commercial obsolescence, residual value and pattern of consumption
Total		63,669,525			
Plant and Machinery	2	1,965,250	Market Approach	Independent	Make, size, year of manufacture, condition, estimated residual value and market values
Plant and Machinery	3	484,313	Cost Approach	Independent	Make, size, year of manufacture, condition, estimated residual value and market values
Total		2,449,563			
Furniture and Equip	3	492,349	Cost Approach	Independent	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Total		492,349			
Information Technology	3	424,873	Cost Approach	Independent	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Total		424,873			
Total Property Plant & Equipment		258,360,811			

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.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

8 Infrastructure

Movements in Carrying Amounts

	Roads	Pathways	Drainage	Parks / Reserve	Other Infra Assets	Total
	\$	\$	\$	\$	\$	\$
2018-2019						
<u>Assets Capitalised</u>						
Beginning Balance	153,917,133	18,635,399	35,115,342	8,975,302	17,053,606	233,696,782
Additions	1,970,598	107,266	149,772	708,540	275,353	3,211,529
Disposals	0	0	0	0	(12,526)	(12,526)
Depreciation Expense	(4,104,613)	(1,204,130)	(468,555)	(358,797)	(418,452)	(6,554,547)
Closing Balance	151,783,118	17,538,535	34,796,559	9,325,045	16,897,981	230,341,238
<u>Work In Progress Movement</u>						
Opening Work in progress	40,444	0	15,533	429,271	0	485,248
Additions	2,528,128	230,022	171,538	1,883,708	275,353	5,088,749
Completed and capitalised	(1,970,598)	(107,266)	(149,772)	(708,540)	(275,353)	(3,211,529)
Closing Work in progress	597,974	122,756	37,299	1,604,439	0	2,362,468
Total Infrastructure	152,381,092	17,661,291	34,833,858	10,929,484	16,897,981	232,703,706
	Roads	Pathways	Drainage	Parks / Reserve	Other Assets	Total
	\$	\$	\$	\$	\$	\$
2019-2020						
<u>Assets Capitalised</u>						
Beginning Balance	151,783,118	17,538,535	34,796,559	9,325,045	16,897,981	230,341,238
Additions	874,950	705,775	21,844	7,243,487	592,544	9,438,600
Disposals	0	0	0	0	0	0
Revaluation Increase/(Decrease)	28,574,507	15,586,705	(123,269)	(8,693,383)	(8,686,360)	26,658,200
Adjustments after revaluation	3,664,693	251,687	330,844	354,076	571,152	5,172,452
Depreciation Expense	(4,059,303)	(1,194,247)	(463,761)	(443,049)	(438,476)	(6,598,837)
Closing Balance	180,837,965	32,888,456	34,562,216	7,786,175	8,936,841	265,011,653
<u>Work In Progress Movement</u>						
Opening Work in progress	597,974	122,756	37,299	1,604,439	0	2,362,468
Additions	54,325	543,447	0	750,955	37,503	1,386,230
Completed and capitalised	(597,974)	(1,311)	(37,299)	(1,600,566)	0	(2,237,150)
Closing Work in progress	54,325	664,892	0	754,828	37,503	1,511,548
Total Infrastructure	180,892,290	33,553,347	34,562,216	8,541,003	8,974,344	266,523,200

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 level 3 inputs.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

8 Infrastructure (continued)

Fair Value Measurements as at 30 June 2020

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

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

Assets	Level of Valuation Input	Fair Value at 30 June 2020	Valuation Technique(s)	Basis of Valuation	Inputs Used
Roads	3	180,837,965	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Pathways	3	32,888,456	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Drainage	3	34,562,216	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Parks	3	7,786,175	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
Other Infrastructure *	3	8,936,841	Cost Approach	Independent	Construction costs and current condition, residual values and remaining useful life assessments
		265,011,653			

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

Valuation Technique(s)

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

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

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

9 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 no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Town includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of fixed assets is determined at least once every three to five years in accordance with the regulatory framework, or when Council is of the opinion that the fair value of an asset is materially different from its carrying amount. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008.

This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

For the year ended 30 June 2020

10 Disposal of Assets

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit (Loss)	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit (Loss)
Land	0	0	0	753,620	1,081,282	327,662
Plant and Machinery	184,669	184,944	275	284,547	275,115	(9,431)
Furniture and Equipment	19,464	7,413	(12,050)	302,994	756	(302,237)
Information Technology				158,485	0	(158,485)
Other infrastructure						
	204,132	192,357	(11,775)	1,499,645	1,357,153	(142,492)

The following assets were disposed of during the year:

Details and Asset ID	Net Book Value		Sale Price		Profit / (Loss)	
	2020 Actual \$	2020 Budget \$	2020 Actual \$	2020 Budget \$	2020 Actual \$	2020 Budget \$
Plant and Machinery						
Motor Vehicle - Plant 334	5,909	5,909	9,373	7,000	3,464	1,091
Motor Vehicle - Plant 346	10,909	10,909	10,964	15,000	55	4,091
Motor Vehicle - Plant 388	10,455	10,454	11,645	8,000	1,191	(2,454)
Motor Vehicle - Plant 393	11,364	11,363	12,782	8,000	1,418	(3,363)
Motor Vehicle - Plant 395	11,091	11,090	10,055	10,000	(1,036)	(1,090)
Motor Vehicle - Plant 396	11,364	11,363	13,678	7,000	2,314	(4,363)
Motor Vehicle - Plant 415	15,877	22,448	19,600	25,000	3,723	2,552
Motor Vehicle - Plant 441	24,809		10,622		(14,187)	0
Motor Vehicle - Plant 399	0	18,454	0	8,000		(10,454)
Motor Vehicle - Plant 438	0	22,407	0	25,000	0	2,593
Major Fleet-Sweeper - Plant 39	0	22,727	0	55,000	0	32,273
Major Fleet-Sweeper - Plant 341	64,000	64,000	79,370	75,000	15,370	11,000
Major Fleet-Sweeper - Plant 280	0	41,224	0	30,000	0	(11,224)
Minor Plant - Trailer 173	0	0	612	500	612	500
Minor Plant - Trailer 176	0	0	877	500	877	500
Minor Plant - Trailer 178	0	0	0	500	0	500
Minor Plant - Trailer 251	15,020	19,996	877	8,000	(14,143)	(11,996)
Minor Plant - Trailer 171	0	0	0	500	0	500
Minor Plant - Mower 234	325		1,935		1,610	0
Minor Plant - Mower 281	0	3,588	0	3,000	0	(588)
Low Value	3,547	0	2,556	2,000	(991)	2,000
Furniture and Equipment						
Aqualife - Gym equipment	15,752	0	2,293		(13,458)	0
Leisurelife - Gym equipment	3,712	0	5,120		1,408	0
	204,132	275,932	192,357	288,000	(11,775)	12,068

(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.

	2020 Actual \$	2019 Actual \$
Buildings	474,500	0
Furniture and Equipment	25,130	0
	499,630	0

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

11 Depreciation

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Depreciation				
Buildings	7	1,631,223	1,015,000	1,579,474
Furniture and Equipment	7	429,786	103,500	378,001
Plant and Machinery	7	391,780	296,500	349,289
Information Technology	7	362,492	323,500	316,228
Roads	8	4,059,303	3,910,500	4,104,613
Drainage	8	463,761	353,500	468,555
Pathways	8	1,194,247	775,000	1,204,130
Parks / Reserves	8	443,049	565,000	358,797
Other Infrastructure *	8	438,476	695,000	418,452
Right of Use Asset	12	50,129	0	0
		9,464,247	8,037,500	9,177,539

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

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated / amortised 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:

Buildings	20 to 100 years
Furniture and Equipment	10 to 40 years
Plant and Machinery	15 to 25 years
Information Technology	7 to 30 years
Roads - Formation	not depreciated
Roads - Pavement	60 to 80 years
Roads - Surface	20 to 25 years
Footpaths	15 to 45 years
Drainage	50 to 80 years
Parks	10 to 80 years
Other Assets	20 to 100 years
Right of Use (Information technology)	Based on the remaining lease

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

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

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

12 Leases

(a) Right of Use Assets

Movement in the carrying amounts of each class of right of use asset (ROU) between the beginning and the end of the current financial year.

	Actual 2020	Actual 2019
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	200,514	0
Depreciation (expense)	(50,129)	0
	150,386	0
Cash outflow from leases		
Interest expense on lease liability	18,994	0
Lease principal	42,613	0
	61,608	0

The lease recognised as a Right of use asset above relates to the leasing of the multifunctional printers for a period of 4 years.

(b) Lease Liabilities

Current	64,155	0
Non-Current	93,746	0
	157,901	0

Movement in Carrying Amount in lease liabilities

Purpose	Lease Number	Term	Interest Rate %	Actual Lease	30 June 2020	30 June 2020	30 June 2020	30 June 2020	
				Principal 1 July 2019 \$	New Leases \$	Principal Repayment \$	Principal Outstanding \$	Interest Expense \$	
General Purpose Funding									
Printers	E6N0162072	48 months	1.16%	200,514	0	42,613	157,901	18,994	
Other expenses and income relating to leases								2020	2019
Low value asset lease payments recognised as expense								66,640	0

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.

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.

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.

13 Intangibles

The Town did not hold any recognised intangible assets as at 30 June 2020 (2019: Nil).

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

14 Revaluation Surplus

	2020 Actual \$	2019 Actual \$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
Land		
Opening Balance	579,841,366	580,594,986
Revaluation Write Back on Disposal	0	(753,620)
Revaluation Decrement	(407,306,499)	0
Closing Balance	172,534,867	579,841,366
Buildings		
Opening Balance	36,515,879	36,515,879
Revaluation Decrement	(2,243,475)	0
Closing Balance	34,272,404	36,515,879
Information Technology		
Opening Balance	611,497	611,497
Revaluation Decrement	(611,497)	0
Closing Balance	0	611,497
Roads		
Opening Balance	133,956,610	133,956,610
Revaluation Increment	28,574,507	0
Closing Balance	162,531,117	133,956,610
Pathways		
Opening Balance	13,451,909	13,451,909
Revaluation Increment	15,586,705	0
Closing Balance	29,038,614	13,451,909
Drainage		
Opening Balance	30,502,244	30,502,244
Revaluation Decrement	(123,269)	0
Closing Balance	30,378,975	30,502,244
Other Assets		
Opening Balance	7,240,855	7,240,855
Revaluation Decrement	(7,240,855)	0
Closing Balance	0	7,240,855
Mindarie Regional Council		
Opening Balance	2,698,953	84,148
Revaluation Decrement	(296,538)	134,096
Revaluation Adjustment *	0	2,480,709
Closing Balance	2,402,415	2,698,953
Opening Balance	804,819,311	802,958,128
Revaluation Increment	44,161,213	134,096
Revaluation Decrement	(417,822,132)	0
Revaluation Adjustment	0	2,480,709
Revaluation Write Back on Disposal	0	(753,621)
Total Asset Revaluation Surplus	431,158,393	804,819,311

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

15 Trade and Other Payables

	Note	2020 Actual \$	2019 Actual \$
Current			
Payroll		264,325	204,413
ESL Liability		88,870	26,971
Trade Creditors		2,430,333	3,606,106
Bonds and Deposits		1,363,720	1,371,639
Payables		74,231	97,294
Prepaid Rates		410,257	0
Accrued Expense		814,403	413,882
		5,446,139	5,720,305

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.

16 Contract Liabilities

	2020 \$	2019 \$
Current		
Contract liabilities from contracts with customers	376,463	4,145,290

Performance obligations from contracts with customers are expected to be recognised as revenue in less than 1 year.

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the Town's obligation to transfer goods or services to a customer for which the Town has received consideration from the customer. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

17 Information on Borrowings

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

Borrowings (Actual) 2020

	Interest Rate	Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June Outstanding \$	Interest Expense \$
Law, Order and Public Safety						
14 Parking Initiative	3.84%	798,561	0	798,561	0	23,071
Recreation and Culture						
04 Aqualife Centre	5.65%	382,684	0	382,684	0	14,992
07 Aqualife Centre II	6.19%	769,051	0	372,809	396,242	37,825
11 Fletcher Park	4.86%	344,827	0	36,216	308,611	16,046
Economic Services						
13 Underground Power (UGP)	4.37%	0	0	0	0	0
15 Underground Power	1.16%	0	18,150,000	0	18,150,000	61,217
Other Property and Services						
02 Depot Land	6.27%	118,969	0	118,969	0	3,748
03 Administration Centre	5.86%	159,787	0	159,787	0	6,140
09 14 Kent Street	7.55%	341,509	0	76,133	265,376	24,264
10 1 Harper Street	6.35%	645,315	0	91,469	553,845	38,532
12 Depot Upgrade	4.86%	292,016	0	30,669	261,347	13,589
		3,852,719	18,150,000	2,067,297	19,935,420	239,425

Borrowings (Budget) 2020

	Interest Rate	Principal 1 July \$	New Loans \$	Principal Repayment \$	Principal 30 June Outstanding \$	Interest Expense \$
Law, Order and Public Safety						
14 Parking Initiative	3.84%	798,562	0	798,562	0	38,500
Recreation and Culture						
04 Aqualife Centre	5.65%	382,682	0	382,682	0	16,500
07 Aqualife Centre II	6.19%	769,051	0	372,998	396,053	42,000
11 Fletcher Park	4.86%	344,827	0	36,500	308,327	16,500
Economic Services						
13 Underground Power (UGP)	4.37%	0	0	0	0	0
Other Property and Services						
02 Depot Land	6.27%	118,970	0	118,970	0	6,000
03 Administration Centre	5.86%	159,787	0	159,787	0	7,500
09 14 Kent Street	7.55%	341,509	0	76,500	265,009	24,500
10 1 Harper Street	6.35%	645,315	0	91,500	553,815	39,500
12 Depot Upgrade	4.86%	292,016	0	31,000	261,016	14,000
		3,852,719	0	2,068,499	1,784,220	205,000

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

17 Information on Borrowings (continued)

Borrowings (Actual) 2019	Interest Rate	Principal 1 July \$	New Loans \$	Principal Repayment \$	30 June Outstanding \$	Interest Expense \$
Law, Order and Public Safety						
14 Parking Initiative	3.84%	1,567,319	0	768,757	798,561	52,875
Recreation and Culture						
04 Aqualife Centre	5.65%	744,629	0	361,945	382,684	35,801
07 Aqualife Centre II	6.19%	1,119,811	0	350,761	769,051	60,115
11 Fletcher Park	4.86%	379,345	0	34,518	344,827	18,202
Economic Services						
13 Underground Power (UGP)	4.37%	405,082	0	405,082	0	10,534
Other Property and Services						
02 Depot Land	6.27%	230,816	0	111,847	118,969	10,983
03 Administration Centre	5.86%	310,607	0	150,820	159,787	15,159
09 14 Kent Street	7.55%	412,204	0	70,695	341,509	29,710
10 1 Harper Street	6.35%	731,241	0	85,926	645,315	44,137
12 Depot Upgrade	4.86%	321,247	0	29,231	292,016	14,593
		6,222,301	0	2,369,581	3,852,718	292,109

	2020 Actual \$	2019 Actual \$
Current		
Borrowings	3,149,536	1,664,220
	3,149,536	1,664,220
Non-Current		
Borrowings	16,785,885	2,188,498
	16,785,885	2,188,498
Total	19,935,420	3,852,719

New Borrowings

The Town entered into one new Borrowing during the 2019-2020 financial year. The borrowing was to fund the new Under Ground Power Projects.

Unspent Borrowings

	Institution	Date Borrowed	Total Borrowed	Expended Year 2020	Unspent Balance
15 Underground Power	WATC *	13 Mar 2020	18,150,000	(4,952,346)	13,197,654
			18,150,000	(4,952,346)	13,197,654

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 35.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

18 Provisions

	Provision for Annual Leave	Provision for Sick Leave	Provision for Long Service Leave	Total
	\$	\$	\$	\$
Opening Balance as at 01 July 2019	1,946,140	716,429	1,901,582	4,564,151
Additional Provisions made	1,433,318	449,533	305,738	2,188,589
Amounts Used	(1,319,688)	(401,403)	(243,566)	(1,964,657)
Closing Balance as at 30 June 2020	2,059,770	764,559	1,963,754	4,788,083

	2020 Actual \$	2019 Actual \$
Current Employee Benefits Related Provisions		
Employee Annual Leave	2,059,770	1,946,140
Employee Sick Leave	710,330	683,949
Employee Long Service Leave	1,523,371	1,599,385
	4,293,471	4,229,474
Non-Current Employee Benefits Related Provisions		
Employee Sick Leave	54,229	32,480
Employee Long Service Leave	440,383	302,197
	494,612	334,677
Total Employee Benefits Related Provisions	4,788,083	4,564,151

Annual Leave Liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

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

Amounts are expected to be settled on the following basis:

	2020 \$	2019 \$
Less than 12 months after the reporting date	1,215,264	1,148,223
More than 12 months from reporting date	844,506	797,917
	2,059,770	1,946,140

18 Provisions (continued)

Sick Leave Liability

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

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

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

	2020	2019
	\$	\$
Less than 12 months after the reporting date	649,875	608,965
More than 12 months from reporting date	114,684	107,464
	<u>764,559</u>	<u>716,429</u>

Long Service Leave Liability

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

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

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

	2020	2019
	\$	\$
Less than 12 months after the reporting date	589,126	380,316
More than 12 months from reporting date	1,374,628	1,521,265
	<u>1,963,754</u>	<u>1,901,582</u>

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

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

Other long-term employee benefits

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

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

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

Provisions

Provisions are recognised when the Town has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

19 Notes to the Statement of Cash Flows

	2020 Actual \$	2019 Actual \$
(a) Reconciliation of Cash		
For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows -		
Cash and Cash Equivalents	61,086,829	50,512,621
	61,086,829	50,512,621
(b) Reconciliation of Net Cash Provided by Operating Activities to Net Result		
Net Result	(4,060,898)	8,046,947
Non-cash flows in Net result:		
Depreciation	9,464,247	9,177,540
Share of loss of equity accounted investees	13,366	(194,390)
(Profit) / Loss on Sale of Assets	11,775	155,018
(Profit) / Loss from Joint Arrangements	(504,198)	(545,910)
Revaluation decrements on Non Current Assets	10,853,801	0
Changes in Assets and Liabilities		
(Increase) / Decrease in Receivables	(149,991)	(559,599)
(Increase) / Decrease in Inventories	20,761	(22,861)
Increase / (Decrease) in Payables	(4,435,775)	4,908,346
Increase / (Decrease) in Employee Provisions	283,844	(163,762)
Grants and Contributions for Asset Development	(6,679,123)	(1,367,729)
Net Cash from Operating Activities	4,817,809	19,433,602
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft Limit	200,000	200,000
Bank Overdraft at Balance Date	0	0
Credit Card Limit	22,000	22,000
Credit Card at Balance Date	(9,647)	(4,180)
Total Amount of Credit Unused	212,353	217,820

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

20 Total Assets Classified by Function and Activity

	2020	2019
	Actual	Actual
	\$	\$
General Purpose Funding	18,960,882	20,482,351
Governance	769,956	1,270,508
Law, Order and Public Safety	463,413	566,259
Health	83,430	7,084
Education and Welfare	183,014	185,955
Community Amenities	18,430,920	5,805,674
Recreation and Culture	78,093,284	80,284,901
Transport	260,547,552	224,510,178
Economic Services	16,790,383	15,628,080
Other Property and Services	207,887,952	619,143,033
	602,210,785	967,884,023

21 Contingent Liabilities

Mindarie Regional Council - Commitment - Deed of Guarantee

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

The Deed of Guarantee will only crystallise if:

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

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

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

No amount has been provided for in relation to the guarantee (2019: \$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 to the Tamala Park Waste Management Facility site. Among other things, the purpose of the report was to confirm that earlier investigations undertaken 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.

The report notes that groundwater impacts from landfill activities are currently evident in the aquifer immediately beneath the landfill at concentrations above the relevant DWER irrigation or drinking water guidelines. Further testing and analysis is still required to understand the full extent of the offsite impact on potential groundwater contamination.

The MRC has commenced work on the MAR recommendations identified. At this stage, it is not possible to make a reasonable estimate of the financial impact that may arise from possible remedial action.

22 Capital Expenditure Commitments

	2020	2019
Capital expenditure commitments	\$	\$
Carried forward capital works commitments under contract at 30 June	632,016	2,371,635

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

23 Investments Accounted for Under the Equity Method

(a) Interest in Associates

Interest in Associates

Mindarie Regional Council 23 (a)	5,685,075	5,878,911
Tamala Park Regional Council 23 (b)	3,908,325	3,809,341
	9,593,400	9,688,252

(b) 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.

	2020	2019
	\$	\$
Percentage Ownership	8.3%	8.3%
Current Assets	40,659,608	37,247,209
Non-Current Assets	64,690,790	57,938,907
Total Assets	105,350,398	95,186,116
Current Liabilities	8,355,529	7,487,383
Non-Current Liabilities	28,773,967	17,151,807
Total Liabilities	37,129,496	24,639,190
Net Assets (100%)	68,220,902	70,546,926
Town of Victoria Park Share (8.3%)	5,685,075	5,878,911
Revenue	56,192,614	57,951,311
Expenses	(58,208,057)	(56,988,793)
Total	(2,015,443)	962,518
Profit Loss from Ordinary Activities	(310,581)	(55,967)
Net Result	(2,326,024)	906,551
Other Comprehensive Income	0	1,733,869
Total Comprehensive Income (100%)	(2,326,024)	2,640,420
Town of Victoria Park Share (8.3%)*	(193,835)	220,035
*		
Share of Net Results	(91,131)	188,643
Share of Other Comprehensive Income	(102,704)	134,096
Decrease/Increase in Equity Interest	(193,835)	322,739

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

23 Investments Accounted for Under the Equity Method (continued)

(c) 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.

	2020	2019
	\$	\$
Percentage Ownership	8.3%	8.3%
Current Assets	45,517,277	44,320,816
Non-Current Assets	1,757,617	1,723,283
Total Assets	47,274,894	46,044,099
Current Liabilities	345,026	326,286
Non-Current Liabilities	29,968	5,719
Total Liabilities	374,994	332,005
Net Assets (100%)	46,899,900	45,712,094
Town of Victoria Park Share (8.3%)	3,908,325	3,809,341
Revenue	789,822	1,199,674
Expenses	(950,217)	(1,174,073)
Total	(160,395)	25,601
Profit Loss from Ordinary Activities	0	(5,852)
Net Result	(160,395)	19,749
Other Comprehensive Income	0	0
Total Comprehensive Income (100%)	(160,395)	19,749
Town of Victoria Park Share (8.3%)*	(13,366)	1,646
*		
Share of Net Results	(13,366)	1,646
Share of Other Comprehensive Income	112,350	(2,314)
Increase/Decrease in Equity Interest	98,984	(668)

23 Investments Accounted for Under the Equity Method (continued)

SIGNIFICANT ACCOUNTING POLICY

Investments in Associates

The Town is a participate in the Mindarie Regional Council and Tamala Park Regional Council with six other councils namely the Cities of Joondalup, Wanneroo, Stirling, Perth, Vincent and the Town of Cambridge.

An associate is an entity over which the Town has significant influence. Significant influence is the power to participate in the financial operating policy decision of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Town's share of net assets of the associate. In addition, the Town's share of the profit or loss of the associate is included in the Town's profit or loss.

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

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

When the Town's share of losses in an associate equals or exceeds its interest in the associate, the Town discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Town will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

24 Other Financial Assets

WALGA Local Government House Trust

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

Town of Victoria Park. The audit of WALGA Local Government House Trust annual financial report has been completed at the time of preparing the Town's annual financials, therefore the values below are based on audited financials

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

	2020	2019
	\$	\$
Investment in WALGA Local Government House Trust	36,903	35,035
Changes in Equity - Other Financial Assets	2020	2019
	\$	\$
WALGA Local Government House Trust - Share of Net Results	1,868	4,101
Net Movement in Joint Venture and Other Financial Asset Equity Interest	1,868	4,101

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.

25 Financial Ratios

	2020	2019	2018
Current Ratio	1.53	1.44	1.30
Asset Sustainability Ratio	0.84	0.62	0.72
Debt Service Cover Ratio	(0.44)	6.07	4.85
Own Source Revenue Coverage Ratio	0.79	1.07	1.01
Operating Surplus Ratio	(0.19)	0.11	0.10
Asset Consumption Ratio	0.71	0.73	0.75
Asset Renewal Funding Ratio	1.06	1.01	0.99

The above ratios are calculated as follows -

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

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

26 Rating Information

(a) Rates Levied

Rating (Budget) 2020

	Rate in \$ / Minimum	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$
Differential Rates							
Residential	0.0840	12,752	277,721,363	23,328,594	142,502	0	23,471,096
Non-Residential	0.0940	1,614	201,420,096	18,933,489	114,476	0	19,047,965
		14,366	479,141,459	42,262,083	256,978	0	42,519,062
Differential Minimums							
Residential	1,233	2,792	36,728,770	3,442,537	0	0	3,442,537
	1,282	335	3,506,513	429,470	0	0	429,470
Non-Residential							
		3,127	40,235,283	3,872,007	0	0	3,872,007
Total		17,493	519,376,742	46,134,091	256,978	0	46,391,069
Rate Equivalent Payments and Adjustments							0
Specified Area Rates							0
Total							46,391,069

Rating (Actual) 2020

	Rate in \$ / Minimum	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$
Differential Rates							
Residential	0.0840	12,755	277,284,853	23,291,928	538,172	51,928	23,882,028
Non-Residential	0.0940	1,621	201,700,386	18,959,836	233,990	(15,086)	19,178,740
		14,376	478,985,239	42,251,764	772,162	36,842	43,060,768
Differential Minimums							
Residential	1,233	2,793	36,746,340	3,443,769	(20,321)	(1,132)	3,422,316
Non-Residential	1,282	336	3,551,063	430,752	23,563	6,305	460,620
		3,129	40,297,403	3,874,521	3,242	5,173	3,882,936
Total		17,505	519,282,642	46,126,285	775,404	42,015	46,943,704
Rate Equivalent Payments and Adjustments							0
Specified Area Rates							0
Rates paid in Advance							410,257
Total							47,353,961

Specified Area Rates

Town did not raise any Specified Area Rates during the 2019-2020 financial year.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

26 Rating Information (continued)

Rating (Actual) 2019

	Rate in \$ / Minimum	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$
Differential Rates							
Residential	0.0840	12,636	274,509,823	23,058,825	127,234	275	23,186,334
	0.0940	1,605	198,827,831	18,689,816	226,885	73,158	18,989,859
Non-Residential							
		14,241	473,337,654	41,748,641	354,119	73,433	42,176,193
Differential Minimums							
Residential	1,233	2,818	37,084,860	3,474,594	(24,653)	(410)	3,449,531
	1,282	319	3,417,993	408,958	26,479	1,968	437,405
Non-Residential							
		3,137	40,502,853	3,883,552	1,826	1,558	3,886,936
Total		17,378	513,840,507	45,632,193	355,945	74,991	46,063,129
Rate Equivalent Payments and Adjustments							0
Specified Area Rates							372,964
Total							46,436,093

27 Service Charges

Town did not raise any new Service charges during the 2019-2020 financial year.

New Services charges are expected to be raised for the areas of Carlisle North, Victoria Park East and Victoria Park West during the 2021-2022 Financial year.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

28 Rates Related Discounts, Incentives, Concessions and Write-Offs

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

Five payment incentives were offered -

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

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

Package 3: \$1,000 cash

Package 4: \$500 cash

Package 5: \$500 cash

	2020 Actual \$	2019 Actual \$
Written-off rates and rates related fees and charges	2,349	1,535

29 Rates Related Interest and Instalment Charges

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

Instalment Options	Instalment Plan Due Date	Instalment Plan Admin Fee	Instalment Plan Interest Rate	Unpaid / Late Interest Rate
Option 1 - Full amount				
Single full payment	12-Sep-19	Nil	Nil	11%
Option 2 - Four payment instalments				
First Instalment	12-Sep-19	\$0	5.5%	11%
Second Instalment	13-Nov-19	\$ 14.00	5.5%	11%
Third Instalment	17-Jan-20	\$ 14.00	5.5%	11%
Fourth Instalment	19-Mar-20	\$ 14.00	5.5%	11%

	2020 Actual Revenue \$	2020 Budgeted Revenue \$	2019 Actual Revenue \$
Instalment Interest	247,780	260,000	254,860
Late Payment Interest	228,581	175,000	220,158
Waste Debts Interest (Rates)	3,892	2,700	4,117
Charges on instalment plans and arrangements	263,676	270,000	264,292
	743,930	707,700	743,428

30 Employee Numbers

Number of Full-Time Equivalent Employees at Balance Date	190	173
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Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

31 Rate Setting Statement Information

	2019/20 (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2019/20 (30 June 2019 Carried Forward)
Note	\$	\$	\$
(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 Financial Management Regulation 32.			
Adjustments to operating activities			
Less: Profit on asset disposals	10	(34,437)	(371,147)
Less: Share of net profit of associates accounted for using the equity method		(448,872)	(740,299)
Movement in pensioner deferred rates (non-current)		45,114	120,642
Movement in employee benefit provisions (non-current)	18	159,935	(133,492)
Add: Loss on disposal of assets	10	46,212	526,165
Add: Loss on revaluation of fixed assets	14	10,853,801	0
Add: Depreciation on non-current assets	11	9,464,247	9,177,539
Non cash amounts excluded from operating activities		20,086,001	8,579,408
(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 Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4	(45,567,473)	(32,397,367)
Less: Current assets not expected to be received at end of year			
- Land held for resale	23	0	(508,546)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	17	3,149,536	1,664,220
- Current portion of lease liabilities	12	64,155	
Total adjustments to net current assets		(42,353,782)	(30,733,147)
Net current assets used in the Rate Setting Statement			
Total current assets		65,936,013	55,062,229
Less: Total current liabilities		(13,329,764)	(16,132,253)
Less: Total adjustments to net current assets		(42,353,782)	(30,733,147)
Net current assets used in the Rate Setting Statement		10,252,466	8,196,828
Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards			
Total current assets at 30 June 2019			55,062,229
- Contract assets			0
Total current assets at 1 July 2019			55,062,229
Total current liabilities at 30 June 2019			(15,759,289)
- Rates paid in advance			(372,964)
Total current liabilities at 1 July 2019			(16,132,253)

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

32 Elected Members' Fees and Allowances

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Mayoral Allowance	62,727	62,727	74,585
Deputy Mayoral Allowance	15,254	15,682	18,646
Members Meeting Fees	206,483	215,393	255,454
Information and Communication Technology Allowance	30,228	31,500	31,500
Members Expenses	0	1,000	0
Members Travel	39	1,970	530
	314,731	328,272	380,714

33 Events after the reporting period

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

34 Major Land Transactions

Tamala Park

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

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

During the financial year ended 30 June 2020, 23 lots of land were settled. The Town received sales proceeds of \$0.7 million and recorded the 1/12th share of associated development and selling costs of \$0.2 million, resulting in a gain on disposal of land of \$0.5 million. This note should also be read in conjunction with Note 23 Investments accounted for under the equity method.

Town's share of current year transactions

	2020 Actual \$	2019 Actual \$
Sale proceeds	753,148	828,217
Cost of goods sold	(248,950)	(282,307)
	504,198	545,910

35 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, other 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 Town under policies approved by Council. Council held the following financial instruments at balance date;

Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	1%	45,086,829	0	45,086,829	0
Financial assets at amortised cost - term deposits	0.87%	9,000,000	9,000,000	0	0
2019					
Cash and cash equivalents	1%	50,512,621	0	50,512,621	0
Financial assets at amortised cost - term deposits	2.41%	0	0	0	0

Sensitivity

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

	2020 Actual \$	2019 Actual \$
Impact of a 1% movement in interest rates on profit and loss and equity*	380,868	505,126

*Holding all other variables constant

35 Financial Risk Management (continued)

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Town manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Town does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17.

Credit Risk

Receivables

Town's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. This risk is managed by monitoring outstanding debt and employing debt recovery policies. Credit risk on rates and annual charges is minimised by the ability to recover these debts as a secured charge over the land - that is, the land can be sold to recover the debt. Whilst the Town was historically able to charge interest on overdue rates at a higher than market rates, which further encourage payment, the effect of COVID-19 needs to be considered. Financial assistance provided to rate payers is expected to adversely affect the Town's cash flow.

The level of outstanding receivables is reported monthly 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 on receivables are based on the payment profiles over a period of 36 months before 1 July 2019 or 1 July 2020. The loss allowance as at 30 June 2020 for rates receivable was determined taking into account the waiver of penalty interest due to the impact of COVID-19. The Town waived interest on outstanding rates from 1 April 2020.

The loss allowance at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

Expected Credit Loss 2020

	Current	30 - 60 days	60-90 days	90+ days	Total
Expected Credit Loss	2.19%	3.36%	5.06%	43.86%	
Gross Carrying Amount	78,713	3,828	33,288	974,310	1,090,140
Loss Allowance	1,724	129	1,684	427,332	430,869
Bad debt written off					(35,888)
Loss Allowance					394,981

Expected Credit Loss 2019

	Current	30 - 60 days	60-90 days	90+ days	Total
Expected Credit Loss	2%	2%	3%	39%	
Gross Carrying Amount	1,310,653	20,588	14,533	812,640	2,158,414
Loss Allowance	28,768	486	444	315,866	345,563

Movement expensed in 2020

49,417

35 Financial Risk Management (continued)

Liquidity Risk

Payables and Borrowings

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

The contractual undiscounted cash flows of Payables and Borrowings are set out in the Liquidity Sensitivity Table as shown below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due Within 1 Year \$	Due Between 1 and 5 Years \$	Due After 5 Years \$	Total Contractual Cash Flows \$	Total Carrying Values \$
2020					
Payables	5,446,139	0	0	5,446,139	5,446,139
Borrowings	3,454,595	11,947,852	5,609,365	21,011,812	19,935,420
Contract liabilities	376,463	0	0	376,463	376,463
Lease liabilities	82,144	102,680	0	184,824	157,901
	9,359,341	12,050,532	5,609,365	27,019,238	25,915,924
2019					
Payables	5,720,305	0	0	5,720,305	5,720,305
Contract liabilities	4,145,290	0	0	4,145,210	4,145,290
Borrowings	1,854,184	2,049,984	424,624	4,328,792	3,852,718
	11,719,779	2,049,984	424,624	14,194,307	13,718,313

Fair Values - Loan disclosure

The fair value of financial assets and financial liabilities naturally appreciated their carried value at 30 June 2020 and 30 June 2019.

36 Related Party Transactions

Key Management Personnel (KMP) Compensation Disclosure

	2020	2019
	\$	\$
The total of remuneration of KMP of the Town during the year are as follows:		
Short-term employee benefits	4,814,084	4,022,923
Post-employment benefits	693,533	604,624
Other long-term benefits	174,120	30,635
Termination benefits	150,074	144,111
	5,831,811	4,802,293

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accrued during the year.

Termination benefits

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

Related Parties

The Town's main related parties are as follows:

Key management personnel

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

Entities subject to significant influence by the Town

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

Other Related Parties

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

Investments accounted for under the equity method

The Town has a one-twelfth interest in the Tamala Park and Mindarie Regional Council Joint Ventures. The interest in these entities is accounted for in these financial statements using the equity method of accounting. For details of interests held in these entities, refer to Note 23.

37 Related Party Transactions

Transactions with related parties

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

The following transactions occurred with related parties

	2020	2019
	\$	\$
Sale of goods and services	4,001	0
Purchase of goods and services	0	735
Sponsorships	74,751	0
Investments		
Distributions received from investments	250,000	333,333
Amounts outstanding from related parties:		
Trade and other receivables	732	1,230

38 Initial Application of Australian Accounting Standards

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

AASB 15: Revenue from Contracts with Customers

The Town adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Town adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount	Re- classification	AASB 15 carrying amount
Note	30 June 2019		01 July 2019
Contract Assets	0	0	0
Contract liabilities - current			
Contract liabilities from contracts with customers	4,145,290	0	4,145,290
Adjustment to retained surplus from adoption of AASB 15		0	

AASB 1058: income for Not-For-Profit Entities

The Town adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Town adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004:
Contributions before the change:

	AASB 1004 carrying amount	Re- classification	AASB 1058 carrying amount
Note	30 June 2019		01 July 2019
	\$	\$	\$
Rates paid in advance	0	(372,964)	(372,964)
Adjustment to retained surplus form adoption of AASB 1058	0	(372,964)	(372,964)

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Town. When the taxable event occurred, the financial liability was extinguished and the Town recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Town to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Town utilises volunteers within the Library service area. These services have not been recognised as it would not have been purchased if not provided voluntarily and the fair value of the services can't be reliably estimated.

There were no other material adjustments arising from the transition to AASB 15 Revenue from Contracts with Customers or AASB 1058 Income for Not-for-Profit Entities.

Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

38 Initial Application of Australian Accounting Standards (continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

	Note	2020 Reported Under AASB 15 & AASB 1058 \$	Adjustment due to AASB 15 & AASB 1058 \$	2020 Compared to AASB 118 & AASB 1004 \$
Statement of Comprehensive Income				
Revenue				
Rates		46,943,703	372,964	47,316,667
Net result		(4,060,898)	372,964	47,316,667
Statement of Financial Position				
Contract assets				
Trade and other payables		5,073,175	3,772,326	1,300,849
Contract liabilities		410,257	410,257	0
Net Assets		5,483,432	4,182,583	1,300,849
Statement of Changes in Equity				
Net result		(4,060,898)	372,964	(3,687,934)
Retained surplus		94,780,912	410,257	94,370,655

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

AASB 16: Leases

The Town adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Town has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Town will not restate comparatives for prior reporting periods.

	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117	246,432
Discount applied using incremental borrowing rate	(45,917)
Lease liability recognised as 1 July 2019 discounted using the Town's incremental borrowing rate of 1.16%	200,514
Lease liability - current	42,613
Lease liability - non-current	157,901
Right of use asset recognised at 1 July 2019	200,514

On adoption of AASB 16, the Town recognised a right of use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. The Town is not required to make any adjustments on transition for leases for which the underlying asset is of low value. 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).

In applying AASB 16 for the first time, the Town will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right of use asset at the date of initial application.

39 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.

39 Other Significant Accounting Policies (continued)

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

40 Activities / Programs

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

Program name and Objective

Activities

Governance

To provide a decision making process for the efficient allocation of scarce resources.

Includes the activities of members of Councils and the administrative support available to the Council for the provision of governance of the district. Other costs relates to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.

General Purpose Funding

To collect revenue to finance Council activities.

Includes the activities of collection rates including differential rates and interim rates, interest and fees on instalment arrangements and interest on arrears. Amounts receivable from the Western Australian Local Government Grants Commission for untied grants such as the Financial Assistance Grants. Interest revenue received on municipal and reserve investments is allocated to this program.

Law, Order and Public Safety

To provide services to ensure a safer community.

Provision of community safety through Ranger services and equitable Parking management services including registering and impounding of cats and dogs. Revenue allocated to this program includes cat and dog registrations, infringements, fees and charges and prosecutions.

Health

To provide an operational framework for good community health.

Administration, inspection and operation of programs concerned with the general health of the community through the Environmental Health area. Revenues and expenses relating to regulation and monitoring of food premises including food sample analysis and noise complaints.

Education and Welfare

To assist in meeting the education needs of the community.

Administration, support and operation of services for children, youth, seniors and persons with a disability. Provision of Community Development programs such as community grant

Community Amenities

To provide services required by the community.

Administration and operation of the refuse collection and disposal services. Provision of programs for the management and protection of the environment including the Grow it local program. The administration of strategic town planning schemes, planning applications and associated land issues.

Recreation and Culture

To establish and manage facilities for the well-being of the community.

Administration and operation of the community halls, recreation centres (Aqualife and Leisurelife), parks, sporting facilities and Libraries. Provision of heritage and community programs and events such as Anzac Day Citizenship ceremonies, Remembrance day and Summer street party.

Transport

To provide effective infrastructure to the community in the most efficient way.

Administration, maintenance and construction of roads, drainage, footpaths, including road verges, streetscapes, crossovers, road signs, street trees, street signage and street lighting.

40 Activities / Programs (continued)

Economic Services

To promote the Town and improve its economic base.

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

Other Property and Services

To provide services required by the community

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