

CATALINA REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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The Catalina Regional Council conducts the operations of a local government with the following community vision:

To create an urban centre of choice, sustainability, community and opportunity.

Principal place of business:
2/369 Scarborough Beach Road
Innaloo WA 6018

**CATALINA REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

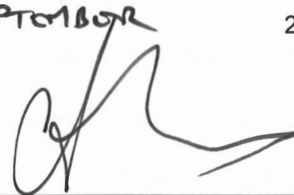
*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

The accompanying financial report of the Catalina Regional Council has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 30th day of SEPTEMBER 2024



Chief Executive Officer

Chris Adams

Name of Chief Executive Officer

**CATALINA REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual	2024 Budget	2023 Actual
		\$	\$	\$
Revenue				
Interest revenue	2(a)	2,502,910	2,115,000	1,249,328
Other revenue	2(a)	8,000	0	27,818
		2,510,910	2,115,000	1,277,146
Expenses				
Employee costs	2(b)	(716,873)	(727,668)	(671,118)
Materials and contracts		(217,984)	(277,100)	(263,554)
Utility charges		0	(5,000)	0
Depreciation	10(a)	(37,053)	(43,932)	(45,082)
Finance costs	2(b)	(2,913)	(2,691)	(3,614)
Insurance		(20,437)	(23,302)	(19,596)
Other expenditure	2(b)	(194,586)	(170,464)	(166,809)
		(1,189,846)	(1,250,157)	(1,169,773)
		1,321,064	864,843	107,373
Loss on asset write off/disposals		0	0	(20,403)
Fair value adjustments to investment property	11	1,235,000	0	915,000
		1,235,000	0	894,597
Net result for the period	22(b)	2,556,064	864,843	1,001,970
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	0	0	(6,353)
Total other comprehensive loss for the period		0	0	(6,353)
Total comprehensive income for the period		2,556,064	864,843	995,617

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



**CATALINA REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	NOTE	2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	22,602,158	12,294,817
Other receivables	6	873,167	553,560
Other financial assets	4(a)	35,076,500	32,014,137
Other assets	8	42,995	10,800
TOTAL CURRENT ASSETS		58,594,820	44,873,314
NON-CURRENT ASSETS			
Right-of-use assets	10(a)	91,864	125,157
Investment property	11	3,750,000	2,515,000
TOTAL NON-CURRENT ASSETS		3,841,864	2,640,157
TOTAL ASSETS		62,436,684	47,513,471
CURRENT LIABILITIES			
Trade and other payables	12	564,622	497,176
Lease liabilities	10(b)	37,365	35,214
Employee related provisions	13	26,129	27,532
TOTAL CURRENT LIABILITIES		628,116	559,922
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	59,843	93,832
Employee related provisions	13	29,019	19,795
TOTAL NON-CURRENT LIABILITIES		88,862	113,627
TOTAL LIABILITIES		716,978	673,549
NET ASSETS		61,719,706	46,839,922
EQUITY			
Retained surplus		3,946,951	1,390,887
Member contributions and equity	5	57,772,755	45,449,035
TOTAL EQUITY		61,719,706	46,839,922

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



**CATALINA REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	RETAINED SURPLUS \$	CONTRIBUTED EQUITY \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		388,917	54,120,623	6,353	54,515,893
Comprehensive income for the period					
Net result for the period		1,001,970	0	0	1,001,970
Other comprehensive income for the period	14	0	0	(6,353)	(6,353)
Total comprehensive income for the period		1,001,970	0	(6,353)	995,617
Movement in member contributions	5	0	(8,671,588)	0	(8,671,588)
Balance as at 30 June 2023		1,390,887	45,449,035	0	46,839,922
Comprehensive income for the period					
Net result for the period		2,556,064	0	0	2,556,064
Total comprehensive income for the period		2,556,064	0	0	2,556,064
Movement in member contributions	5	0	12,323,720	0	12,323,720
Balance as at 30 June 2024		3,946,951	57,772,755	0	61,719,706

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



**CATALINA REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest revenue		2,502,910	1,249,328
Goods and services tax received		29,798	33,909
Other revenue		8,000	65,678
		2,540,708	1,348,915
Payments			
Employee costs		(714,680)	(646,334)
Materials and contracts		(233,712)	(114,157)
Finance costs		(2,783)	(3,499)
Insurance paid		(20,437)	(19,596)
Goods and services tax paid		(27,104)	(29,934)
Other expenditure		(194,586)	(166,809)
		(1,193,302)	(980,329)
Net cash provided by operating activities	15(b)	1,347,406	368,586
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments for) proceeds from financial assets at amortised cost		(3,062,363)	4,131,557
Net cash (used in) provided by investing activities		(3,062,363)	4,131,557
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for principal portion of lease liabilities Payments for land development	24	(35,728)	(32,953)
		(38,186,908)	(26,311,737)
Payments for member contributions		(27,505,073)	(20,408,107)
Proceeds from member contributions		77,750,007	38,237,125
Net cash provided by (used in) financing activities		12,022,298	(8,515,672)
Net increase (decrease) in cash held		10,307,341	(4,015,529)
Cash at beginning of year		12,294,817	16,310,346
Cash and cash equivalents at the end of the year	15(a)	22,602,158	12,294,817

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

**CATALINA REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates		0	0	0
Interest revenue		2,502,910	2,115,000	1,249,328
Other revenue		8,000	0	27,818
Fair value adjustments to investment property	11	1,235,000	0	915,000
		3,745,910	2,115,000	2,192,146
Expenditure from operating activities				
Employee costs		(716,873)	(727,668)	(671,118)
Materials and contracts		(217,984)	(277,100)	(263,554)
Utility charges		0	(5,000)	0
Depreciation		(37,053)	(43,932)	(45,082)
Finance costs		(2,913)	(2,691)	(3,614)
Insurance		(20,437)	(23,302)	(19,596)
Other expenditure		(194,586)	(170,464)	(166,809)
Loss on asset write off/disposals		0	0	(20,403)
		(1,189,846)	(1,250,157)	(1,190,176)
Non-cash amounts excluded from operating activities	23(a)	(1,188,593)	43,932	(843,132)
Amount attributable to operating activities		1,367,471	908,775	158,838
INVESTING ACTIVITIES				
Outflows from investing activities				
Right of use assets received - non cash	10(a)	(3,760)	0	(10,968)
Non-cash amounts excluded from investing activities	23(b)	3,760	0	10,968
Amount attributable to investing activities		0	0	0
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from new leases - non cash	24	3,890	0	11,083
		3,890	0	11,083
Outflows from financing activities				
Payments for principal portion of lease liabilities	24	(35,728)	(34,966)	(32,953)
Payments for land development as member contributions	5	(38,186,908)	(27,482,528)	(26,311,737)
Payments of member contributions and equity received	5	(27,182,772)	(20,057,001)	(20,408,107)
Proceeds from member contributions	5	77,693,400	40,078,630	38,048,256
		12,287,992	(7,495,865)	(8,704,541)
Non-cash amounts excluded from financing activities	23(c)	(3,890)	0	(11,083)
Amount attributable to financing activities		12,287,992	(7,495,865)	(8,704,541)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	23(d)	44,348,606	44,366,996	52,894,309
Amount attributable to operating activities		1,367,471	908,775	158,838
Amount attributable to financing activities		12,287,992	(7,495,865)	(8,704,541)
Surplus or deficit after imposition of general rates	23(d)	58,004,069	37,779,906	44,348,606

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

**CATALINA REGIONAL COUNCIL
FOR THE YEAR ENDED 30 JUNE 2024
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CATALINA REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The financial report of the Catalina Regional Council which is a Class 2 local government, comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Investment property - note 11
 - Measurement of employee benefits - note 13

Fair value hierarchy information can be found in note 21

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

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

- *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*

These amendments are not expected to have any material impact on the financial report on initial application.

- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- *AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

2. REVENUE AND EXPENSES

	2024 Actual	2023 Actual
	\$	\$
(a) Revenue		
Interest revenue		
Interest on investment account funds	2,502,910	1,249,328
	<u>2,502,910</u>	<u>1,249,328</u>
Other revenue		
Reimbursements	8,000	27,818
	<u>8,000</u>	<u>27,818</u>
<p>Catalina Regional Council did not have any contracts with customers during the 2024 and 2023 financial years.</p>		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	34,700	29,400
	<u>34,700</u>	<u>29,400</u>
Employee Costs		
Employee benefit costs	695,962	658,617
Other employee costs	20,911	12,501
	<u>716,873</u>	<u>671,118</u>
Finance costs		
Interest and financial charges paid/payable for lease liabilities through profit or loss	2,913	3,614
	<u>2,913</u>	<u>3,614</u>
Other expenditure		
Sundry expenses	194,586	166,809
	<u>194,586</u>	<u>166,809</u>

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank	3,602,158	2,276,124
Term deposits	19,000,000	10,018,693
Total cash and cash equivalents	22,602,158	12,294,817
Held as		
- Unrestricted cash and cash equivalents	3,655,903	1,374,919
- Restricted cash and cash equivalents	18,946,255	10,919,898
	22,602,158	12,294,817

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include 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.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the Regional Council due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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 and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2024	2023
\$	\$
35,076,500	32,014,137
35,076,500	32,014,137
Other financial assets at amortised cost	
Term deposits	
35,076,500	32,014,137
35,076,500	32,014,137
Held as	
- Restricted other financial assets at amortised cost	
15(a) 35,076,500	32,014,137
35,076,500	32,014,137

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

The Regional Council 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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 19.

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

5. MEMBER CONTRIBUTIONS AND EQUITY

	2024 Actual Balance	2024 Budget Balance	2023 Actual Balance
	\$	\$	\$
(a) Town of Victoria Park			
Opening balance	3,787,184	3,697,250	4,509,818
Land development expenses	(3,182,242)	(2,290,211)	(2,192,645)
Proceeds of sale of land	6,474,450	3,339,886	3,170,688
Movement of contributed equity	234,769	(4,750)	(34,009)
Return of contribution	(2,500,000)	(1,666,667)	(1,666,668)
	4,814,161	3,075,508	3,787,184
(b) City of Perth			
Opening balance	3,787,184	3,697,250	4,509,818
Land development expenses	(3,182,242)	(2,290,211)	(2,192,645)
Proceeds of sale of land	6,474,450	3,339,886	3,170,688
Movement of contributed equity	234,769	(4,750)	(34,009)
Return of contribution	(2,500,000)	(1,666,667)	(1,666,668)
	4,814,161	3,075,508	3,787,184
(c) Town of Cambridge			
Opening balance	3,787,184	3,697,250	4,509,818
Land development expenses	(3,182,242)	(2,290,211)	(2,192,645)
Proceeds of sale of land	6,474,450	3,339,886	3,170,688
Movement of contributed equity	234,769	(4,750)	(34,009)
Return of contribution	(2,500,000)	(1,666,667)	(1,666,668)
	4,814,161	3,075,508	3,787,184
(d) City of Joondalup			
Opening balance	7,574,371	7,394,499	9,019,634
Land development expenses	(6,364,485)	(4,580,421)	(4,385,289)
Proceeds of sale of land	12,948,900	6,679,772	6,341,376
Movement of contributed equity	469,538	(9,500)	(68,018)
Return of contribution	(5,000,000)	(3,333,333)	(3,333,332)
	9,628,324	6,151,017	7,574,371
(e) City of Wanneroo			
Opening balance	7,574,371	7,394,499	9,019,634
Land development expenses	(6,364,485)	(4,580,421)	(4,385,289)
Proceeds of sale of land	12,948,900	6,679,772	6,341,376
Movement of contributed equity	469,538	(9,500)	(68,018)
Return of contribution	(5,000,000)	(3,333,333)	(3,333,332)
	9,628,324	6,151,017	7,574,371
(f) City of Vincent			
Opening balance	3,787,184	3,697,250	4,509,818
Land development expenses	(3,182,242)	(2,290,211)	(2,192,645)
Proceeds of sale of land	6,474,450	3,339,886	3,170,688
Movement of contributed equity	234,769	(4,750)	(34,009)
Return of contribution	(2,500,000)	(1,666,667)	(1,666,668)
	4,814,161	3,075,508	3,787,184
(g) City of Stirling			
Opening balance	15,151,557	14,788,998	18,042,083
Land development expenses	(12,728,970)	(9,160,842)	(8,770,579)
Proceeds of sale of land	25,897,800	13,359,542	12,682,752
Movement of contributed equity	939,076	(19,000)	(136,035)
Return of contribution	(10,000,000)	(6,666,667)	(6,666,664)
	19,259,463	12,302,031	15,151,557
Total members contribution	57,772,755	36,906,097	45,449,035
Land development expenses	(38,186,908)	(27,482,528)	(26,311,737)
Proceeds of sale of land	77,693,400	40,078,630	38,048,256
Movement of contributed equity	2,817,228	(57,000)	(408,107)
Return of contributions	(30,000,000)	(20,000,001)	(20,000,000)
Movement in member contributions	12,323,720	(7,460,899)	(8,671,588)
Opening balance	45,449,035	44,366,996	54,120,623
Movement in member contributions	12,323,720	(7,460,899)	(8,671,588)
	57,772,755	36,906,097	45,449,035

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

6. OTHER RECEIVABLES

Current

Member reimbursements receivable
GST receivable

	2024	2023
	\$	\$
	869,496	547,195
	3,671	6,365
	873,167	553,560

MATERIAL ACCOUNTING POLICIES

Member reimbursement receivables

Member reimbursement receivables are amounts receivable from member local governments for the reimbursement of costs incurred on their behalf for the development and sale of their land.

Measurement

Member reimbursement receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days.

Member reimbursement receivables are held with the objective to collect the member cashflows and therefore the Regional Council 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.

Impairment and risk exposure

Information about the impairment of other receivables and their exposure to credit risk and interest rate risk can be found in Note 19.

7. INVENTORIES

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories transferred to Investment property

Balance at end of year

Note	2024	2023
	\$	\$
	0	1,600,000
11	0	(1,600,000)
	0	0

MATERIAL ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. OTHER ASSETS

Other assets - current

Prepayments
Settlement bonds

	2024	2023
	\$	\$
	5,395	0
	37,600	10,800
	42,995	10,800

MATERIAL ACCOUNTING POLICIES

Other current assets

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

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Improvements to leasehold property	Total property, plant and equipment
	\$	\$
Balance at 1 July 2022	36,311	36,311
Disposals	(20,403)	(20,403)
Revaluation increments / (decrements) transferred to revaluation surplus	(6,353)	(6,353)
Depreciation	(9,555)	(9,555)
Balance at 30 June 2023 and 30 June 2024	0	0

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

10. LEASES

(a) Right-of-Use Assets

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

	Note	Right-of-use assets - land and buildings \$	Right-of-use assets Total \$
Balance at 1 July 2022		149,716	149,716
Additions		10,968	10,968
Depreciation		(35,527)	(35,527)
Balance at 30 June 2023		125,157	125,157
Gross balance amount at 30 June 2023		175,836	175,836
Accumulated depreciation at 30 June 2023		(50,679)	(50,679)
Balance at 30 June 2023		125,157	125,157
Additions		3,760	3,760
Depreciation		(37,053)	(37,053)
Balance at 30 June 2024		91,864	91,864
Gross balance amount at 30 June 2024		179,596	179,596
Accumulated depreciation at 30 June 2024		(87,732)	(87,732)
Balance at 30 June 2024		91,864	91,864

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

	2024 Actual \$	2023 Actual \$
Depreciation on right-of-use assets	(37,053)	(35,527)
Finance charge on lease liabilities	(2,913)	(3,614)
Total amount recognised in the statement of comprehensive income	(39,966)	(39,141)
Total cash outflow from leases	(38,641)	(36,567)
(b) Lease Liabilities		
Current	37,365	35,214
Non-current	59,843	93,832
	24	97,208
		129,046

The building lease has a term of 3 years with an extension option of 2 years and a termination option of 6 months. Refer to Note 24 for details of lease liabilities.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Regional Council assess 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 cannot be readily determined, the Regional Council uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a 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.

Details of individual lease liabilities required by regulations are provided at Note 24.

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Right-of-use assets - depreciation

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

**CATALINA REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024**

11. INVESTMENT PROPERTY

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Non-current assets - at fair value				
Carrying balance at 1 July		2,515,000	0	0
Classified as held for sale or disposal - transferred from inventory	7	0	0	1,600,000
Net gain from fair value adjustment		1,235,000	0	915,000
Closing balance at 30 June		3,750,000	0	2,515,000

Investment property is land held with the intention to develop and sell in future years. The land is currently vacant and is not subject to any lease arrangements.

MATERIAL ACCOUNTING POLICIES

Investment property

Investment properties are principally land, held for capital appreciation and is not occupied by the Regional Council.

Investment property is carried at fair value in accordance with the significant accounting policies disclosed at note 9.

Revaluation

In accordance with the regulatory framework, investment properties are required to be revalued whenever required by AASB 140 Investment Property and, in any event, every five years.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment property. The main Level 3 inputs used in the valuation are the recent selling prices of comparable lots in the same location.

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued expenses

	2024	2023
	\$	\$
	355,348	298,741
	7,777	6,922
	15,141	21,624
	120,000	120,000
	66,356	49,889
	564,622	497,176

MATERIAL ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Regional Council becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
Current provisions	\$	\$
Employee benefit provisions		
Annual leave	26,129	27,532
Total current employee related provisions	26,129	27,532
Non-current provisions		
Employee benefit provisions		
Long service leave	29,019	19,795
Total non-current employee related provisions	29,019	19,795
Total employee related provisions	55,148	47,327

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

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

Amounts are expected to be settled on the following basis:	Note	2024	2023
		\$	\$
Less than 12 months after the reporting date		26,129	27,532
More than 12 months from reporting date		29,019	19,795
		55,148	47,327

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Regional Council's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the Regional Council'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 Regional Council'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

Long-term employee benefits provisions 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 Regional Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Regional Council 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.

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

14. REVALUATION SURPLUS

	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation
	\$	\$	\$
Revaluation surplus - Improvements to leasehold property	0	6,353	(6,353)
	0	6,353	(6,353)

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2024 Actual \$	2023 Actual \$
Cash and cash equivalents	3	22,602,158	12,294,817

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	18,946,255	10,919,898
- Financial assets at amortised cost	4	35,076,500	32,014,137
- Investment property	11	3,750,000	2,515,000
		<u>57,772,755</u>	<u>45,449,035</u>

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

Restricted member contributions and equity	5	57,772,755	45,449,035
Total restricted financial assets		<u>57,772,755</u>	<u>45,449,035</u>

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

Net result		2,556,064	1,001,970
Non-cash items:			
Adjustments to fair value of investment property		(1,235,000)	(2,515,000)
Depreciation		37,053	45,082
(Profit)/loss on sale of asset		0	20,403
CPI adjustment to lease repayments		130	115
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		2,694	41,835
(Increase)/decrease in other assets		(32,195)	16,800
(Increase)/decrease in inventories		0	1,600,000
Increase/(decrease) in trade and other payables		10,839	145,369
Increase/(decrease) in employee related provisions		7,821	12,012
Net cash provided by/(used in) operating activities		<u>1,347,406</u>	<u>368,586</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		Not Applicable	Not Applicable
Bank overdraft at balance date		Not Applicable	Not Applicable
Credit card limit		10,000	10,000
Credit card balance at balance date		(1,075)	(5,081)
Total amount of credit unused		<u>8,925</u>	<u>4,919</u>

**CATALINA REGIONAL COUNCIL
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2024**

16. CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the reporting period (2023 : Nil).

17. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects

	2024	2023
	\$	\$
	72,003,000	16,079,434
	72,003,000	16,079,434

The Regional Council has entered into capital commitments as agent for it's members of \$72,003,000 at 30 June 2024 relating to land development.

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

18. RELATED PARTY TRANSACTIONS

(a) Council Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	Note	2024 Actual	2024 Budget	2023 Actual
		\$	\$	\$
Chairman's annual allowance		24,277	20,875	20,565
Chairman's meeting attendance fees		19,165	16,480	16,235
		43,442	37,355	36,800
Deputy Chairman's annual allowance		6,069	5,219	5,141
Deputy Chairman's meeting attendance fees		12,780	10,990	10,824
		18,849	16,209	15,965
All other council member's meeting attendance fees		127,802	109,900	108,240
		127,802	109,900	108,240
	18(b)	190,093	163,464	161,005

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Regional Council during the year are as follows:

	Note	2024 Actual	2023 Actual
		\$	\$
Short-term employee benefits		459,509	429,496
Post-employment benefits		50,335	43,777
Council member costs	18(a)	190,093	161,005
		699,937	634,278

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Regional Council's superannuation contributions made during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**CATALINA REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024**

18. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

	2024 Actual	2023 Actual
	\$	\$
Transactions with members		
Lease payments	38,360	36,452
Land development expenses	(38,186,908)	(26,311,737)
Proceeds from sale of land	77,693,400	38,048,256
Return of contribution	(30,000,000)	(20,000,000)
Amounts outstanding from related parties:		
Trade and other receivables	869,496	547,195
Amounts payable to related parties:		
Trade and other payables	354,407	293,673

Related Parties

The Regional Council's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 18(a) and 18(b)

ii. Entities subject to significant influence by the Regional Council

There were no such entities requiring disclosure during the current or previous year.

**CATALINA REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

19. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other receivables and financial assets	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 Regional Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

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

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Regional Council to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds 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
	%	\$	\$	\$	\$
2024					
Cash and cash equivalents	4.67%	22,602,158	19,000,000	3,188,076	414,082
Financial assets at amortised cost - term deposits	5.30%	35,076,500	35,076,500	0	0
2023					
Cash and cash equivalents	4.64%	12,294,817	10,018,693	2,160,259	115,865
Financial assets at amortised cost - term deposits	4.97%	32,014,137	32,014,137	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.

	2024	2023
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	31,881	21,603

* Holding all other variables constant

**CATALINA REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024**

19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Other Receivables

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

The Regional Council applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from contributions and reimbursements are separated from other receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of other receivables over a period of 36 months before 1 July 2023 or 1 July 2024 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for member reimbursement receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2024					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	661,632	158,541	49,323	0	869,496
Loss allowance	0	0	0	0	0
30 June 2023					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	455,526	83,772	7,897	0	547,195
Loss allowance	0	0	0	0	0

There were no loss allowances provided for trade and other receivables as at 30 June.

Other receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Regional Council, and a failure to make contractual payments for a period of greater than 120 days past due.

**CATALINA REGIONAL COUNCIL
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19. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Regional Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2024</u>	\$	\$	\$	\$	\$
Trade and other payables	549,481	0	0	549,481	549,481
Lease liabilities	39,270	61,016	0	100,286	97,208
	<u>588,751</u>	<u>61,016</u>	<u>0</u>	<u>649,767</u>	<u>646,689</u>
<u>2023</u>					
Trade and other payables	475,552	0	0	475,552	475,552
Lease liabilities	37,905	96,800	0	134,705	129,046
	<u>513,457</u>	<u>96,800</u>	<u>0</u>	<u>610,257</u>	<u>604,598</u>

20. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period. (2023 : Nil).

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21. OTHER MATERIAL 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 Regional Council's operational cycle. In the case of liabilities where the Regional Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

Inventories held for trading are classified as current or non-current based on the Regional Council'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 Regional Council 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 report 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 Regional Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Regional Council contributes are defined contribution plans.

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) Fair value hierarchy

AASB 13 *Fair Value Measurement* 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 Regional Council 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 Regional Council are consistent with one or more of the following valuation approaches:

Market approach

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Regional Council 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.

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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22. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Regional Council operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
General purpose funding To collect interest on investments.	Interest revenue.
Other property and services To monitor and control overheads on operating accounts.	Other unclassified activities.

(b) Income and expenses

	2024 Actual	2023 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
General purpose funding	2,502,910	1,249,328
Other property and services	1,243,000	942,818
Total Income	3,745,910	2,192,146
Expenses		
Governance	(194,571)	(166,496)
Other property and services	(995,275)	(1,023,680)
Total expenses	(1,189,846)	(1,190,176)
Net result for the period	2,556,064	1,001,970
(c) Total Assets		
General purpose funding	58,594,820	44,873,314
Other property and services	3,841,864	2,640,157
	62,436,684	47,513,471

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23. DETERMINATION OF SURPLUS OR DEFICIT

Note	2023/24 (30 June 2024 Carried Forward) \$	2023/24 Budget (30 June 2024 Carried Forward) \$	2022/23 (30 June 2023 Carried Forward) \$
(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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
	0	0	20,403
	130	0	115
9(a),10(a)	37,053	43,932	45,082
Non-cash movements in non-current assets and liabilities:			
	0	0	0
11	(1,235,000)	0	(2,515,000)
	9,224	0	6,268
	0	0	1,600,000
	(1,188,593)	43,932	(843,132)
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
	3,760	0	10,968
	3,760	0	10,968
(c) Non-cash amounts excluded from financing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to financing activities			
	(3,890)	0	(11,083)
	(3,890)	0	(11,083)
(d) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
	37,365	34,966	35,214
10(b)	37,365	34,966	35,214
Net current assets used in the Statement of Financial Activity			
	58,594,820	38,139,438	44,873,314
	(628,116)	(394,498)	(559,922)
	37,365	34,966	35,214
	58,004,069	37,779,906	44,348,606

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24. BORROWING AND LEASE LIABILITIES

Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unit 2, 369 Scarborough Beach Road, Innaloo		150,916	11,083	(32,953)	129,046	3,890	(35,728)	97,208	128,798	0	(34,966)	93,832
Total Lease Liabilities	10(b)	150,916	11,083	(32,953)	129,046	3,890	(35,728)	97,208	128,798	0	(34,966)	93,832

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease Term
Unit 2, 369 Scarborough Beach Road, Innaloo						\$	\$	\$	
Unit 2, 369 Scarborough Beach Road, Innaloo		STIRLI/210937	City of Stirling	2.50%	NA	(2,913)	(2,691)	(3,614)	36
Total Finance Cost Payments	10(a)					(2,913)	(2,691)	(3,614)	