TAMALA PARK REGIONAL COUNCIL

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
Tamala Park Regional Council
PO Box 655
INNALOO
WA 6918

TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Regional Council being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Regional Council at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 5th day of September 2017.

Tony Arias

Tony Arias
Chief Executive Officer

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 $	2017 Budget $	2016 $
Revenue				
Interest earnings	2(a)	1,245,826	959,170	1,435,795
Other revenue		4,940	1,985	5,700
		1,250,766	961,155	1,441,495
Expenses				
Employee costs		(593,777)	(752,311)	(593,993)
Materials and contracts		(193,542)	(492,112)	(138,115)
Utility charges		0	(18,000)	(457)
Depreciation on non-current assets	2(a)	(17,942)	(21,024)	(17,259)
Insurance expenses		(10,227)	(17,756)	(10,152)
Other expenditure		(155,148)	(177,517)	(160,023)
		(970,636)	(1,478,720)	(919,999)
		280,130	(517,565)	521,496
Profit on asset disposals	19	0	1,602	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	(21,651)
Net result		**280,130**	**(515,963)**	**499,845**
Other comprehensive income				
Changes on revaluation of non-current assets	11	0	0	(1,164)
Total other comprehensive income		**0**	**0**	**(1,164)**
Total comprehensive income		**280,130**	**(515,963)**	**498,681**

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

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 $	2017 Budget $	2016 $
Revenue				
General purpose funding		1,245,826	959,170	1,435,795
Other property and services		4,940	1,985	5,700
		1,250,766	961,155	1,441,495
Expenses				
Governance		(155,101)	(177,517)	(158,354)
Other property and services		(815,535)	(1,301,203)	(761,645)
		(970,636)	(1,478,720)	(919,999)
		280,130	(517,565)	521,496
Profit on disposal of assets	19	0	1,602	0
Fair value adjustments to financial assets at fair value through profit or loss	4.	0	0	(21,651)
Net result		**280,130**	**(515,963)**	**499,845**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	11	0	0	(1,164)
Total other comprehensive income		**0**	**0**	**(1,164)**
Total comprehensive income		**280,130**	**(515,963)**	**498,681**

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

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017	2016
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	39,213,368	47,135,952
Trade and other receivables	4	310,892	404,508
TOTAL CURRENT ASSETS		39,524,260	47,540,460
NON-CURRENT ASSETS			
Inventories	5	1,800,000	1,800,000
Property, plant and equipment	6	149,880	131,368
TOTAL NON-CURRENT ASSETS		1,949,880	1,931,368
TOTAL ASSETS		41,474,140	49,471,828
CURRENT LIABILITIES			
Trade and other payables	7	54,337	73,175
Provisions	9	223,745	121,431
TOTAL CURRENT LIABILITIES		278,082	194,606
NON-CURRENT LIABILITIES			
Provisions	9	2,597	56,652
TOTAL NON-CURRENT LIABILITIES		2,597	56,652
TOTAL LIABILITIES		280,679	251,258
NET ASSETS		41,193,461	49,220,570
EQUITY			
Retained surplus		1,636,727	1,356,597
Reserves - cash backed	10	39,550,381	47,857,620
Revaluation surplus	11	6,353	6,353
TOTAL EQUITY		41,193,461	49,220,570

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

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	RETAINED SURPLUS $	CONTRIBUTED EQUITY $	REVALUATION SURPLUS $	TOTAL EQUITY $
Balance as at 1 July 2015		**856,752**	**47,229,995**	**7,517**	**48,094,264**
Comprehensive income					
Net result		499,845	0	0	499,845
Changes on revaluation of assets	11		0	(1,164)	(1,164)
Total comprehensive income		499,845	0	(1,164)	498,681
Members Contributions		0	15,627,625	0	15,627,625
Return of Contribution		0	(15,000,000)	0	(15,000,000)
Balance as at 30 June 2016		**1,356,597**	**47,857,620**	**6,353**	**49,220,570**
Comprehensive income					
Net result		280,130	0	0	280,130
Total comprehensive income		280,130	0	0	280,130
Members Contributions		0	2,692,761	0	2,692,761
Return of Contributions		0	(11,000,000)		(11,000,000)
Balance as at 30 June 2017		**1,636,727**	**39,550,381**	**6,353**	**41,193,461**

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

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual	2017 Budget	2016 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		$	$	$
Receipts				
Interest earnings		1,245,826	959,170	1,422,836
Goods and services tax		25,767	0	143,158
Other revenue		98,347	1,985	6,068
		1,369,940	961,155	1,572,062
Payments				
Employee costs		(543,306)	(752,311)	(547,427)
Materials and contracts		(214,592)	(492,112)	(258,998)
Utility charges		0	(18,000)	(457)
Insurance expenses		(10,227)	(17,756)	(10,152)
Goods and services tax		(25,558)	0	(145,951)
Other expenditure		(155,148)	(177,517)	(160,023)
		(948,831)	(1,457,696)	(1,123,008)
Net cash provided by (used in) operating activities	12(b)	421,109	(496,541)	449,054
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(79,181)	(90,016)	(1,317)
Proceeds from sale of fixed assets		42,727	42,727	0
Net cash provided by (used in) investment activities		(36,454)	(47,289)	(1,317)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of land		19,933,119	31,077,779	38,540,354
Payment for development of land		(16,955,793)	(32,546,354)	(22,602,670)
Contributions returned		(11,284,565)	(11,327,714)	(15,310,059)
Net cash provided by (used In) financing activities		(8,307,239)	(12,796,289)	627,625
Net increase (decrease) in cash held		(7,922,584)	(13,340,119)	1,075,362
Cash at beginning of year		47,135,952	47,135,952	46,060,590
Cash and cash equivalents at the end of the year	12(a)	39,213,368	33,795,833	47,135,952

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

TAMALA PARK REGIONAL COUNCIL
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual $	2017 Budget $	2016 Actual $
Net current assets at start of financial year - surplus/(deficit)		47,345,854	47,345,854	46,155,070
		47,345,854	47,345,854	46,155,070
Revenue from operating activities (excluding rates)				
General purpose funding		1,245,826	959,170	1,435,795
Other property and services		4,940	3,587	5,700
		1,250,766	962,757	1,441,495
Expenditure from operating activities				
Governance		(155,101)	(177,517)	(158,354)
Other property and services		(815,535)	(1,301,203)	(761,645)
		(970,636)	(1,478,720)	(941,650)
Operating activities excluded from budget				
Fair value adjustment to non current assets		0	0	21,651
(Profit) on disposal of assets	19	0	(1,602)	0
Movement in employee benefit provisions (non-current)		(54,055)	0	25,721
Depreciation and amortisation on assets	2(a)	17,942	21,024	17,259
Amount attributable to operating activities		47,589,871	46,849,313	46,719,546
INVESTING ACTIVITIES				
Proceeds from disposal of assets	19	42,727	42,727	0
Purchase of property, plant and equipment	6(b)	(79,181)	(90,016)	(1,317)
Amount attributable to investing activities		(36,454)	(47,289)	(1,317)
FINANCING ACTIVITIES				
Proceeds of sale of member land	10	19,933,119	31,077,779	38,540,354
Return of members contribution and rates equivalent	10	(11,284,565)	(11,327,714)	(15,310,059)
Land development expenses	10	(16,955,793)	(32,546,354)	(22,602,670)
Amount attributable to financing activities		(8,307,239)	(12,796,289)	627,625
Surplus(deficiency) before general rates		39,246,178	34,005,735	47,345,854
Total amount raised from general rates	21	0	0	0
Net current assets at June 30 c/fwd - surplus/(deficit)	22	**39,246,178**	**34,005,735**	**47,345,854**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

All amounts are disclosed in Australian Dollars.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 18 to these financial statements.

(b) 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.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Regional Council commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Regional Council revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control
In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Regional Council 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.

Initial recognition and measurement between mandatory revaluation dates
All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 Tama 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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or

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

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

Computer Equipment	4 years
Furniture and equipment	4 to 10 years
Printers, photocopiers and scanners	5 years
Floorcoverings	8 years
Phones and faxes	6 to 7 years
Plant and equipment	5 to 12 years

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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.

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

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

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

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

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

(h) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Regional Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Tamala Park Regional Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

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

Amortised cost is calculated as:

(a) the amount in which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments and any reduction for impairment; and

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) 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.

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) 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 unsecures, are recognised as a current liability and are normally paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The 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.

(l) 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.

(m) Provisions

Provisions are recognised when the Regional Council 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.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Regional Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. Tamala Park Regional Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

(p) Rates, Grants, Donations and Other Contributions

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

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(q) Superannuation

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

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

The comparative information relating to the Contributed Equity and Retained Surplus has been restated in the current year. Distributions of the retained surplus as previously reported was allocated according to the budget but not actually distributed to the members and as such, retained by the Regional Council. The reclassification has been made to correctly reflect the retained surplus held by the Regional Council for the year ended 30 June 2017.

(u) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods

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

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

	Title	Issued / Compiled	Applicable [1]	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Regional Council, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Regional Council has with those third parties it has dealings dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	January 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Regional Council, the impact is not expected to be significant.

Notes:
[1] Applicable to reporting periods commencing on or after the given date.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title	Issued / Compiled	Applicable [1]	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Regional Council's operations.

Notes:
[1] Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

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

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

(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Regional Council as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

2. REVENUE AND EXPENSES

(a) Net Result

The Net result includes:

(i) Charging as an expense:

	2017 $	2016 $
Auditors remuneration		
- Audit of the Annual Financial Report	8,327	7,736
Depreciation		
Improvements to Leasehold Property	5,539	5,539
Furniture and equipment	3,910	1,915
Plant and equipment	8,493	9,805
	17,942	17,259

(ii) Crediting as revenue:

	2017 Actual $	2017 Budget $	2016 Actual $
Interest earnings			
- Other funds	1,245,826	959,170	1,435,795
	1,245,826	959,170	1,435,795

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Regional Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Council's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION
The Regional Council will endeavour to provide high quality services to the community through the various service orientated prograns which it has established.
Council operations are disclosed in these financial statements encompass the following service orientated activities/programs.

GENERAL PURPOSE FUNDING
Objective:
To collect interest in investments.
Activities:
Interest revenue.

OTHER PROPERTY AND SERVICES
Objective:
To monitor and control council's overheads on operating accounts.
Activities:
Other unclassified activities.

	Note	2017	2016
		$	$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		39,213,368	47,135,952
		39,213,368	47,135,952
4. TRADE AND OTHER RECEIVABLES			
Current			
Sundry debtors		127,267	201,815
GST receivable		2,584	2,793
Accrued Interest		176,241	188,350
Settlement Bonds		4,800	11,550
		310,892	404,508
5. INVENTORIES			
Non-current			
Land Held for resale - Cost of acquisition		1,800,000	1,800,000
		1,800,000	1,800,000

6 (a). PROPERTY, PLANT AND EQUIPMENT

	2017 $	2016 $
Improvements to Leasehold Property at:		
- Management valuation 2016 - level 3	101,260	101,260
Improvements to Leasehold property - Less: accumulated depreciation	(22,156)	(16,617)
	79,104	84,643
Furniture and equipment at:		
- Management valuation 2016- level 3	9,085	9,085
- Additions after valuation - cost	14,165	0
Furniture and equipment - Less: accumulated depreciation	(8,997)	(5,087)
	14,253	3,998
Plant and equipment at:		
- Management valuation 2016 - level 3	0	42,727
- Additions after valuation - cost	65,016	0
Plant and equipment - Less: accumulated depreciation	(8,493)	0
	56,523	42,727
	149,880	131,368

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year $	Additions $	(Disposals) $	Revaluation Increments/ (Decrements) Transferred to Revaluation $	Revaluation (Losses)/ Reversals Through to Profit or Loss $	Impairment (Losses)/ Reversals $	Depreciation (Expense) $	Transfers $	Carrying Amount at the End of Year $
Improvements to Leasehold Property	84,643	0	0	0	0	0	(5,539)	0	79,104
Furniture and equipment	3,998	14,165	0	0	0	0	(3,910)	0	14,253
Plant and equipment	42,727	65,016	(42,727)	0	0	0	(8,493)	0	56,523
Total property, plant and equipment	**131,368**	**79,181**	**(42,727)**	**0**	**0**	**0**	**(17,942)**	**0**	**149,880**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Improvements to Leasehold Property	Level 3	Management	Depreciated replacement cost	June 2016	Level 3 inputs in the fair value hierarchy
Furniture and equipment	Level 3	Management	Observable open market value	June 2016	Level 3 inputs in the fair value hierarchy
Plant and equipment	Level 3	Management	Observable open market value	June 2016	Level 3 inputs in the fair value hierarchy

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

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

	2017 $	2016 $

7. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Sundry creditors	21,211	42,318
Accrued salaries and wages	12,591	10,851
ATO liabilities	14,188	13,716
FBT Liabilities	1,622	1,490
Accrued expenses	4,725	4,800
	54,337	73,175

8. LONG-TERM BORROWINGS

Tamala Regional Council did not have any long term borrowings at the reporting date.

9. PROVISIONS

	Provision for Annual Leave $	Provision for Long Service Leave $	Total $
Opening balance at 1 July 2016			
Current provisions	121,431	0	121,431
Non-current provisions	0	56,652	56,652
	121,431	56,652	178,083
Additional provision	19,984	28,275	48,259
Balance at 30 June 2017	141,415	84,927	226,342
Comprises			
Current	141,415	82,330	223,745
Non-current	0	2,597	2,597
	141,415	84,927	226,342

10. MEMBERS CONTRIBUTIONS

	2017 $	2017 Budget $	2016 $
(a) Town of Victoria Park			
Opening Balance	3,987,901	3,987,901	3,935,599
Land development expenses	(1,412,982)	(2,712,196)	(1,883,556)
Proceeds of sale of member land	1,661,093	2,589,815	3,211,696
Return of contribution	(916,666)	(916,667)	(1,250,000)
Rates equivalent	(23,714)	(27,310)	(25,838)
	3,295,632	2,921,543	3,987,901
(b) City of Perth			
Opening Balance	3,987,901	3,987,901	3,935,599
Land development expenses	(1,412,982)	(2,712,196)	(1,883,556)
Proceeds of sale of member land	1,661,093	2,589,815	3,211,696
Return of contribution	(916,666)	(916,667)	(1,250,000)
Rates equivalent	(23,714)	(27,310)	(25,838)
	3,295,632	2,921,543	3,987,901
(c) Town of Cambridge			
Opening Balance	3,987,901	3,987,901	3,935,599
Land development expenses	(1,412,982)	(2,712,196)	(1,883,556)
Proceeds of sale of member land	1,661,093	2,589,815	3,211,696
Return of contribution	(916,666)	(916,667)	(1,250,000)
Rates equivalent	(23,714)	(27,310)	(25,838)
	3,295,632	2,921,543	3,987,901
(d) City of Joondalup			
Opening Balance	7,975,801	7,975,801	7,871,197
Land development expenses	(2,825,966)	(5,424,392)	(3,767,111)
Proceeds of sale of member land	3,322,186	5,179,630	6,423,392
Return of contribution	(1,833,334)	(1,833,333)	(2,500,000)
Rates equivalent	(47,427)	(54,619)	(51,677)
	6,591,260	5,843,087	7,975,801
(e) City of Wanneroo			
Opening Balance	7,975,801	7,975,801	7,871,197
Land development expenses	(2,825,966)	(5,424,392)	(3,767,111)
Proceeds of sale of member land	3,322,186	5,179,630	6,423,392
Return of contribution	(1,833,334)	(1,833,333)	(2,500,000)
Rates equivalent	(47,427)	(54,619)	(51,677)
	6,591,260	5,843,087	7,975,801

10. MEMBERS CONTRIBUTIONS (continued)

	2017 $	2017 Budget $	2016 $
(f) City of Vincent			
Opening Balance	3,987,901	3,987,901	3,935,599
Land development expenses	(1,412,982)	(2,712,196)	(1,883,556)
Proceeds of sale of member land	1,661,093	2,589,815	3,211,696
Return of contribution	(916,666)	(916,667)	(1,250,000)
Rates equivalent	(23,714)	(27,310)	(25,838)
	3,295,632	2,921,543	3,987,901
(g) City of Stirling			
Opening Balance	15,954,414	15,954,414	15,745,205
Land development expenses	(5,651,933)	(10,848,785)	(7,534,223)
Proceeds of sale of member land	6,644,375	10,359,261	12,846,785
Return of contribution	(3,666,668)	(3,666,667)	(5,000,000)
Rates equivalent	(94,855)	(109,238)	(103,353)
	13,185,333	11,688,985	15,954,414
TOTAL MEMBERS CONTRIBUTIONS	39,550,381	35,061,331	47,857,620
Total Opening balance	47,857,620	47,857,620	47,229,995
Land development expenses	(16,955,793)	(32,546,354)	(22,602,670)
Proceeds of sale of member land	19,933,119	31,077,779	38,540,354
Return of Contribution	(11,000,000)	(11,000,000)	(15,000,000)
Rates equivalent	(284,565)	(327,714)	(310,059)
TOTAL MEMBERS CONTRIBUTIONS	39,550,381	35,061,331	47,857,620

Comparative balances have been restated in accordance with note 1 (t) Comparative information.

11. REVALUATION SURPLUS

	2017 Opening Balance $	2017 Revaluation Increment $	2017 Total Movement on Revaluation $	2017 Closing Balance $	2016 Opening Balance $	2016 Revaluation Decrement $	2016 Closing Balance $
Revaluation surplus - Improvements to leasehold property	6,353	0	0	6,353	6,353	0	6,353
Revaluation surplus - Plant and equipment	0	0	0	0	1,164	(1,164)	0
	6,353	0	0	6,353	7,517	(1,164)	6,353

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

12. 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:

	2017 $	2017 Budget $	2016 $
Cash and cash equivalents	39,213,368	33,795,833	47,135,952

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

	2017 $	2017 Budget $	2016 $
Net result	280,130	(515,963)	499,845
Non-cash flows in Net result:			
Depreciation	17,942	21,024	17,259
(Profit)/Loss on sale of asset	0	(1,602)	0
Loss on revaluation of fixed assets	0	0	3,469
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	93,616	18,350	(15,384)
(Increase)/Decrease in inventories	0	0	18,182
Increase/(Decrease) in payables	(18,838)	(38,375)	(118,563)
Increase/(Decrease) in provisions	48,259	0	44,246
Net cash from operating activities	421,109	(516,566)	449,054

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

The Regional Council did not have any undrawn borrowing facilities at the reporting date.

13. CONTINGENT LIABILITIES

There were no known contingent liabilities at the reporting date.

14. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

	2017 $	2016 $
Payable:		
- not later than one year	35,000	38,986
- later than one year but not later than five years	140,000	0
	175,000	38,986

(b) Capital Expenditure Commitments

The Regional Council did not have any future capital expenditure commitments at the reporting date.

15. JOINT VENTURE ARRANGEMENTS

Tamala Park Regional Council is not involved in any joint venture arrangements.

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	$	$
Governance	0	4,596
Other property and services	149,880	176,747
Unallocated	41,324,260	49,290,485
	41,474,140	49,471,828

17. FINANCIAL RATIOS

	2017	2016	2015
Current ratio	142.13	244.29	157.65
Asset sustainability ratio	1.60	0.08	1.67
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	0.23	0.35	0.35
Own source revenue coverage ratio	1.28	1.56	1.51

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

$$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$$

Debt service cover ratio

$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Operating surplus ratio

$$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

Own source revenue coverage ratio

$$\frac{\text{own source operating revenue}}{\text{operating expenses}}$$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 45 of this document.

18. TRUST FUNDS

The Regional Council holds no funds in trust for other entities.

19. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value $	Actual Sale Proceeds $	Actual Profit $	Actual Loss $	Budget Net Book Value $	Budget Sale Proceeds $	Budget Profit $	Budget Loss $
Plant and Equipment								
Governance								
Motor Vehicle	42,727	42,727	0	0	41,125	42,727	1,602	0
	42,727	42,727	0	0	41,125	42,727	1,602	0

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Regional Council did not have any borrowings during the year ended 30 June 2017.

(b) New Debentures - 2016/17

The Regional Council did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Regional Council did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Regional Council does not have an overdraft facility.

21. RATING INFORMATION - 2016/17 FINANCIAL YEAR

The Regional Council did not impose any rates on property during the reporting period.

22 NET CURRENT ASSETS

Composition of net current assets

	2017 (30 June 2017 Carried Forward) $	2017 (1 July 2016 Brought Forward) $	2016 (30 June 2016 Carried Forward) $
Surplus/(Deficit) 1 July 16 brought forward	39,246,178	47,345,854	47,345,854
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	39,213,368	47,135,952	47,135,952
Receivables			
Sundry debtors	127,267	201,815	201,815
GST receivable	2,584	2,793	2,793
Accrued Interest	176,241	188,350	188,350
Settlement Bonds	4,800	11,550	11,550
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(21,211)	(42,318)	(42,318)
Accrued salaries and wages	(12,591)	(10,851)	(10,851)
ATO liabilities	(14,188)	(13,716)	(13,716)
FBT Liabilities	(1,622)	(1,490)	(1,490)
Accrued expenses	(4,725)	(4,800)	(4,800)
Provisions			
Provision for annual leave	(141,415)	(121,431)	(121,431)
Provision for long service leave	(82,330)	0	0
Unadjusted net current assets	**39,246,178**	**47,345,854**	**47,345,854**
Net current assets - surplus/(deficit)	**39,246,178**	**47,345,854**	**47,345,854**

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

23. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Regional Council during the year ended 2017.

24. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Regional Council during the year ended 2017.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR

The Regional Council did not offer any discounts, provide any concessions or allow any write offs during the reporting period.

26. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

The Regional Council did not impose any interest charges during the reporting period.

27. FEES & CHARGES

There were no fees and changes applied during the reporting period.

28. GRANT REVENUE

The Regional Council did not receive any Grant revenue during the reporting period.

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date	3	3

30. ELECTED MEMBERS REMUNERATION

	2017 $	2017 Budget $	2016 $
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	127,778	132,687	129,262
President's allowance	19,815	19,864	19,570
Deputy President's allowance	4,954	4,966	4,890
	152,547	157,517	153,722

31. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Tamala Park Regional Council during the year are as follows:

	2017 $
Short-term employee benefits	424,827
Post-employment benefits	39,047
Other long-term benefits	39,600
	503,474

Short-term employee benefits
This amount includes 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 30.

Post-employment benefits
This amount is the current-year's estimated cost of providing for the Regional Council's superannuation contributions made during the year.

Other long-term benefits
This amount represents long service benefits accruing during the year.

Termination benefits
This amount represents termination benefits paid to KMP.

31. RELATED PARTY TRANSACTIONS (Continued)

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 elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Regional Council
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.

iii. Joint venture entities accounted for under the equity method
The Regional Council is not involved in any joint venture arrangements.

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.

	2017
The following transactions occurred with related parties during the year:	**$**
Amounts paid to related parties:	
Rent	38,666
The following balances are owing to or by related parties:	
Amounts outstanding from related parties:	
Trade and other receivables	127,267
Amounts payable to related parties:	
Trade and other payables	18,317

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

32. MAJOR LAND TRANSACTIONS

The Regional Council did not participate in any major land transactions during the 2016/17 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Regional Council did not participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.

34. FINANCIAL RISK MANAGEMENT

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

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 area under policies approved by the Council.

The Regional Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	$	$	$	$
Financial assets				
Cash and cash equivalents	39,213,368	47,135,952	39,213,368	47,135,952
Receivables	310,892	404,508	310,892	404,508
	39,524,260	47,540,460	39,524,260	47,540,460
Financial liabilities				
Payables	54,337	73,175	54,337	73,175
	54,337	73,175	54,337	73,175

Fair value is determined as follows:

• Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Regional Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Regional Council.

The Regional Council manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C* . Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	**2016**
	$	**$**
Impact of a 1% [1] movement in interest rates on cash		
- Equity	392,134	507,412
- Statement of Comprehensive Income	392,134	507,412

Notes:

[1] Sensitivity percentages based on management's expectation of future possible market movements.

34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

The Regional Council'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. The The Regional Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Regional Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Regional
ii. Entities subject to significant influence by the Regional Council
which further encourages payment.

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

The Regional Council makes suitable provision for doubtful receivables as required and carries out credit most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Regional Council's credit risk at balance date was:

	2017	2016
Percentage of other receivables		
- Current	43.00%	51.00%
- Overdue	0%	2%

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The 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.

The contractual undiscounted cash flows of the Regional Council's Payables are set out in the Liquidity Sensitivity Table below:

	Due within 1 year $	Due between 1 & 5 years $	Due after 5 years $	Total contractual cash flows $	Carrying values $
2017					
Payables	54,337	0	0	54,337	54,337
	54,337	0	0	54,337	54,337
2016					
Payables	73,175	0	0	73,175	73,175
Borrowings				0	0
	73,175	0	0	73,175	73,175

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TAMALA PARK REGIONAL COUNCIL

Report on the Financial Report

Opinion

We have audited the financial report of Tamala Park Regional Council ("Regional Council"), which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of Tamala Park Regional Council is in accordance with the underlying records of the Council, including:

a) giving a true and fair view of the Regional Council's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Regional Council in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Supplementary Ratio Information

Without modifying our opinion, we draw attention to page 45 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

Other Information

Regional Council is responsible for the other information. The other information comprises the information in the Council's annual report for the year ended 30 June 2017 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Regional Council's Responsibility for the Financial Report

Regional Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Regional Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

- Conclude on the appropriateness of Regional Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Regional Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Regional Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Regional Council did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

In accordance with the Local Government (audit) Regulations 1996, we also report that:

a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Regional Council.

b) The Regional Council substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

c) All information and explanations required were obtained by us.

d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE   CA
Director

Perth
Date: 5 September 2017

TAMALA PARK REGIONAL COUNCIL
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	0.79	0.66	0.80
Asset renewal funding ratio	1.99	1.57	1.96

The above ratios are calculated as follows:

Asset consumption ratio $\dfrac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$

Asset renewal funding ratio $\dfrac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$