TAMALA PARK REGIONAL COUNCIL

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

To create an urban centre for choice, sustainabilty, community and opportunity.

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 2019

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Tamala Park Regional Council for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Tamala Park Regional Council at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 29th day of August 2019

Tony Arias
Chief Executive Officer

TAMALA PARK REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		$	$	$
Revenue				
Interest earnings	2 (a)	1,186,884	1,040,633	1,059,875
Other revenue	2 (a)	12,790	2,000	9,184
		1,199,674	1,042,633	1,069,059
Expenses				
Employee costs		(610,217)	(725,924)	(569,806)
Materials and contracts		(168,627)	(404,895)	(131,362)
Utility charges		0	(6,450)	0
Depreciation on non-current assets	8(d)	(10,564)	(25,381)	(20,153)
Insurance expenses		(12,354)	(13,880)	(10,894)
Other expenditure		(372,311)	(186,390)	(182,561)
		(1,174,073)	(1,362,920)	(914,776)
		25,601	(320,287)	154,283
(Loss) on asset disposals	8(c)	(5,852)	(1,760)	0
		(5,852)	(1,760)	0
Net result for the period		**19,749**	**(322,047)**	**154,283**
Total comprehensive income for the period		**19,749**	**(322,047)**	**154,283**

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 2019

	NOTE	2019 Actual $	2019 Budget $	2018 Actual $
Revenue				
General purpose funding		1,186,884	1,040,633	1,059,875
Other property and services		12,790	2,000	9,184
		1,199,674	1,042,633	1,069,059
Expenses				
Governance		(172,046)	(186,390)	(166,839)
Other property and services		(1,002,027)	(1,176,530)	(747,937)
		(1,174,073)	(1,362,920)	(914,776)
		25,601	(320,287)	154,283
(Loss) on disposal of assets	8(c)	(5,852)	(1,760)	0
		(5,852)	(1,760)	0
Net result for the period		**19,749**	**(322,047)**	**154,283**
Total comprehensive income for the period		**19,749**	**(322,047)**	**154,283**

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

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019	2018 Restated *	1 July 2017 Restated *
		$	$	$
CURRENT ASSETS				
Cash and cash equivalents	3	41,210,001	43,846,407	39,213,368
Trade receivables	5	100,557	251,449	310,892
Other financial assets at amortised cost	7	3,010,258	0	0
TOTAL CURRENT ASSETS		44,320,816	44,097,856	39,524,260
NON-CURRENT ASSETS				
Inventories	6	1,600,000	1,800,000	1,800,000
Property, plant and equipment	8	123,283	117,507	130,822
TOTAL NON-CURRENT ASSETS		1,723,283	1,917,507	1,930,822
TOTAL ASSETS		46,044,099	46,015,363	41,455,082
CURRENT LIABILITIES				
Trade and other payables	10	69,717	49,429	54,337
Employee related provisions	12	256,569	240,675	223,745
TOTAL CURRENT LIABILITIES		326,286	290,104	278,082
NON-CURRENT LIABILITIES				
Employee related provisions	12	5,719	5,150	2,597
TOTAL NON-CURRENT LIABILITIES		5,719	5,150	2,597
TOTAL LIABILITIES		332,005	295,254	280,679
NET ASSETS		45,712,094	45,720,109	41,174,403
EQUITY				
Retained surplus		1,810,759	1,791,010	1,617,669
Contributed equity	4	43,894,982	43,922,746	39,550,381
Revaluation surplus	9	6,353	6,353	6,353
TOTAL EQUITY		45,712,094	45,720,109	41,174,403

* See note 21 for details regarding the restatement as a result of a change in accounting policy

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 2019

	NOTE	RETAINED SURPLUS	CONTRIBUTED EQUITY	REVALUATION SURPLUS	TOTAL EQUITY
		$	$	$	$
Balance as at 1 July 2017		**1,636,727**	**47,922,746**	**6,353**	**49,565,826**
Change in accounting policy	21	**(19,058)**	**0**	**0**	**0**
Restated total equity at the beginning of the financial year		**1,617,669**	**47,922,746**	**6,353**	**49,565,826**
Comprehensive income					
Net result for the period		154,283	0	0	154,283
Total comprehensive income		154,283	0	0	154,283
Members contributions		0	8,372,365	0	0
Return of contributions		0	(4,000,000)	0	(4,000,000)
Balance as at 30 June 2018		**1,791,010**	**43,922,746**	**6,353**	**45,720,109**
Comprehensive income					
Net result for the period		19,749	0	0	19,749
Total comprehensive income		19,749	0	0	19,749
Members contributions		0	3,972,236	0	3,972,236
Return of contributions		0	(4,000,000)	0	(4,000,000)
Balance as at 30 June 2019		**1,810,759**	**43,894,982**	**6,353**	**45,712,094**

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 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Interest received		1,319,035	1,092,082	1,103,965
Other revenue		33,702	2,000	24,727
		1,352,737	1,094,082	1,128,692
Payments				
Employee costs		(580,542)	(725,924)	(550,056)
Materials and contracts		(161,551)	(434,324)	(136,537)
Utility charges		0	(6,450)	0
Insurance paid		(12,354)	(13,880)	(10,894)
Goods and services tax paid		(2,171)	0	(190)
Other expenditure		(172,311)	(186,390)	(170,341)
		(928,929)	(1,366,968)	(868,018)
Net cash provided by (used in) operating activities	13	423,808	(272,886)	260,674
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(63,101)	(82,000)	0
Payments for financial assets at amortised cost		(3,010,258)	0	0
Proceeds from sale of property, plant & equipment		40,909	45,000	0
Net cash provided by (used in) investment activities		(3,032,450)	(37,000)	0
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sale of land		9,938,600	16,355,835	22,035,529
Payments for land development		(4,961,672)	(21,277,191)	(16,488,721)
Return of members contributions and rates equivalent		(5,004,692)	(4,209,337)	(1,174,443)
Net cash provided by (used In) financing activities		(27,764)	(9,130,693)	4,372,365
Net increase (decrease) in cash held		(2,636,406)	(9,440,579)	4,633,039
Cash at beginning of year		43,846,407	43,846,407	39,213,368
Cash and cash equivalents at the end of the year	13	41,210,001	34,405,828	43,846,407

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 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		$	$	$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	17 (a)	43,807,752	43,807,751	39,246,178
		43,807,752	43,807,751	39,246,178
Revenue from operating activities (excluding rates)				
General purpose funding		1,186,884	1,040,633	1,059,875
Other property and services		12,790	2,000	9,184
		1,199,674	1,042,633	1,069,059
Expenditure from operating activities				
Governance		(177,898)	(188,150)	(166,839)
Other property and services		(1,002,027)	(1,176,530)	(747,937)
		(1,179,925)	(1,364,680)	(914,776)
Non-cash amounts excluded from operating activities	17(a)	216,985	27,141	34,926
Amount attributable to operating activities		44,044,486	43,512,845	39,435,387
INVESTING ACTIVITIES				
Proceeds from disposal of assets	8(c)	40,909	45,000	0
Purchase of property, plant and equipment	8(a)	(63,101)	(82,000)	0
Amount attributable to investing activities		(22,192)	(37,000)	0
MEMBER ACTIVITIES				
Proceeds from sale of member land	4	9,938,600	16,355,835	22,035,529
Member land development expenses	4	(4,961,672)	(21,277,191)	(16,488,721)
Return of members contributions and rates equivalent	4	(5,004,692)	(4,209,337)	(1,174,443)
Amount attributable to financing activities		(27,764)	(9,130,693)	4,372,365
Surplus/(deficit) before imposition of general rates		43,994,530	34,345,152	43,807,752
Surplus/(deficit) after imposition of general rates	17 (a)	**43,994,530**	**34,345,152**	**43,807,752**

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

1. BASIS OF PREPARATION

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

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 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.

2. REVENUE AND EXPENSES

(a) Revenue	2019 Actual $	2019 Budget $	2018 Actual $
Other revenue			
Other	12,790	2,000	9,184
	12,790	2,000	9,184
Interest earnings			
Other interest earnings	1,186,884	1,040,633	1,059,875
	1,186,884	1,040,633	1,059,875

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

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

(b) Expenses	2019 Actual $	2019 Budget $	2018 Actual $
Auditors remuneration			
- Audit of the Annual Financial Report	6,000	10,450	9,263
	6,000	10,450	9,263

3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		$	$
Cash at bank and on hand		3,766,374	3,128,118
Term deposits		37,443,627	40,718,289
		41,210,001	43,846,407
Comprises:			
- Unrestricted cash and cash equivalents		41,210,001	43,846,407
		41,210,001	43,846,407

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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.

4. MEMBER CONTRIBUTIONS

		2019 Actual Balance	2019 Budget Balance	2018 Actual Balance
		$	$	$
(a)	Town of Victoria Park			
	Opening balance	3,659,996	3,653,867	3,295,632
	Land development expenses	(413,473)	(1,773,099)	(1,374,060)
	Proceeds of sale of land	828,217	1,362,986	1,836,294
	Contributed equity	(83,725)	(17,445)	235,463
	Return of contribution	(333,333)	(333,333)	(333,333)
		3,657,682	2,892,976	3,659,996
(b)	City of Perth			
	Opening balance	3,659,996	3,653,867	3,295,632
	Land development expenses	(413,473)	(1,773,099)	(1,374,060)
	Proceeds of sale of land	828,217	1,362,986	1,836,294
	Contributed equity	(83,725)	(17,445)	235,463
	Return of contribution	(333,333)	(333,333)	(333,333)
		3,657,682	2,892,976	3,659,996
(c)	Town of Cambridge			
	Opening balance	3,659,996	3,653,867	3,295,632
	Land development expenses	(413,473)	(1,773,099)	(1,374,060)
	Proceeds of sale of land	828,217	1,362,986	1,836,294
	Contributed equity	(83,725)	(17,445)	235,463
	Return of contribution	(333,333)	(333,333)	(333,333)
		3,657,682	2,892,976	3,659,996
(d)	City of Joondalup			
	Opening balance	7,319,987	7,307,735	6,591,260
	Land development expenses	(826,945)	(3,546,199)	(2,748,120)
	Proceeds of sale of land	1,656,433	2,725,973	3,672,588
	Contributed equity	(167,448)	(34,890)	470,926
	Return of contribution	(666,667)	(666,667)	(666,667)
		7,315,360	5,785,952	7,319,987
(e)	City of Wanneroo			
	Opening balance	7,319,987	7,307,735	6,591,260
	Land development expenses	(826,945)	(3,546,199)	(2,748,120)
	Proceeds of sale of land	1,656,433	2,725,973	3,672,588
	Contributed equity	(167,448)	(34,890)	470,926
	Return of contribution	(666,667)	(666,667)	(666,667)
		7,315,360	5,785,952	7,319,987
(f)	City of Vincent			
	Opening balance	3,659,996	3,653,867	3,295,632
	Land development expenses	(413,473)	(1,773,099)	(1,374,060)
	Proceeds of sale of land	828,217	1,362,986	1,836,294
	Contributed equity	(83,725)	(17,445)	235,463
	Return of contribution	(333,333)	(333,333)	(333,333)
		3,657,682	2,892,976	3,659,996
(g)	City of Stirling			
	Opening balance	14,642,788	14,615,469	13,185,333
	Land development expenses	(1,653,890)	(7,092,397)	(5,496,241)
	Proceeds of sale of land	3,312,866	5,451,945	7,345,177
	Contributed equity	(334,896)	(69,779)	941,853
	Return of contribution	(1,333,334)	(1,333,333)	(1,333,334)
		14,633,534	11,571,905	14,642,788
	Total members contributions	43,894,982	34,715,714	43,922,746
	Opening balance	43,922,746	43,846,407	39,550,381
	Land development expenses	(4,961,672)	(21,277,191)	(16,488,721)
	Proceeds of sale of land	9,938,600	16,355,835	22,035,529
	Contributed equity	(1,004,692)	(209,337)	2,825,557
	Return of contribution	(4,000,000)	(4,000,000)	(4,000,000)
		43,894,982	34,715,714	43,922,746

5. TRADE RECEIVABLES

	2019	2018
	$	$
Current		
Sundry receivables	95,612	116,124
GST receivable	4,945	2,774
Accrued interest	0	132,151
Settlement bonds	0	400
	100,557	251,449

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Classification and subsequent measurement

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

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

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

6. INVENTORIES

	2019	2018
	$	$
Non-current		
Land held for resale - cost		
Cost of acquisition	1,600,000	1,800,000
	1,600,000	1,800,000
The following movements in inventories occurred during the year:		
Carrying amount at 1 July	1,800,000	1,800,000
Write down of inventories to net realisable value	(200,000)	0
Carrying amount at 30 June	1,600,000	1,800,000

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

7. OTHER FINANCIAL ASSETS

	2019	2018
	$	$
(a) Current assets		
Other financial assets at amortised cost	3,010,258	0
	3,010,258	0
Other financial assets at amortised cost		
- Financial assets at amortised cost - term deposits	3,010,258	0
	3,010,258	0

SIGNIFICANT 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.

Financial assets at fair value through profit and loss

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 19 for explanations regarding the change in accounting policy and reclassification of term deposits to financial assets at amortised cost.

8. PROPERTY, PLANT AND EQUIPMENT

(a) 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.

	Furniture and equipment	Plant and equipment	Improvements to leasehold property	Total property, plant and equipment
	$	$	$	$
Balance at 1 July 2017	8,711	56,523	72,426	137,660
Depreciation (expense)	(4,852)	(9,762)	(5,539)	(20,153)
Carrying amount at 30 June 2018	3,859	46,761	66,887	117,507
Comprises:				
Gross carrying amount at 30 June 2018	6,569	65,016	76,442	148,027
Accumulated depreciation at 30 June 2018	(2,710)	(18,255)	(9,555)	(30,520)
Carrying amount at 30 June 2018	3,859	46,761	66,887	117,507
Additions	0	63,101	0	63,101
(Disposals)	0	(46,761)	0	(46,761)
Depreciation (expense)	(1,642)	(7,011)	(1,911)	(10,564)
Carrying amount at 30 June 2019	2,217	56,090	64,976	123,283
Comprises:				
Gross carrying amount at 30 June 2019	6,569	63,101	76,442	146,112
Accumulated depreciation at 30 June 2019	(4,352)	(7,011)	(11,466)	(22,829)
Carrying amount at 30 June 2019	2,217	56,090	64,976	123,283

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Furniture and equipment	Level 3	Management	Observable open market value	Jun 2016	Residual values and remaining useful life assessments.
Plant and equipment	Level 3	Management	Observable open market value	Jun 2016	Market price per item
Improvements to leasehold property	Level 3	Management	Depreciated replacement cost	Jun 2016	Residual values and remaining useful life assessments.

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.

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above $5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Regional Council includes the cost of all materials used in " construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	$	$	$	$	$	$	$	$	$	$	$	$
Plant and equipment	46,761	40,909	0	(5,852)	46,760	45,000	0	(1,760)	0	0	0	0
	46,761	40,909	0	(5,852)	46,760	45,000	0	(1,760)	0	0	0	0

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	$	$	$
Furniture and equipment	1,642	7,315	4,852
Plant and equipment	7,011	14,210	9,762
Improvements to leasehold property	1,911	3,856	5,539
	10,564	25,381	20,153

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 12 years
Improvements to leasehold property	8 years

Depreciation (Continued)

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

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

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

9. REVALUATION SURPLUS

	2019 Opening Balance	2019 Closing Balance	2018 Opening Balance	2018 Closing Balance
	$	$	$	$
Revaluation surplus - Improvements to Leasehold Property	6,353	6,353	6,353	6,353
	6,353	6,353	6,353	6,353

Movements on revaluation of property, plant and equipment 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.

10. TRADE AND OTHER PAYABLES

	2019	2018
	$	$
Current		
Sundry creditors	19,964	13,423
Accrued salaries and wages	13,350	12,619
ATO liabilities	30,403	17,922
Accrued expenses	6,000	5,465
	69,717	49,429

SIGNIFICANT ACCOUNTING POLICIES

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

Trade and other payables (Continued)

payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

11. INFORMATION ON BORROWINGS

	2019	2018
Undrawn Borrowing Facilities	$	$
Credit Standby Arrangements		
Credit card limit	6,000	6,000
Credit card balance at balance date	(612)	(299)
Total amount of credit unused	5,388	5,701

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 18.

12. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	$	$	$
Opening balance at 1 July 2018			
Current provisions	146,599	94,076	240,675
Non-current provisions	0	5,150	5,150
	146,599	99,226	245,825
Additional provision	27,513	23,616	51,129
Amounts used	(6,155)	(28,511)	(34,666)
Balance at 30 June 2019	167,957	94,331	262,288
Comprises			
Current	167,957	88,612	256,569
Non-current	0	5,719	5,719
	167,957	94,331	262,288

	2019	2018
Amounts are expected to be settled on the following basis:	$	$
More than 12 months from reporting date	265,874	258,605
Expected reimbursements from other WA local governments	(3,586)	(12,780)
	262,288	245,825

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

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

The 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.

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.

13. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	$	$	$
Cash and cash equivalents	41,210,001	34,405,828	43,846,407

Reconciliation of Net Cash Provided By Operating Activities to Net Result

	2019 Actual	2019 Budget	2018 Actual
Net result	19,749	(322,047)	154,283
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	0	0	12,220
Depreciation	10,564	25,381	20,153
(Profit)/loss on sale of asset	5,852	1,760	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	150,892	51,449	59,443
(Increase)/decrease in inventories	200,000	0	0
Increase/(decrease) in payables	20,288	(29,429)	(4,908)
Increase/(decrease) in provisions	16,463	0	19,483
Net cash from operating activities	423,808	(272,886)	260,674

14. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	$	$
Other property and services	123,283	117,507
Unallocated	45,920,816	45,897,856
	46,044,099	46,015,363

15. CAPITAL AND LEASING COMMITMENTS

(a) Contractual Commitments

As at 30 June 2019, the Regional Council had entered into sale agreements on behalf of its of its members for 11 lots of member land for a sale price of $3,823,000.
These contracts had not been settled as at 30 June 2019

On 20 June 2019 Council has approved $730,000 for the payment of a contributions of up to $730,000 to the Cities of Joondalup and Wanneroo for the construction of the planned Burns Beach-Mindarie dual use path.

(b) Operating Lease Commitments

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

	2019	2018
Payable:	$	$
- not later than one year	35,739	35,000
- later than one year but not later than five years	56,586	105,000
	92,325	140,000

SIGNIFICANT ACCOUNTING POLICIES

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 of 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.

Leases (Continued)

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 on a straight line basis over the lease term.

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

16. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and the Chairman.	2019 Actual $	2019 Budget $	2018 Actual $
Meeting fees	132,339	139,303	131,395
Chairman's allowance	19,864	20,870	19,864
Deputy Chairman's allowance	4,966	5,217	4,966
	157,169	165,390	156,225

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Regional Council during the year are as follows:"	2019 Actual $	2018 Actual $
Short-term employee benefits	446,424	426,474
Post-employment benefits	36,107	34,500
Other long-term benefits	10,819	10,312
	493,350	471,286

Short-term employee benefits
These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits
These amounts are the current-year's estimated cost of providing for the Regional Council's superannuation contributions made during the year.

Other long-term benefits
These amounts represent long service benefits accruing during the year.

16. RELATED PARTY TRANSACTIONS (Continued)

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 guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual $	2018 Actual $
Rent paid	48,249	38,986
Land development expenses	(4,961,672)	(16,488,721)
Proceeds from sale of land	9,938,600	22,035,529
Amounts outstanding from related parties:		
Trade and other receivables	95,434	116,124
Amounts payable to related parties:		
Trade and other payables	19,279	12,961

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. Other Related Parties

The associate person of KMP was employed by the Regional Council under normal employment terms and conditions. Member land is developed and sold in the open market on behalf of Member Entities.

iii. 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.

17. RATE SETTING STATEMENT INFORMATION

	Note	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought 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 Rate Setting Statement in accordance with *Financial Management Regulation 32.*				
Adjustments to operating activities				
Movement in inventory (non-current)		200,000	0	
Movement in employee benefit provisions (non-current)		569	0	2,553
Add: Loss on disposal of assets	8(c)	5,852	1,760	0
Add: Change in accounting policies		0	0	12,220
Add: Depreciation on assets	8(d)	10,564	25,381	20,153
Non cash amounts excluded from operating activities		216,985	27,141	34,926
Net current assets used in the Rate Setting Statement				
Total current assets		44,320,816	34,919,650	44,097,856
Less: Total current liabilities		(326,286)	(574,498)	(290,104)
Net current assets used in the Rate Setting Statement		43,994,530	34,345,152	43,807,752

18. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availablity of commited 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 area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The 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 and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	$	$	$	$
2019					
Cash and cash equivalents	2.43%	40,975,870	34,209,496	3,766,375	0
Financial assets at amortised cost	2.60%	3,000,000	3,000,000	0	0
2018					
Cash and cash equivalents	2.56%	43,846,418	40,718,300	3,128,118	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.

	2019	2018
	$	$
Impact of a 1% movement in interest rates on profit and loss and equity*	44,220	43,976

* Holding all other variables constant

18. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Regional Council's major receivables comprise amounts due from third parties for goods sold and services performed in the ordinary course of business. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Regional Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

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 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for trade receiveables and no impairement allowance created.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Gross carrying amount	64,726	4,669	6,794	19,423	95,612
01 July 2018					
Sundry Receivables					
Gross carrying amount	100,554	15,570	0	0	116,124

18. 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.

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
2019	$	$	$	$	$
Payables	69,716	0	0	69,716	69,717
	69,716	0	0	69,716	69,717
2018					
Payables	49,429	0	0	49,429	49,429
	49,429	0	0	49,429	49,429

19. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments* .

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Regional Council applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Regional Council has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Regional Council's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Regional Council's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

20. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Regional Council, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers* , AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities* . These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Council will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Regional Council will adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

(b) Leases

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

On adoption of AASB 16, the Regional Council will recognise lease liabilties in relation to leases which had previously been classified as an operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 2.10%.

	Note	2019
		$
Operating lease commitments disclosed as at 30 June 2019		92,325
Lease liability recognised as at 1 July 2019		
Discounted using the Regional Council's incremental borrowing rate of 2.10%	20(d)	89,809

On adoption of AASB 16, the Regional Council will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019. Property, plant and equipment increases by $89,809 on 1 July 2019 and the net impact on retained earnings on 1 July 2019 will be $89,809.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Regional Council is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under $5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Regional Council will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

20. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Council will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Regional Council will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements. Currently no impact on comparative information is expected.

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

	Note	AASB 1004 carrying amount 30 June 2019	Reclassification	AASB 1058 carrying amount 01 July 2019
		$	$	$
Trade and other payables		49,429	0	49,429

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

(d) Impact of changes to Retained Surplus

The impact on the Regional Council of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019
			$
Retained surplus - 30 June 2019			1,810,759
Adjustment to retained surplus from adoption of AASB 16	20(b)	89,809	
Adjustment to retained surplus from adoption of AASB 1058	20(c)	0	89,809
Retained surplus - 01 July 2019			1,900,568

21. CHANGE IN ACCOUNTING POLICY

On the 1 July 2018 Paragraph 17A (5) came into operation via Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under $5 000.

The Regional Council has changed their accounting policy and excluded assets with a fair value of under $5,000 at the time of acquisition from the assets of the Regional Council.

During the year assets with a fair value at the date of acquisition of under $5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Regional Council along with those assets acquired during the year ended 30 June 2019 with a fair value of under $5,000 which were capitalised.

The change in accounting policy has been adopted retrospectively as follows:

Statement of Financial Position (Extract)	30 June 2018	Increase/ (Decrease)	30 June 2018 (Restated)	30 June 2017	Increase/ (Decrease)	01 July 2017 (Restated)
	$	$	$	$	$	$
Property, plant and equipment	129,727	(12,220)	117,507	149,880	(19,058)	130,822
Net assets	45,732,329	(12,220)	45,720,109	41,193,461	(19,058)	41,174,403
Retained earnings	1,803,230	(12,220)	1,791,010	1,636,727	(19,058)	1,617,669
Total equity	45,732,329	(12,220)	45,720,109	41,193,461	(19,058)	41,174,403

Statement of Comprehensive Income (Extract)	2018	Increase/ (Decrease)	2018 (Restated)
	$	$	$
By Nature or Type			
Other Expenditure	(170,341)	(12,220)	(182,561)
By program			
Expenses			
Governance	(166,839)	0	(166,839)
Other property and services	(735,717)	(12,220)	(747,937)
Total comprehensive income for the period	166503	(12,220)	154283

22. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification
The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 preceeding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures
Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation
The 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) 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.

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

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

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

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

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

23. ACTIVITIES/PROGRAMS

The Regional Council's operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GENERAL PURPOSE FUNDING	
To collect interest on investments.	Interest revenue.
OTHER PROPERTY AND SERVICES	
To monitor and control Council's overheads on operating accounts.	Other unclassified activities.

24. FINANCIAL RATIOS

	2019 Actual	2018 Restated *	2017 Actual
Current ratio	135.83	152.01	142.13
Asset consumption ratio	0.84	0.79	0.79
Asset renewal funding ratio	2.07	1.83	1.99
Asset sustainability ratio	2.10	0.00	1.60
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	0.02	0.16	0.22
Own source revenue coverage ratio	1.01	1.17	1.28

The above ratios are calculated as follows:

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

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

Report on the Financial Report

Opinion

We have audited the financial report of the Tamala Park Regional Council, which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

a) giving a true and fair view of the Council's financial position as at 30 June 2019 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 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 – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

Butler Settineri (Audit) Pty Ltd
RCA No. 289109 ABN 61 112 942 373

Other Information

Management is responsible for the other information. The other information comprises the information in the Council's annual report for the year ended 30 June 2019 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Council's Responsibility for the Financial Report

The 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 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 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 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 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 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 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

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

a) The Asset Renewal Ratio reported at note 25 to the financial report does not meet the minimum standard of the Department of Local Government, Sport and Cultural Industries.

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

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

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

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

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE
Director

Perth
Date: 29 August 2019