

**TAMALA PARK REGIONAL COUNCIL
(subsequently renamed Catalina Regional Council)**

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	34

The Tamala Park Regional Council (subsequently renamed Catalina Regional Council) conducts the operations of a local government with the following community vision:

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

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

**TAMALA PARK REGIONAL COUNCIL
(subsequently renamed to Catalina Regional Council)
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Tamala Park Regional Council (subsequently renamed Catalina Regional Council) has been prepared in compliance with the provisions of the Local Government Act 1995 from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

Signed on the

4TH

day of

OCTOBER

2023



Chief Executive Officer

Chris Adams

Name of Chief Executive Officer

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Interest revenue	2	1,249,328	890,426	304,540
Other revenue	2(a)	27,818	22,939	18,088
		1,277,146	913,365	322,628
Expenses				
Employee costs	2(b)	(671,118)	(737,937)	(532,794)
Materials and contracts		(263,554)	(380,310)	(255,957)
Utility charges		0	(6,829)	0
Depreciation		(45,082)	(43,510)	(44,821)
Finance costs	2(b)	(3,614)	(1,423)	(1,757)
Insurance		(19,596)	(21,952)	(17,090)
Other expenditure	2(b)	(166,809)	(171,255)	(157,340)
		(1,169,773)	(1,363,216)	(1,009,759)
		107,373	(449,851)	(687,131)
Loss on asset write off/disposals		(20,403)	0	(1,744)
Fair value adjustments to investment property	11	915,000	0	0
		894,597	0	(1,744)
Net result for the period	22(b)	1,001,970	(449,851)	(688,875)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	(6,353)	0	0
Total other comprehensive loss for the period	14	(6,353)	0	0
Total comprehensive income for the period		995,617	(449,851)	(688,875)

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



**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	12,294,817	16,310,346
Trade and other receivables	6	553,560	595,395
Other financial assets	4(a)	32,014,137	36,145,694
Other assets	8	10,800	27,600
TOTAL CURRENT ASSETS		44,873,314	53,079,035
NON-CURRENT ASSETS			
Inventories	7	0	1,600,000
Property, plant and equipment	9	0	36,311
Right-of-use assets	10(a)	125,157	149,716
Investment property	11	2,515,000	0
TOTAL NON-CURRENT ASSETS		2,640,157	1,786,027
TOTAL ASSETS		47,513,471	54,865,062
CURRENT LIABILITIES			
Trade and other payables	12	497,176	162,938
Lease liabilities	10(b)	35,214	31,760
Employee related provisions	13	27,532	21,788
TOTAL CURRENT LIABILITIES		559,922	216,486
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	93,832	119,156
Employee related provisions	13	19,795	13,527
TOTAL NON-CURRENT LIABILITIES		113,627	132,683
TOTAL LIABILITIES		673,549	349,169
NET ASSETS		46,839,922	54,515,893
EQUITY			
Retained surplus		1,390,887	388,917
Member contributions and equity	5	45,449,035	54,120,623
Revaluation surplus	14	0	6,353
TOTAL EQUITY		46,839,922	54,515,893

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



**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	CONTRIBUTED EQUITY \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		1,077,792	53,885,147	6,353	54,969,292
Comprehensive income for the period					
Net result for the period		(688,875)	0	0	(688,875)
Total comprehensive income for the period		(688,875)	0	0	(688,875)
Movement in member contributions	5	0	235,476	0	235,476
Balance as at 30 June 2022		388,917	54,120,623	6,353	54,515,893
Comprehensive income for the period					
Net result for the period		1,001,970	0	0	1,001,970
Other comprehensive income for the period	14	0	0	(6,353)	(6,353)
Total comprehensive income for the period		1,001,970	0	(6,353)	995,617
Movement in member contributions	5	0	(8,671,588)	0	(8,671,588)
Balance as at 30 June 2023		1,390,887	45,449,035	0	46,839,922

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



**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest revenue		1,249,328	304,540
Goods and services tax received		33,909	35,715
Other revenue		65,678	18,088
		1,348,915	358,343
Payments			
Employee costs		(646,334)	(803,505)
Materials and contracts		(114,157)	(240,915)
Finance costs		(3,499)	(1,757)
Insurance paid		(19,596)	(17,090)
Goods and services tax paid		(29,934)	(6,971)
Other expenditure		(166,809)	(157,340)
		(980,329)	(1,227,578)
Net cash provided by (used in) operating activities	15(b)	368,586	(869,235)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from financial assets at amortised cost		4,131,557	863,998
Proceeds from sale of property, plant & equipment		0	55,000
Net cash provided by investing activities		4,131,557	918,998
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for principal portion of lease liabilities	24	(32,953)	(34,830)
Payments for land development		(26,311,737)	(20,839,525)
Payments for member contributions		(20,408,107)	(9,625,879)
Proceeds from member contributions		38,237,125	30,288,673
Net cash (used in) financing activities		(8,515,672)	(211,561)
Net (decrease) in cash held		(4,015,529)	(161,798)
Cash at beginning of year		16,310,346	16,472,144
Cash and cash equivalents at the end of the year	15(a)	12,294,817	16,310,346

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



TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates		0	0	0
Interest revenue		1,249,328	890,426	304,540
Other revenue		27,818	22,939	18,088
Fair value adjustments to investment property	11	915,000	0	0
		<u>2,192,146</u>	<u>913,365</u>	<u>322,628</u>
Expenditure from operating activities				
Employee costs		(671,118)	(737,937)	(532,794)
Materials and contracts		(263,554)	(380,310)	(255,957)
Utility charges		0	(6,829)	0
Depreciation		(45,082)	(43,510)	(44,821)
Finance costs		(3,614)	(1,423)	(1,757)
Insurance		(19,596)	(21,952)	(17,090)
Other expenditure		(166,809)	(171,255)	(157,340)
Loss on asset write off/disposals		(20,403)	0	(1,744)
		<u>(1,190,176)</u>	<u>(1,363,216)</u>	<u>(1,011,503)</u>
Non-cash amounts excluded from operating activities	23(a)	(843,132)	43,510	58,861
Amount attributable to operating activities		<u>158,838</u>	<u>(406,341)</u>	<u>(630,014)</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from disposal of assets		0	0	55,000
		<u>0</u>	<u>0</u>	<u>55,000</u>
Outflows from investing activities				
Purchase of property, plant and equipment	9(a)	0	(5,000)	0
		<u>0</u>	<u>(5,000)</u>	<u>0</u>
Amount attributable to investing activities		<u>0</u>	<u>(5,000)</u>	<u>55,000</u>
FINANCING ACTIVITIES				
Outflows from financing activities				
Payments for principal portion of lease liabilities	24	(32,953)	(33,577)	(34,830)
Payments for land development as member contributions	5	(26,311,737)	(65,229,755)	(20,839,525)
Payments of member contributions and equity received	5	(20,408,107)	(20,485,533)	(9,213,672)
Proceeds from member contributions	5	38,048,256	60,156,539	30,288,673
Amount attributable to financing activities		<u>(8,704,541)</u>	<u>(25,592,326)</u>	<u>200,646</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	23(b)	52,894,309	52,899,172	53,268,677
Amount attributable to operating activities		158,838	(406,341)	(630,014)
Amount attributable to investing activities		0	(5,000)	55,000
Amount attributable to financing activities		(8,704,541)	(25,592,326)	200,646
Surplus or deficit after imposition of general rates	23(b)	<u>44,348,606</u>	<u>26,895,505</u>	<u>52,894,309</u>

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
FOR THE YEAR ENDED 30 JUNE 2023
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	11
Note 4	Other Financial Assets	11
Note 5	Member Contributions and Equity	12
Note 6	Other Receivables	13
Note 7	Inventories	13
Note 8	Other Assets	14
Note 9	Property, Plant and Equipment	15
Note 10	Leases	18
Note 11	Investment Property	19
Note 12	Trade and Other Payables	20
Note 13	Employee Related Provisions	21
Note 14	Revaluation Surplus	22
Note 15	Notes to the Statement of Cash Flows	23
Note 16	Contingent Liabilities	24
Note 17	Related Party Transactions	25
Note 18	Financial Risk Management	27
Note 19	Events Occurring After the End of the Reporting Period	29
Note 20	Other Significant Accounting Policies	30
Note 21	Function and Activity	31
Note 22	Determination of Surplus or Deficit	32
Note 23	Borrowing and Lease Liabilities	33

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

1. BASIS OF PREPARATION

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

On 1 August 2023 Tamala Park Regional Council was renamed Catalina Regional Council. See Note 20.

Local Government Act 1995 requirements

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

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

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

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.

Judgements and estimates

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

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

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

- impairment of financial assets
- estimate of fair value of selected non-current assets and liabilities and investment property
- estimation uncertainties made in relation to lease accounting

Initial application of accounting standards

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

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*
- AASB 2021-7a *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- AASB 2022-3 *Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15 Revenue from Contracts with Customers*

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

2. REVENUE AND EXPENSES

	2023	2022
	Actual	Actual
	\$	\$
(a) Revenue		
Interest revenue		
Interest on investment account funds	1,249,328	304,540
	<u>1,249,328</u>	<u>304,540</u>
Other revenue		
Reimbursements	27,818	18,088
	<u>27,818</u>	<u>18,088</u>
<p>Tamala Park Regional Council did not have any contracts with customers during the 2023 and 2022 financial years.</p>		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	29,400	27,000
	<u>29,400</u>	<u>27,000</u>
Employee Costs		
Employee benefit costs	658,617	490,426
Other employee costs	12,501	42,368
	<u>671,118</u>	<u>532,794</u>
Finance costs		
Interest and financial charges paid/payable for lease liabilities through profit or loss	3,614	1,757
	<u>3,614</u>	<u>1,757</u>
Other expenditure		
Sundry expenses	166,809	157,340
	<u>166,809</u>	<u>157,340</u>

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	2,276,124	10,227,737
Term deposits	10,018,693	6,082,609
Total cash and cash equivalents	12,294,817	16,310,346
Held as		
- Unrestricted cash and cash equivalents	1,374,919	0
- Restricted cash and cash equivalents	10,919,898	16,310,346
	12,294,817	16,310,346

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the Regional Council due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

Treasury bonds

Held as

- Restricted other financial assets at amortised cost

2023	2022
\$	\$
32,014,137	36,145,694
32,014,137	36,145,694
32,014,137	33,145,694
0	3,000,000
32,014,137	36,145,694
15(a) 32,014,137	36,145,694
32,014,137	36,145,694

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.

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

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

Impairment and risk

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. MEMBER CONTRIBUTIONS AND EQUITY	2023 Actual Balance	2023 Budget Balance	2022 Actual Balance
	\$	\$	\$
(a) Town of Victoria Park			
Opening balance	4,509,818	4,509,818	4,490,196
Land development expenses	(2,192,645)	(5,435,813)	(1,736,627)
Proceeds of sale of land	3,170,688	5,013,045	2,524,056
Movement of contributed equity	(34,009)	(40,461)	65,527
Return of contribution	(1,666,668)	(1,666,667)	(833,334)
	<u>3,787,184</u>	<u>2,379,922</u>	<u>4,509,818</u>
(b) City of Perth			
Opening balance	4,509,818	4,509,818	4,490,196
Land development expenses	(2,192,645)	(5,435,813)	(1,736,627)
Proceeds of sale of land	3,170,688	5,013,045	2,524,056
Movement of contributed equity	(34,009)	(40,461)	65,527
Return of contribution	(1,666,668)	(1,666,667)	(833,334)
	<u>3,787,184</u>	<u>2,379,922</u>	<u>4,509,818</u>
(c) Town of Cambridge			
Opening balance	4,509,818	4,509,818	4,490,196
Land development expenses	(2,192,645)	(5,435,813)	(1,736,627)
Proceeds of sale of land	3,170,688	5,013,045	2,524,056
Movement of contributed equity	(34,009)	(40,461)	65,527
Return of contribution	(1,666,668)	(1,666,667)	(833,334)
	<u>3,787,184</u>	<u>2,379,922</u>	<u>4,509,818</u>
(d) City of Joondalup			
Opening balance	9,019,634	9,019,634	8,980,387
Land development expenses	(4,385,289)	(10,871,626)	(3,473,254)
Proceeds of sale of land	6,341,376	10,026,090	5,048,112
Movement of contributed equity	(68,018)	(80,922)	131,055
Return of contribution	(3,333,332)	(3,333,333)	(1,666,666)
	<u>7,574,371</u>	<u>4,759,843</u>	<u>9,019,634</u>
(e) City of Wanneroo			
Opening balance	9,019,634	9,019,634	8,980,387
Land development expenses	(4,385,289)	(10,871,626)	(3,473,254)
Proceeds of sale of land	6,341,376	10,026,090	5,048,112
Movement of contributed equity	(68,018)	(80,922)	131,055
Return of contribution	(3,333,332)	(3,333,333)	(1,666,666)
	<u>7,574,371</u>	<u>4,759,843</u>	<u>9,019,634</u>
(f) City of Vincent			
Opening balance	4,509,818	4,509,818	4,490,196
Land development expenses	(2,192,645)	(5,435,813)	(1,736,627)
Proceeds of sale of land	3,170,688	5,013,045	2,524,056
Movement of contributed equity	(34,009)	(40,461)	65,527
Return of contribution	(1,666,668)	(1,666,667)	(833,334)
	<u>3,787,184</u>	<u>2,379,922</u>	<u>4,509,818</u>
(g) City of Stirling			
Opening balance	18,042,083	18,042,083	17,963,589
Land development expenses	(8,770,579)	(21,743,251)	(6,946,509)
Proceeds of sale of land	12,682,752	20,052,179	10,096,225
Movement of contributed equity	(136,035)	(161,845)	262,110
Return of contribution	(6,666,664)	(6,666,666)	(3,333,332)
	<u>15,151,557</u>	<u>9,522,500</u>	<u>18,042,083</u>
Total members contribution	<u>45,449,035</u>	<u>28,561,874</u>	<u>54,120,623</u>
Land development expenses	(26,311,737)	(65,229,755)	(20,839,525)
Proceeds of sale of land	38,048,256	60,156,539	30,288,673
Movement of contributed equity	(408,107)	(485,533)	786,328
Return of contributions	(20,000,000)	(20,000,000)	(10,000,000)
Movement in member contributions	<u>(8,671,588)</u>	<u>(25,558,749)</u>	<u>235,476</u>
Opening balance	54,120,623	54,120,623	53,885,147
Movement in member contributions	(8,671,588)	(25,558,749)	235,476
	<u>45,449,035</u>	<u>28,561,874</u>	<u>54,120,623</u>

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. OTHER RECEIVABLES

Current

Member reimbursements receivable
GST receivable

	2023	2022
	\$	\$
	547,195	585,055
	6,365	10,340
	553,560	595,395

SIGNIFICANT ACCOUNTING POLICIES

Member reimbursement receivables

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

Measurement

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

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days.

Member reimbursement receivables are held with the objective to collect the member cashflows and therefore the Regional Council measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

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

7. INVENTORIES

Non-current

Land held for resale

Note	2023	2022
	\$	\$
	0	1,600,000
	0	1,600,000
	1,600,000	1,600,000
	11	0
	(1,600,000)	0
	0	1,600,000

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories transferred to Investment property

Balance at end of year

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 Regional Council's intentions to release for sale.

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Settlement bonds	10,800	27,600
	10,800	27,600

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Furniture and equipment	Plant and equipment	Improvements to leasehold property	Total property, plant and equipment
	\$	\$	\$	\$
Balance at 1 July 2021	0	56,744	45,866	102,610
Disposals	0	(56,744)	0	(56,744)
Depreciation	0	0	(9,555)	(9,555)
Balance at 30 June 2022	0	0	36,311	36,311
Comprises:				
Gross balance amount at 30 June 2022	6,569	0	76,442	83,011
Accumulated depreciation at 30 June 2022	(6,569)	0	(40,131)	(46,700)
Balance at 30 June 2022	0	0	36,311	36,311
Write off/Disposals	0	0	(20,403)	(20,403)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	(6,353)	(6,353)
Depreciation	0	0	(9,555)	(9,555)
Balance at 30 June 2023	0	0	0	0
Comprises:				
Gross balance amount at 30 June 2023	0	0	0	0
Accumulated depreciation at 30 June 2023	0	0	0	0
Balance at 30 June 2023	0	0	0	0

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

The gross carrying value of the following asset classes are recognised at cost

Furniture and equipment

Plant and equipment

Improvements to leasehold property

(c) Depreciation

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 15 years
Improvements to leasehold property	Based on the remaining lease term

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

SIGNIFICANT ACCOUNTING POLICIES

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 any accumulated depreciation and impairment losses.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost, the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair 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)*. These assets are expensed immediately.

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

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Regional Council's revaluation policy 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 revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Regional Council.

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For land, buildings and infrastructure increases in the carrying amount arising on revaluation of asset classes 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property or infrastructure, 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.

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

Impairment

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 or losses on disposal

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.

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. LEASES

(a) Right-of-Use Assets

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

	Note	Right-of-use assets - land and buildings \$	Right-of-use assets Total \$
Balance at 1 July 2021		20,114	20,114
Additions		164,868	164,868
Depreciation		(35,266)	(35,266)
Balance at 30 June 2022		149,716	149,716
Gross balance amount at 30 June 2022		149,716	149,716
Balance at 30 June 2022		149,716	149,716
Additions		10,968	10,968
Depreciation		(35,527)	(35,527)
Balance at 30 June 2023		125,157	125,157
Gross balance amount at 30 June 2023		175,836	175,836
Accumulated depreciation at 30 June 2023		(50,679)	(50,679)
Balance at 30 June 2023		125,157	125,157

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

	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets	(35,527)	(35,266)
Finance charge on lease liabilities	(3,614)	(1,757)
Total amount recognised in the statement of comprehensive income	(39,141)	(37,023)
Total cash outflow from leases	(36,567)	(36,587)
(b) Lease Liabilities		
Current	35,214	31,760
Non-current	93,832	119,156
	24 129,046	150,916

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - measurement

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

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. INVESTMENT PROPERTY

Non-current assets - at fair value

Classified as held for sale or disposal - transferred from inventory

Net gain/(loss) from fair value adjustment

Closing balance at 30 June

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
7	1,600,000	0	0
	915,000	0	0
	2,515,000	0	0

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

SIGNIFICANT ACCOUNTING POLICIES

Investment property

Investment property is principally land, held for capital appreciation and is not occupied by the Regional Council. Investment property is carried at fair value in accordance with the significant accounting policies disclosed at note 9.

Fair value of investment property

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

12. TRADE AND OTHER PAYABLES

Current

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

	2023	2022
	\$	\$
	298,741	109,872
	6,922	1,644
	21,624	14,130
	120,000	0
	49,889	37,292
	497,176	162,938

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Regional Council prior to the end of the financial year that are unpaid and arise when the Regional Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
Current provisions	\$	\$
Employee benefit provisions		
Annual leave	27,532	21,788
Total current employee related provisions	27,532	21,788
Non-current provisions		
Employee benefit provisions		
Long service leave	19,795	13,527
Total non-current employee related provisions	19,795	13,527
Total employee related provisions	47,327	35,315

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

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

Amounts are expected to be settled on the following basis:	Note	2023	2022
Less than 12 months after the reporting date		\$ 0	19,101
More than 12 months from reporting date		47,327	16,214
		47,327	35,315

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	2022 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Improvements to leasehold property	6,353	(6,353)	0	6,353	6,353
	6,353	(6,353)	0	6,353	6,353

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	12,294,817	16,310,346

Restrictions

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

- Cash and cash equivalents	3	10,919,898	16,310,346
- Financial assets at amortised cost	4	32,014,137	36,145,694
- Inventory	7	0	1,600,000
- Trade and other receivables		0	64,583
- Investment property	11	2,515,000	0
		45,449,035	54,120,623

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

Restricted member contributions and equity	5	45,449,035	54,120,623
Total restricted financial assets		45,449,035	54,120,623

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

Net result		1,001,970	(688,875)
Non-cash items:			
Adjustments to fair value of investment property		(2,515,000)	0
Depreciation		45,082	44,821
(Profit)/loss on sale of asset		20,403	1,744
CPI adjustment to lease repayments		115	0
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		41,835	(848)
(Increase)/decrease in other assets		16,800	(23,604)
(Increase)/decrease in inventories		1,600,000	0
Increase/(decrease) in trade and other payables		145,369	46,657
Increase/(decrease) in employee related provisions		12,012	(249,130)
Net cash provided by/(used in) operating activities		368,586	(869,235)

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank overdraft limit		Not Applicable	Not Applicable
Bank overdraft at balance date		Not Applicable	Not Applicable
Credit card limit		10,000	10,000
Credit card balance at balance date		(5,081)	(1,823)
Total amount of credit unused		4,919	8,177

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

16. CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the reporting period (2022 : Nil).

17. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	16,079,434	17,720,975
	<u>16,079,434</u>	<u>17,720,975</u>

The Regional Council has entered into capital commitments as agent for it's members of \$16,079,434 at 30 June 2023 relating to land development.

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

18. RELATED PARTY TRANSACTIONS

(a) Council Member Remuneration

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

	Note	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Chairman's annual allowance		20,565	20,565	20,189
Chairman's meeting attendance fees		16,235	16,235	21,218
		36,800	36,800	41,407
Deputy Chairman's annual allowance		5,141	5,141	5,047
Deputy Chairman's meeting attendance fees		10,824	10,824	19,839
		15,965	15,965	24,886
All other council member's meeting attendance fees		108,240	108,240	91,767
		108,240	108,240	91,767
	18(b)	161,005	161,005	158,060

(b) Key Management Personnel (KMP) Compensation

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

	Note	2023 Actual	2022 Actual
		\$	\$
Short-term employee benefits		429,496	580,341
Post-employment benefits		43,777	35,790
Council member costs	18(a)	161,005	158,060
		634,278	774,191

Short-term employee benefits

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

Post-employment benefits

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

Council member costs

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

18. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Transactions with members		
Lease payments	36,452	41,465
Land development expenses	(26,311,737)	(20,839,525)
Proceeds from sale of land	38,048,256	30,288,673
Return of contribution	(20,000,000)	(10,000,000)
Amounts outstanding from related parties:		
Trade and other receivables	547,195	585,055
Amounts payable to related parties:		
Trade and other payables	293,673	108,062

Related Parties

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

i. Key management personnel

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

ii. Entities subject to significant influence by the Regional Council

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

19. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other receivables and financial assets	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2023					
Cash and cash equivalents	4.64%	12,294,817	10,018,693	2,160,259	115,865
Financial assets at amortised cost - term deposits	4.97%	32,014,137	32,014,137	0	0
2022					
Cash and cash equivalents	1.31%	16,310,346	6,082,609	9,425,093	802,644
Financial assets at amortised cost - term deposits	1.27%	33,145,694	33,145,694	0	0
Financial assets at amortised cost - Treasury bonds	0.70%	3,000,000	3,000,000	0	0

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	21,603	94,251

* Holding all other variables constant

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Other Receivables

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

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

The expected loss rates are based on the payment profiles of other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for member reimbursement receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2023					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	455,526	83,772	7,897	0	547,195
Loss allowance	0	0	0	0	0
30 June 2022					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	572,709	12,346	0	0	585,055
Loss allowance	0	0	0	0	0

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

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

19. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2023</u>	\$	\$	\$	\$	\$
Trade and other payables	475,552	0	0	475,552	475,552
Lease liabilities	37,905	96,800	0	134,705	129,046
	<u>513,457</u>	<u>96,800</u>	<u>0</u>	<u>610,257</u>	<u>604,598</u>
<u>2022</u>					
Trade and other payables	148,808	0	0	148,808	148,808
Lease liabilities	33,577	53,506	0	87,083	150,916
	<u>182,385</u>	<u>53,506</u>	<u>0</u>	<u>235,891</u>	<u>299,724</u>

20. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 1 August 2023, Tamala Park Regional Council's name was changed to Catalina Regional Council pursuant to section 3.65(1) of the Local Government Act 1995 whereby the establishment agreement was amended with the approval of the Minister for Local Government. (2022 : Nil).

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

21. 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 preceding period in addition to the minimum comparative financial report is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Regional Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Regional Council are consistent with one or more of the following valuation approaches:

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

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

(b) Income and expenses

	2023 Actual	2022 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
General purpose funding	1,249,328	319,010
Other property and services	942,818	3,618
Total Income	2,192,146	322,628
Expenses		
Governance	(166,496)	(158,486)
Other property and services	(1,023,680)	(853,017)
Total expenses	(1,190,176)	(1,011,503)
Net result for the period	1,001,970	(688,875)
(c) Total Assets		
General purpose funding	44,873,314	54,828,751
Other property and services	2,640,157	36,311
	47,513,471	54,865,062

**TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. DETERMINATION OF SURPLUS OR DEFICIT

	2022/23 (30 June 2023 Carried Forward)	2022/23 Budget (30 June 2023 Carried Forward)	2021/22 (30 June 2022 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Add: Loss on write off/disposal of assets	20,403	0	1,744
Add: CPI increase on right of use lease agreement	115		
Add: Depreciation	45,082	43,510	44,821
Non-cash movements in non-current assets and liabilities:			
Financial assets at amortised cost	0	0	0
Investment property	(2,515,000)	0	0
Assets held for sale	0	0	0
Employee benefit provisions	6,268	0	12,296
Inventory	1,600,000	0	0
Non-cash amounts excluded from operating activities	(843,132)	43,510	58,861
(b) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of lease liabilities	35,214	33,577	31,760
Total adjustments to net current assets	35,214	33,577	31,760
Net current assets used in the Statement of Financial Activity			
Total current assets	44,873,314	27,008,937	53,079,035
Less: Total current liabilities	(559,922)	(147,009)	(216,486)
Less: Total adjustments to net current assets	35,214	33,577	31,760
Surplus or deficit after imposition of general rates	44,348,606	26,895,505	52,894,309

TAMALA PARK REGIONAL COUNCIL
(SUBSEQUENTLY RENAMED CATALINA REGIONAL COUNCIL)
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

24. BORROWING AND LEASE LIABILITIES

Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
Unit 2, 369 Scarborough Beach Road, Innaloo		20,878	164,868	(34,830)	150,916	11,083	(32,953)	129,046	87,082	0	(33,577)	53,505
Total Lease Liabilities	10(b)	20,878	164,868	(34,830)	150,916	11,083	(32,953)	129,046	87,082	0	(33,577)	53,505

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Unit 2, 369 Scarborough Beach Road, Innaloo						\$	\$	\$	
		STIRLI/210937	City of Stirling	2.50%	NA	(3,614)	(1,423)	(1,757)	36
Total Finance Cost Payments	10(a)					(3,614)	(1,423)	(1,757)	