

**TAMALA PARK REGIONAL COUNCIL**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**TAMALA PARK REGIONAL COUNCIL  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

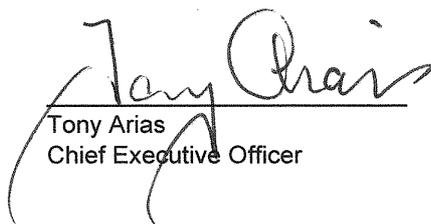
**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Regional Council being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Regional Council at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

1st day of September 2016

  
Tony Arias  
Chief Executive Officer

**TAMALA PARK REGIONAL COUNCIL  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Interest earnings	2(a)	1,435,795	958,606	1,459,506
Other revenue		5,700	1,937	12,926
		<u>1,441,495</u>	<u>960,543</u>	<u>1,472,432</u>
<b>Expenses</b>				
Employee costs		(593,993)	(727,610)	(598,053)
Materials and contracts		(138,115)	(443,517)	(140,286)
Utility charges		(457)	(6,150)	(457)
Depreciation on non-current assets	2(a)	(17,259)	(17,797)	(16,250)
Insurance expenses		(10,152)	(17,323)	(12,967)
Other expenditure		(160,023)	(175,971)	(199,701)
		<u>(919,999)</u>	<u>(1,388,368)</u>	<u>(967,714)</u>
		521,496	(427,825)	504,718
Loss on revaluation of non current assets	2(a)	(21,651)	0	0
Profit on asset disposals	19	0	0	956
		<u>0</u>	<u>0</u>	<u>956</u>
<b>Net result</b>		<b>499,845</b>	<b>(427,825)</b>	<b>505,674</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	11	(1,164)	0	0
<b>Total other comprehensive income</b>		<u>(1,164)</u>	<u>0</u>	<u>0</u>
<b>Total comprehensive income</b>		<u><b>498,681</b></u>	<u><b>(427,825)</b></u>	<u><b>505,674</b></u>

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 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
General purpose funding	2(a)	1,435,795	958,606	1,459,506
Other property and services		5,700	1,937	12,926
		<u>1,441,495</u>	<u>960,543</u>	<u>1,472,432</u>
<b>Expenses</b>				
Governance	2(a)	(158,354)	(175,663)	(161,533)
Other property and services		(783,296)	(1,212,705)	(806,181)
		<u>(941,650)</u>	<u>(1,388,368)</u>	<u>(967,714)</u>
<b>Profit/(Loss) on disposal of assets</b>				
Other property and services	19	<u>0</u>	<u>0</u>	<u>956</u>
<b>Net result</b>		<b>499,845</b>	<b>(427,825)</b>	<b>505,674</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	11	(1,164)	0	0
<b>Total other comprehensive income</b>		<u>(1,164)</u>	<u>0</u>	<u>0</u>
<b>Total comprehensive income</b>		<u><u>498,681</u></u>	<u><u>(427,825)</u></u>	<u><u>505,674</u></u>

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

**TAMALA PARK REGIONAL COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	47,135,952	46,060,590
Trade and other receivables	4	<u>404,508</u>	<u>389,124</u>
<b>TOTAL CURRENT ASSETS</b>		<u>47,540,460</u>	<u>46,449,714</u>
<b>NON-CURRENT ASSETS</b>			
Inventories	5	1,800,000	1,818,182
Property, plant and equipment	6	<u>131,368</u>	<u>151,943</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,931,368</u>	<u>1,970,125</u>
<b>TOTAL ASSETS</b>		<u>49,471,828</u>	<u>48,419,839</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	73,175	191,738
Provisions	9	<u>121,431</u>	<u>102,906</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>194,606</u>	<u>294,644</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	<u>56,652</u>	<u>30,931</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>56,652</u>	<u>30,931</u>
<b>TOTAL LIABILITIES</b>		<u>251,258</u>	<u>325,575</u>
<b>NET ASSETS</b>		<u>49,220,570</u>	<u>48,094,264</u>
<b>EQUITY</b>			
Retained surplus		0	0
Members contributions	10	49,214,217	48,086,747
Revaluation surplus	11	<u>6,353</u>	<u>7,517</u>
<b>TOTAL EQUITY</b>		<u>49,220,570</u>	<u>48,094,264</u>

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 2016**

	NOTE	RETAINED SURPLUS \$	CONTRIBUTED EQUITY \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>0</b>	<b>42,419,063</b>	<b>7,517</b>	<b>42,426,580</b>
Comprehensive income					
Net result		505,674	0	0	505,674
Total comprehensive income		505,674	0	0	505,674
Distribution to Members		(505,674)	505,674		
Members Contributions		0	36,162,010	0	36,162,010
Return of Capital		0	(31,000,000)	0	(31,000,000)
<b>Balance as at 30 June 2015</b>		<b>0</b>	<b>48,086,747</b>	<b>7,517</b>	<b>48,094,264</b>
Comprehensive income					
Net result		499,845	0	0	499,845
Changes on revaluation of non-current assets	11	0	0	(1,164)	(1,164)
Total comprehensive income		499,845	0	(1,164)	498,681
Distribution to Members		(499,845)	499,845	0	
Members Contributions		0	15,627,625	0	15,627,625
Return of Capital		0	(15,000,000)	0	(15,000,000)
<b>Balance as at 30 June 2016</b>		<b>0</b>	<b>49,214,217</b>	<b>6,353</b>	<b>49,220,570</b>

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 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Interest earnings		1,422,836	1,147,730	1,459,506
Goods and services tax		143,158	0	142,676
Other revenue		6,068	1,937	353,545
		<u>1,572,062</u>	<u>1,149,667</u>	<u>1,955,727</u>
<b>Payments</b>				
Employee costs		(547,427)	(727,610)	(553,558)
Materials and contracts		(258,998)	(485,253)	(530,790)
Utility charges		(457)	(6,150)	(457)
Insurance expenses		(10,152)	(17,323)	(12,967)
Goods and services tax		(145,951)	0	(145,951)
Other expenditure		(160,023)	(175,971)	(199,701)
		<u>(1,123,008)</u>	<u>(1,412,307)</u>	<u>(1,443,424)</u>
<b>Net cash provided by (used in) operating activities</b>	12(b)	<u>449,054</u>	<u>(262,640)</u>	<u>512,303</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,317)	(25,000)	(65,303)
Proceeds from sale of fixed assets		0	0	38,182
<b>Net cash provided by (used in) investment activities</b>		<u>(1,317)</u>	<u>(25,000)</u>	<u>(27,121)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from members contributions		15,937,684	42,402,937	36,584,572
Repayment of members contributions		(15,310,059)	(65,981,203)	(31,422,562)
<b>Net cash provided by (used in) financing activities</b>		<u>627,625</u>	<u>(23,578,266)</u>	<u>5,162,010</u>
<b>Net increase (decrease) in cash held</b>		1,075,362	(23,865,906)	5,647,192
Cash at beginning of year		46,060,590	46,060,590	40,413,398
<b>Cash and cash equivalents at the end of the year</b>	12(a)	<u><u>47,135,952</u></u>	<u><u>22,194,684</u></u>	<u><u>46,060,590</u></u>

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Revenue from operating activities</b>				
General purpose funding		1,435,795	958,606	1,459,506
Other property and services		5,700	1,937	13,882
		<u>1,441,495</u>	<u>960,543</u>	<u>1,473,388</u>
<b>Expenditure from operating activities</b>				
Governance		(158,354)	(175,663)	(161,533)
Other property and services		(783,296)	(1,212,705)	(806,181)
		<u>(941,650)</u>	<u>(1,388,368)</u>	<u>(967,714)</u>
<b>Net result excluding rates</b>		499,845	(427,825)	505,674
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
Fair value adjustment to non current assets		21,651	0	0
(Profit)/Loss on asset disposals	19	0	0	(956)
Movement in employee benefit provisions (non-current)		25,721	0	14,670
Depreciation and amortisation on assets	2(a)	17,259	17,797	16,250
<b>Capital Expenditure and Revenue</b>				
Purchase of furniture and equipment	6(b)	(1,317)		0
Purchase plant and equipment		0	(25,000)	(65,303)
Proceeds from disposal of fixed assets	19	0	0	38,182
Repayment of members contributions	10	627,625	(23,578,264)	5,162,010
Transfers from reserves (restricted assets)	10			
ADD Estimated surplus/(deficit) July 1 b/fwd	21(b)	46,155,070	46,155,070	40,484,543
LESS Estimated surplus/(deficit) June 30 c/fwd	21(b)	47,345,854	22,141,778	46,155,070
<b>Total amount raised from general rate</b>	21(a)	<u>0</u>	<u>0</u>	<u>0</u>

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

All amounts are disclosed in Australian Dollars.

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

**(b) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(c) Cash and Cash Equivalents**

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

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(f) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

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

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

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

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

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Initial recognition and measurement between mandatory revaluation dates***

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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

***Depreciation***

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

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

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

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

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

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

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

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

***Capitalisation threshold***

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Income approach**

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

**Cost approach**

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

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

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

**(h) Impairment of Assets**

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

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

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

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

**(i) 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 normally paid within 30 days of recognition.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(k) 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.

**(l) 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

**(m) Interests in Joint Arrangements**

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

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

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Rates, Grants, Donations and Other Contributions**

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

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

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

**(o) 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.

**(p) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Regional Council's operational cycle. In the case of liabilities where the Regional Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Regional Council's intentions to release for sale.

**(q) Rounding Off Figures**

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

**(r) 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(s) 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.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Regional Council's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Regional Council currently uses the expected pattern of of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.  It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Regional Council as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

<b>2. REVENUE AND EXPENSES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the annual financial report	7,736	7,000
<b>Depreciation</b>		
Improvements to leasehold property	5,539	5,539
Furniture and equipment	1,915	1,618
Plant and equipment	9,805	9,093
	17,259	16,250
<b>Other revenue</b>		
Other	5,700	12,926
	5,700	12,926
	<b>2016</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		
- Other funds	1,435,795	958,606
	1,435,795	958,606

**(b) Statement of Objective**

The Tamala Park Regional Council is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**COMMUNITY VISION**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect interest on investments

**Activities:**

Interest revenue.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

Other unclassified Activities.

**(c) Conditions over Grants/Contributions**

During the reporting period Tamala Park Regional Council did not hold any grants/contributions over which there are conditions.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		<u>47,135,952</u>	<u>46,060,590</u>
		<u>47,135,952</u>	<u>46,060,590</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Sundry debtors		201,815	180,487
GST receivable		2,793	3,846
Accrued Interest		188,350	175,391
Settlement bonds		900	29,400
Settlement bonds - Lot 1 McAllister		10,650	0
		<u>404,508</u>	<u>389,124</u>
<b>5. INVENTORIES</b>			
<b>Non-current</b>			
Land held for resale - cost			
Cost of acquisition		<u>1,800,000</u>	<u>1,818,182</u>
		<u>1,800,000</u>	<u>1,818,182</u>
		<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>			
Improvements to leasehold property at:			
- Management valuation 2013 - level 3		101,260	101,260
Less accumulated depreciation		<u>(16,617)</u>	<u>(11,078)</u>
		84,643	90,182
Furniture and equipment at:			
- Management valuation 2014 - level 3		800	800
- Additions after valuation - cost		8,285	6,968
Less accumulated depreciation		<u>(5,087)</u>	<u>(3,172)</u>
		3,998	4,596
Plant and equipment at:			
- Management valuation 2016 - level 3		42,727	0
- Additions after valuation - cost		0	65,303
Less accumulated depreciation		<u>0</u>	<u>(8,138)</u>
		42,727	57,165
		<u>131,368</u>	<u>151,943</u>

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Improvements to leasehold property	90,182	0	0	0	0	0	(5,539)	0	84,643
Furniture and equipment	4,596	1,317	0	0	0	0	(1,915)	0	3,998
Plant and equipment	57,165			(1,164)	(3,469)	0	(9,805)	0	42,727
<b>Total property, plant and equipment</b>	<b><u>151,943</u></b>	<b><u>1,317</u></b>	<b><u>0</u></b>	<b><u>(1,164)</u></b>	<b><u>(3,469)</u></b>	<b><u>0</u></b>	<b><u>(17,259)</u></b>	<b><u>0</u></b>	<b><u>131,368</u></b>

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Improvements to leasehold property</b>	Level 3	Management	Depreciated replacement Cost	June 2016	Level 3 inputs in the fair value hierarchy
<b>Furniture and equipment</b>	Level 3	Management	Observable open market value	June 2016	Level 3 inputs in the fair value hierarchy
<b>Plant and equipment</b>	Level 3	Management	Observable open market value	June 2016	Level 3 inputs in the fair value hierarchy

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

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>7. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	42,318	163,501
Accrued salaries and wages	10,851	7,080
ATO liabilities	13,716	14,965
FBT Liabilities	1,490	1,692
Accrued expenses	4,800	4,500
	<u>73,175</u>	<u>191,738</u>
	<u>73,175</u>	<u>191,738</u>

**8. LONG-TERM BORROWINGS**

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

**9. PROVISIONS**

	<b>Provision for Annual Leave</b>	<b>Provision for Long Service Leave</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	102,906	0	102,906
Non-current provisions	0	30,931	30,931
	<u>102,906</u>	<u>30,931</u>	<u>133,837</u>
Additional provision	18,525	25,721	44,246
<b>Balance at 30 June 2016</b>	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>
	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>
<b>Comprises</b>			
Current	121,431	0	121,431
Non-current	0	56,652	56,652
	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>
	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>

**TAMALA PARK REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2016 Budget \$	2015 \$
<b>10. MEMBERS CONTRIBUTIONS</b>			
<b>(a) Town of Victoria Park</b>			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>
<b>(b) City of Perth</b>			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>
<b>(c) Town of Cambridge</b>			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>
<b>(d) City of Joondalup</b>			
Opening balance	8,015,711	8,015,711	7,071,097
Land development expenses	(3,767,112)	(7,938,425)	(3,915,418)
Proceeds of sale of member land	6,423,392	7,067,156	10,012,845
Return of Contribution	(2,500,000)	(3,000,000)	(5,166,666)
Rates equivalent	(51,677)	(58,442)	(70,426)
TPRC Nett Result	<u>83,114</u>	<u>(71,304)</u>	<u>84,279</u>
	<u>8,203,428</u>	<u>4,014,696</u>	<u>8,015,711</u>
<b>(e) City of Wanneroo</b>			
Opening balance	8,015,711	8,015,711	7,071,097
Land development expenses	(3,767,112)	(7,938,425)	(3,915,418)
Proceeds of sale of member land	6,423,392	7,067,156	10,012,845
Return of Contribution	(2,500,000)	(3,000,000)	(5,166,666)
Rates equivalent	(51,677)	(58,442)	(70,426)
TPRC Nett Result	<u>83,114</u>	<u>(71,304)</u>	<u>84,279</u>
	<u>8,203,428</u>	<u>4,014,696</u>	<u>8,015,711</u>
<b>(f) City of Vincent</b>			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**10 MEMBERS CONTRIBUTIONS (continued)**

	2016 \$	2016 Budget \$	2015 \$
<b>(g) City of Stirling</b>			
Opening balance	16,031,421	16,031,421	14,142,194
Land development expenses	(7,534,221)	(15,876,850)	(7,830,834)
Proceeds of sale of member land	12,846,785	14,134,313	20,025,689
Return of Contribution	(5,000,000)	(6,000,000)	(10,333,332)
Rates equivalent	(103,353)	(116,883)	(140,854)
TPRC Nett Result	166,227	(142,608)	168,558
	<u>16,406,857</u>	<u>8,029,392</u>	<u>16,031,421</u>
<b>TOTAL MEMBERS CONTRIBUTIONS</b>	<u><u>49,220,570</u></u>	<u><u>24,088,175</u></u>	<u><u>48,094,264</u></u>
Total Opening balance	48,094,264	48,094,264	42,426,580
Land development expenses	(22,602,669)	(47,630,551)	(23,492,495)
Proceeds of sale of member land	38,540,353	42,402,937	60,077,067
Return of Contribution	(15,000,000)	(18,000,000)	(31,000,000)
Rates equivalent	(310,059)	(350,650)	(422,562)
TPRC Nett Result	498,681	(427,825)	505,674
<b>TOTAL EQUITY</b>	<u><u>49,220,570</u></u>	<u><u>24,088,175</u></u>	<u><u>48,094,264</u></u>

**11. REVALUATION SURPLUS**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

	2016 \$	2015 \$
<b>(a) Improvements to leasehold property</b>		
Opening balance	6,353	6,353
Revaluation increment	<u>0</u>	<u>0</u>
	<u>6,353</u>	<u>6,353</u>
<b>(b) Plant and equipment</b>		
Opening balance	1,164	0
Revaluation increment	0	1,164
Revaluation decrement	<u>(1,164)</u>	<u>0</u>
	<u>0</u>	<u>1,164</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>6,353</u></u>	<u><u>7,517</u></u>

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**12. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2016</b> <b>\$</b>	<b>2016</b> <b>Budget</b> <b>\$</b>	<b>2015</b> <b>\$</b>
Cash and cash equivalents	<u>47,135,952</u>	<u>22,194,684</u>	<u>46,060,590</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	499,845	(427,825)	505,674
Non-cash flows in Net result:			
Depreciation	17,259	17,797	16,250
(Profit)/Loss on sale of asset	0	0	(956)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(15,384)	189,124	345,944
(Increase)/Decrease in inventories	18,182	0	0
Increase/(Decrease) in payables	(118,563)	(41,738)	(395,957)
Increase/(Decrease) in provisions	44,246	0	41,348
Net cash from operating activities	<u>449,054</u>	<u>(262,642)</u>	<u>512,303</u>

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

The Regional Council does not have any undrawn borrowing facilities at 30 June 2016.

**13. CONTINGENT LIABILITIES**

There were no known contingent liabilities at 30 June 2016.

**14. CAPITAL AND LEASING COMMITMENTS**

The Regional Council did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

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

**15. JOINT VENTURE ARRANGEMENTS**

The Regional Council is not involved in any joint venture arrangements.

**16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2016</b> <b>\$</b>	<b>2015</b> <b>\$</b>
Governance	4,596	4,596
Other property and services	176,747	176,474
Unallocated	<u>49,290,485</u>	<u>48,238,769</u>
	<u>49,471,828</u>	<u>48,419,839</u>

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015	2014
<b>17. FINANCIAL RATIOS</b>			
Current ratio	244.29	157.65	61.98
Asset sustainability ratio	0.08	4.02	0.51
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	0.35	0.35	(0.17)
Own source revenue coverage ratio	1.53	1.51	1.20

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 36 of this document.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**18. TRUST FUNDS**

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

**19. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

No assets were disposed of during the year.

**20. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures - 2015/16

The Regional Council did not have any borrowings during the reporting period.

(b) New Debentures - 2015/16

The Regional Council did not take up any new debentures during the reporting period.

(c) Unspent Debentures

The Regional Council did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Regional Council does not have an overdraft facility.

**21. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**21. RATING INFORMATION - 2015/16 FINANCIAL YEAR (Continued)**

**(b) Composition of net current assets**

	<b>2016 (30 June 2016 Carried Forward) \$</b>	<b>2016 (1 July 2015 Brought Forward) \$</b>	<b>2015 (30 June 2015 Carried Forward) \$</b>
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>47,345,854</u>	<u>46,155,070</u>	<u>46,155,070</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	47,135,952	46,060,590	46,060,590
Receivables			
Sundry debtors	201,815	180,487	180,487
GST receivable	2,793	3,846	3,846
Accrued Interest	188,350	175,391	175,391
Settlement bonds	900	29,400	29,400
Settlement bonds - Lot 1 McAllister	10,650	0	0
<b>LESS:CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(42,318)	(163,501)	(163,501)
Accrued salaries and wages	(10,851)	(7,080)	(7,080)
ATO liabilities	(13,716)	(14,965)	(14,965)
FBT Liabilities	(1,490)	(1,692)	(1,692)
Accrued expenses	(4,800)	(4,500)	(4,500)
Provisions			
Provision for annual leave	(121,431)	(102,906)	(102,906)
<b>Unadjusted net current assets</b>	<u><b>47,345,854</b></u>	<u><b>46,155,070</b></u>	<u><b>46,155,070</b></u>
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><b>47,345,854</b></u>	<u><b>46,155,070</b></u>	<u><b>46,155,070</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**22. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Regional Council did not impose any Specified Area Rates during the reporting period.

**23. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

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

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

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

**25. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

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

**26. FEES & CHARGES**

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

**27. GRANT REVENUE**

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

**28. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	<b>2016</b>	<b>2015</b>
	<u>3</u>	<u>3</u>

**29. ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the president.

	<b>2016</b>	<b>2016 Budget</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Elected Members Remuneration	128,750	128,700	131,708
Alternate Elected Members Remuneration	512	2,000	420
Chairman's Allowance	19,570	19,570	15,338
Deputy Chairman's allowance	4,892	4,893	4,857
	<u>153,724</u>	<u>155,163</u>	<u>152,323</u>

**30. MAJOR LAND TRANSACTIONS**

The Regional Council did not participate in any major land transactions during the reporting period.

**31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Regional Council did not participate in any trading undertakings or major trading undertakings during the reporting period.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**32. FINANCIAL RISK MANAGEMENT**

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

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

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	47,135,952	46,060,590	47,135,952	46,060,590
Receivables	404,508	389,124	404,508	389,124
	<u>47,540,460</u>	<u>46,449,714</u>	<u>47,540,460</u>	<u>46,449,714</u>
<b>Financial liabilities</b>				
Payables	73,175	191,738	73,175	191,738
	<u>73,175</u>	<u>191,738</u>	<u>73,175</u>	<u>191,735</u>

Fair value is determined as follows:

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

**(a) Cash and Cash Equivalents**

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

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

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

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**32. FINANCIAL RISK MANAGEMENT (continued)**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	507,412	462,469
- Statement of Comprehensive Income	507,412	462,469

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**(b) Receivables**

The Regional Council's major receivables comprise user charges and fees. 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 makes suitable provision for doubtful receivables as required and carries out credit most non-rate debtors.

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

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

	<b>2016</b>	<b>2015</b>
Percentage of other receivables		
- Current	51%	53%
- Overdue	2%	2%

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**32. FINANCIAL RISK MANAGEMENT (continued)**  
**(c) Payables**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	73,175	0	0	73,175	73,175
	<u>73,175</u>	<u>0</u>	<u>0</u>	<u>73,175</u>	<u>73,175</u>
<b><u>2015</u></b>					
Payables	191,738	0	0	191,738	191,738
	<u>191,738</u>	<u>0</u>	<u>0</u>	<u>191,738</u>	<u>191,738</u>

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

### **Report on the Financial Report**

We have audited the accompanying financial report of Tamala Park Regional Council which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Chief Executive Officer.

### **Management's Responsibility for the Financial Report**

Management is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 and for such internal control as management 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 Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Council's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

## **Auditor's Opinion**

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

- a) giving a true and fair view of the financial position of Tamala Park Regional Council as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complies with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

## **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 37 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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

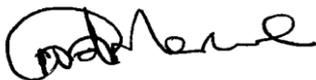
## **Reporting on Other Legal and Regulatory Requirements**

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

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Regional Council.
- b) The Regional Council substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth

Date: 1 September 2016

**TAMALA PARK REGIONAL COUNCIL  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.66	0.80	0.81
Asset renewal funding ratio	1.57	1.96	N/A

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$