

# Appendix 8.2

**TAMALA PARK REGIONAL COUNCIL**  
**MONTHLY FINANCIAL REPORT**  
**(Containing the Statement of Financial Activity)**  
**For the period ending 31 August 2020**

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

**TABLE OF CONTENTS**

Statement of Financial Activity by Program	3
Statement of Financial Activity by Nature or Type	5
Basis of Preparation	6
Note 1      Contributed Equity	7
Note 2      Statement of Financial Activity Information	8
Note 3      Cash and Financial Assets	9
Note 4      Receivables	10
Note 5      Other Current Assets	11
Note 6      Payables	12
Note 7      Disposal of Assets	13
Note 8      Capital Acquisitions	14
Note 9      Lease Liabilities	16
Note 10     Other Current Liabilities	17
Note 11     Explanation of Material Variances	18

**KEY TERMS AND DESCRIPTIONS  
FOR THE PERIOD ENDED 31 AUGUST 2020**

**STATUTORY REPORTING PROGRAMS**

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

**PROGRAM NAME AND OBJECTIVES**

**ACTIVITIES**

**GOVERNANCE**

To provide good governance to the Regional Council

Member of Council allowances and reimbursements and administration expenses

**GENERAL PURPOSE FUNDING**

To collect interest on investments

Interest revenue

**OTHER PROPERTY AND SERVICES**

To monitor and control Council's overheads on operating accounts

Other unclassified activities

**STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 AUGUST 2020**

**STATUTORY REPORTING PROGRAMS**

	Ref Note	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$	\$	\$	\$	%	
<b>Opening funding surplus / (deficit)</b>	2(c)	45,224,510	45,224,510	<b>45,474,202</b>	249,692	0.55%	
<b>Revenue from operating activities</b>							
General purpose funding - other		645,000	129,000	<b>173,687</b>	44,687	34.64%	▲
Other property and services		24,720	4,689	<b>7,183</b>	2,494	53.19%	
		<b>669,720</b>	<b>133,689</b>	<b>180,870</b>	47,181		
<b>Expenditure from operating activities</b>							
Governance		(177,078)	(44,270)	<b>(39,269)</b>	5,001	11.30%	▲
Other property and services		(1,051,289)	(182,798)	<b>(139,971)</b>	42,827	23.43%	▲
		<b>(1,228,367)</b>	<b>(227,068)</b>	<b>(179,240)</b>	47,828		
Non-cash amounts excluded from operating activities	2(a)	54,502	9,214	<b>9,735</b>	521	5.65%	
<b>Amount attributable to operating activities</b>		<b>(504,145)</b>	<b>(84,165)</b>	<b>11,365</b>	95,530		
<b>Investing Activities</b>							
Proceeds from disposal of assets	7	47,400	0	<b>0</b>	0	0.00%	
Payments for property, plant and equipment and infrastructure	8	(86,300)	0	<b>0</b>	0	0.00%	
<b>Amount attributable to investing activities</b>		<b>(38,900)</b>	<b>0</b>	<b>0</b>	0		
<b>Financing Activities</b>							
Payments of member contributions	1	(31,190,377)	(2,145,061)	<b>(810,303)</b>	1,334,758	(62.22%)	▲
Proceeds from member contributions	1	34,688,724	3,673,869	<b>3,863,480</b>	189,611	5.16%	
Payments for principal portion of lease liabilities	9	(34,870)	(4,984)	<b>(4,984)</b>	0	0.00%	
Payments of contribution refund	1	(150,000)	0	<b>0</b>	0	0.00%	
Payments of profit distribution	1	(3,000,000)	0	<b>0</b>	0	0.00%	
<b>Amount attributable to financing activities</b>		<b>313,477</b>	<b>1,523,824</b>	<b>3,048,193</b>	1,524,369		
<b>Closing funding surplus / (deficit)</b>	2(c)	<b>44,994,942</b>	<b>46,664,169</b>	<b>48,533,760</b>			

**KEY INFORMATION**

▲ ▼ Indicates a variance between Year to Date (YTD) Actual and YTD Actual data as per the adopted materiality threshold. Refer to threshold. Refer to Note 11 for an explanation of the reasons for the variance.

The material variance adopted by Council for the 2020-21 year is \$5,000 or 10.00% whichever is the greater.

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

**KEY TERMS AND DESCRIPTIONS  
FOR THE PERIOD ENDED 31 AUGUST 2020**

**NATURE OR TYPE DESCRIPTIONS**

**REVENUE**

**INTEREST EARNINGS**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

**PROFIT ON ASSET DISPOSAL**

Excess of assets received over the net book value for assets on their disposal.

**EXPENSES**

**EMPLOYEE COSTS**

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Shortfall between the value of assets received over the net book value for assets on their disposal.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation expense raised on all classes of assets.

**OTHER EXPENDITURE**

Statutory fees, taxes, allowance for impairment of assets, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 AUGUST 2020**

**BY NATURE OR TYPE**

	Ref Note	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$	\$	\$	\$	%	
<b>Opening funding surplus / (deficit)</b>	2(c)	45,224,510	45,224,510	<b>45,474,202</b>	249,692	0.55%	
<b>Revenue from operating activities</b>							
Interest earnings		645,000	129,000	<b>173,687</b>	44,687	34.64%	▲
Other revenue		23,935	4,689	<b>7,183</b>	2,494	53.19%	
Profit on disposal of assets	7	785	0	<b>0</b>	0	0.00%	
		<b>669,720</b>	<b>133,689</b>	<b>180,870</b>	47,181		
<b>Expenditure from operating activities</b>							
Employee costs		(749,760)	(127,510)	<b>(98,503)</b>	29,007	22.75%	▲
Materials and contracts		(222,769)	(34,634)	<b>(22,999)</b>	11,635	33.59%	▲
Utility charges		(6,500)	(1,084)	<b>0</b>	1,084	100.00%	
Depreciation on non-current assets		(55,287)	(9,214)	<b>(9,735)</b>	(521)	(5.65%)	
Interest expenses		(511)	(120)	<b>(120)</b>	0	0.00%	
Insurance expenses		(16,462)	(10,236)	<b>(10,235)</b>	1	0.01%	
Other expenditure		(177,078)	(44,270)	<b>(37,648)</b>	6,622	14.96%	▲
		<b>(1,228,367)</b>	<b>(227,068)</b>	<b>(179,240)</b>	47,828		
Non-cash amounts excluded from operating activities							
	2(a)	54,502	9,214	<b>9,735</b>	521	5.65%	
<b>Amount attributable to operating activities</b>		<b>(504,145)</b>	<b>(84,165)</b>	<b>11,365</b>	95,530		
<b>Investing activities</b>							
Proceeds from disposal of assets	7	47,400	0	<b>0</b>	0	0.00%	
Payments for property, plant and equipment and infrastructure	8	(86,300)	0	<b>0</b>	0	0.00%	
<b>Amount attributable to investing activities</b>		<b>(38,900)</b>	<b>0</b>	<b>0</b>	0		
<b>Financing Activities</b>							
Payments of member contributions	1	(31,190,377)	(2,145,061)	<b>(810,303)</b>	1,334,758	(62.22%)	
Proceeds from member contributions	1	34,688,724	3,673,869	<b>3,863,480</b>	189,611	5.16%	
Payments for principal portion of lease liabilities	9	(34,870)	(4,984)	<b>(4,984)</b>	0	0.00%	
Payments of contribution refund	1	(150,000)	0	<b>0</b>	0	0.00%	
Payments of profit distribution	1	(3,000,000)	0	<b>0</b>	0	0.00%	
<b>Amount attributable to financing activities</b>		<b>313,477</b>	<b>1,523,824</b>	<b>3,048,193</b>	1,524,369		
<b>Closing funding surplus / (deficit)</b>	2(c)	<b>44,994,942</b>	<b>46,664,169</b>	<b>48,533,760</b>	1,869,591		

**KEY INFORMATION**

▲ ▼ Indicates a variance between Year to Date (YTD) Actual and YTD Actual data as per the adopted materiality threshold.

Refer to Note 11 for an explanation of the reasons for the variance.

This statement is to be read in conjunction with the accompanying Financial Statements and Notes.

**BASIS OF PREPARATION**

**REPORT PURPOSE**

This report is prepared to meet the requirements of *Local Government (Financial Management) Regulations 1996 , Regulation 34* . Note: The statements and accompanying notes are prepared based on all transactions recorded at the time of preparation and may vary due to transactions being processed for the reporting period after the date of preparation.

**BASIS OF ACCOUNTING**

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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

**PREPARATION TIMING**

Date prepared: All known transactions up to 10 September 2020

**SIGNIFICANT ACCOUNTING POLICES**

**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

**GOODS AND SERVICES TAX**

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.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 AUGUST 2020

NOTE 1  
CONTRIBUTED EQUITY

Movement in Contributed Equity Represented by:

	Development	Contributed	Return of	Rates	GST	Total	Development	Contributed	Return of	Rates	GST	Total	
	Land Sales	Expenses	Equity	Contribution	Equivalent	Withheld	Land Sales	Expenses	Equity	Contribution	Equivalent	Withheld	Movement
	Year to Date	Year to Date	Year to Date	Year to Date	Year to Date	Year to Date	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted
	31 August 2020	31 August 2020	31 August 2020	31 August 2020	31 August 2020	31 August 2020	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Town of Victoria Park	321,957	(23,983)	(20,745)	0	0	(22,797)	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
City of Perth	321,957	(23,983)	(20,745)	0	0	(22,797)	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
Town of Cambridge	321,957	(23,983)	(20,745)	0	0	(22,797)	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
City of Joondalup	643,913	(47,966)	(41,492)	0	0	(45,593)	5,781,454	(5,198,396)	(500,000)	(25,000)	0	0	58,058
City of Wanneroo	643,913	(47,966)	(41,492)	0	0	(45,593)	5,781,454	(5,198,396)	(500,000)	(25,000)	0	0	58,058
Town of Vincent	321,957	(23,983)	(20,745)	0	0	(22,797)	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
City of Stirling	1,287,826	(95,932)	(82,983)	0	0	(91,186)	11,562,908	(10,396,792)	(1,000,000)	(50,000)	0	0	116,116
<b>Total</b>	<b>3,863,480</b>	<b>(287,796)</b>	<b>(248,947)</b>	<b>0</b>	<b>0</b>	<b>(273,560)</b>	<b>34,688,724</b>	<b>(31,190,377)</b>	<b>(3,000,000)</b>	<b>(150,000)</b>			<b>348,347</b>

Movement in Total Equity Represented by:

	Movement in			Year to Date 31 August 2020
	Closing Balance	Contributed	Net Result	
	30 June 2020	Equity		
	\$			\$
Town of Victoria Park	3,770,032	254,432	136	4,024,600
City of Perth	3,770,032	254,432	136	4,024,600
Town of Cambridge	3,770,032	254,432	136	4,024,600
City of Joondalup	7,540,060	508,862	272	8,049,194
City of Wanneroo	7,540,060	508,862	272	8,049,194
Town of Vincent	3,770,032	254,432	136	4,024,600
City of Stirling	15,082,935	1,017,725	543	16,101,203
<b>Total</b>	<b>45,243,183</b>	<b>3,053,177</b>	<b>1,630</b>	<b>48,297,990</b>
<b>Total Movement in Equity</b>				<b>3,054,807</b>

**(a) Non-cash items excluded from operating activities**

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32.

	Notes	Adopted Budget	YTD Budget (a)	YTD Actual (b)
<b>Non-cash items excluded from operating activities</b>				
		\$	\$	\$
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	7	(785)	0	0
Add: Depreciation on assets		55,287	9,214	9,735
<b>Total non-cash items excluded from operating activities</b>		<b>54,502</b>	<b>9,214</b>	<b>9,735</b>

**(b) Adjustments to net current assets in the Statement of Financial Activity**

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation* 32 to agree to the surplus/(deficit) after imposition of general rates.

		Last Year Closing 30 June 2020	This Time Last Year 31 August 2019	Year to Date 31 August 2020
<b>Adjustments to net current assets</b>				
Add: Provisions - employee	10	267,082	256,570	267,082
Add: Lease liabilities	9	55,420	0	50,436
<b>Total adjustments to net current assets</b>		<b>322,502</b>	<b>256,570</b>	<b>317,518</b>

**(c) Net current assets used in the Statement of Financial Activity**

<b>Current assets</b>				
Cash and cash equivalents	3	2,557,722	110,363	5,473,893
Financial assets at amortised cost	3	42,733,232	43,694,981	42,806,835
Receivables	4	224,126	201,450	305,333
Other current assets	5	0	0	3,596
<b>Less: Current liabilities</b>				
Payables	6	(40,878)	(31,437)	(55,897)
Lease liabilities	9	(55,420)	0	(50,436)
Provisions	10	(267,082)	(256,570)	(267,082)
<b>Less: Total adjustments to net current assets</b>	2(b)	<b>322,502</b>	<b>256,570</b>	<b>317,518</b>
<b>Closing funding surplus / (deficit)</b>		<b>45,474,202</b>	<b>43,975,357</b>	<b>48,533,760</b>

**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. Unless otherwise stated assets or liabilities are classified as current if expected to be settled within the next 12 months, being the Council's operational cycle.

Description	Classification	Unrestricted	Restricted	Total Cash	Trust	Institution	Interest Rate	Maturity Date
		\$	\$	\$	\$			
<b>Cash on hand</b>								
Municipal bank	Cash and cash equivalents	1,690,617	0	1,690,617	0	Westpac	0.10%	Nil
Short term investment	Cash and cash equivalents	182	0	182	0	Westpac	Variable	Nil
Settlement proceeds	Cash and cash equivalents	3,392,495	0	3,392,495	0	Westpac	0.05%	Nil
At call account	Cash and cash equivalents	390,599	0	390,599	0	NAB	Variable	Nil
Term Deposit 9591	Financial assets at amortised cost	2,017,452	0	2,017,452	0	AMP	1.80%	Sep-20
Term Deposit 9382	Financial assets at amortised cost	3,000,000	0	3,000,000	0	Suncorp	1.70%	Sep-20
Term Deposit 9383	Financial assets at amortised cost	2,000,000	0	2,000,000	0	Suncorp	1.70%	Sep-20
Term Deposit 9402	Financial assets at amortised cost	4,000,000	0	4,000,000	0	Suncorp	1.74%	Sep-20
Term Deposit 9661	Financial assets at amortised cost	3,000,000	0	3,000,000	0	Suncorp	1.40%	Oct-20
Term Deposit 4453	Financial assets at amortised cost	3,015,781	0	3,015,781	0	MacQuarie	1.75%	Oct-20
Term Deposit 5253	Financial assets at amortised cost	1,200,000	0	1,200,000	0	BOQ	1.55%	Oct-20
Term Deposit 8683	Financial assets at amortised cost	3,000,000	0	3,000,000	0	AMP	1.65%	Nov-20
Term Deposit 0946	Financial assets at amortised cost	2,000,000	0	2,000,000	0	AMP	1.65%	Nov-20
Term Deposit 7529	Financial assets at amortised cost	2,000,000	0	2,000,000	0	Westpac	1.40%	Nov-20
Term Deposit 1836	Financial assets at amortised cost	3,000,000	0	3,000,000	0	MacQuarie	1.70%	Dec-20
Term Deposit 1653	Financial assets at amortised cost	3,000,000	0	3,000,000	0	BOQ	1.30%	Feb-21
Term Deposit 9279	Financial assets at amortised cost	3,026,630	0	3,026,630	0	AMP	0.80%	Feb-21
Term Deposit 7510	Financial assets at amortised cost	500,000	0	500,000	0	Westpac	1.70%	Apr-21
Term Deposit 8554	Financial assets at amortised cost	2,000,000	0	2,000,000	0	NAB	0.95%	Jul-21
Term Deposit 8292	Financial assets at amortised cost	3,023,635	0	3,023,635	0	NAB	0.85%	Aug-21
Term Deposit 0155	Financial assets at amortised cost	3,023,337	0	3,023,337	0	NAB	0.85%	Aug-21
<b>Total</b>		<b>48,280,728</b>	<b>0</b>	<b>48,280,728</b>	<b>0</b>			
<b>Comprising</b>								
Cash and cash equivalents		5,473,893	0	5,473,893	0			
Financial assets at amortised cost		42,806,835	0	42,806,835	0			
		<b>48,280,728</b>	<b>0</b>	<b>48,280,728</b>	<b>0</b>			

**KEY INFORMATION**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of net current assets.

The local government classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost held with registered financial institutions are listed in this note other financial assets at amortised cost are provided in Note 4 - Other assets.

Receivables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - general	0	32,478	0	0	0	32,478
Percentage	0%	100%	0%	0%	0%	
<b>Balance per trial balance</b>						
Sundry receivable						32,478
Accrued interest						272,855
<b>Total receivables general outstanding</b>						<b>305,333</b>

Amounts shown above include GST (where applicable)

#### KEY INFORMATION

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 impairment of receivables is raised when there is objective evidence that they will not be collectible.

Other current assets	Opening Balance 1 July 2020	Asset Increase	Asset Reduction	Closing Balance 31 August 2020
	\$	\$	\$	\$
<b>Other current assets</b>				
Settlement bonds	0	700	(100)	600
Prepayments	0	5,991	(2,995)	2,996
<b>Total other current assets</b>	<b>0</b>	<b>6,691</b>	<b>(3,095)</b>	<b>3,596</b>

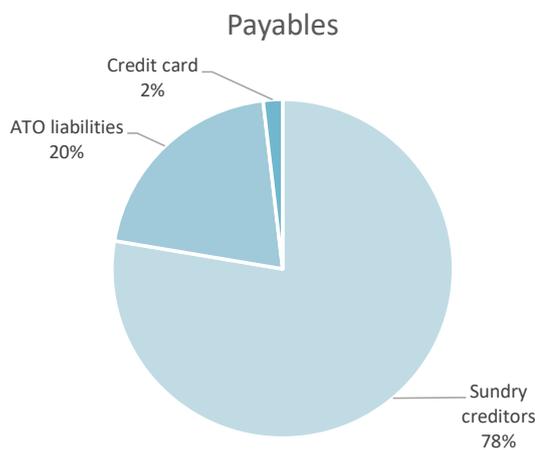
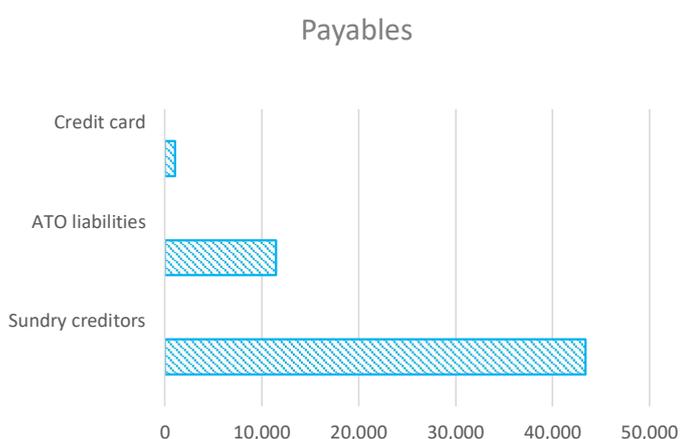
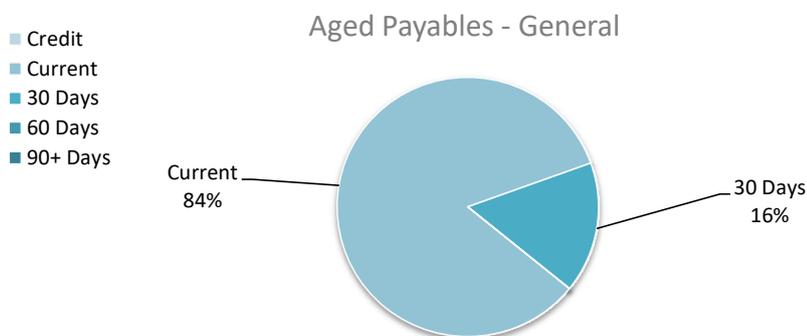
Amounts shown above include GST (where applicable)

Payables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Payables - general	0	36,304	7,094	0	0	43,398
Percentage	0%	83.7%	16.30%	0%	0%	
<b>Balance per trial balance</b>						
Sundry creditors						43,398
ATO liabilities						11,470
Credit card						1,029
<b>Total payables general outstanding</b>						<b>55,897</b>

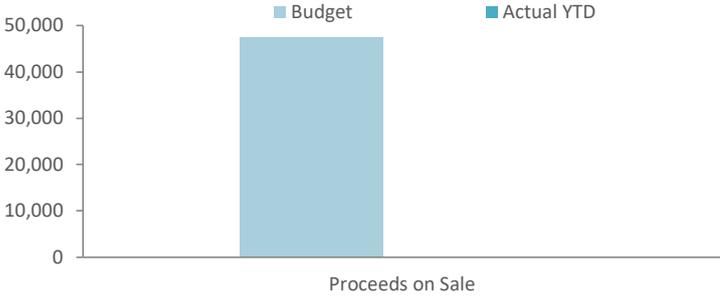
Amounts shown above include GST (where applicable)

KEY INFORMATION

Trade and other payables represent liabilities for goods and services provided to the Regional Council 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.



Asset Ref.	Asset description	Budget				YTD Actual			
		Net Book Value	Proceeds	Profit	(Loss)	Net Book Value	Proceeds	Profit	(Loss)
		\$	\$	\$	\$	\$	\$	\$	\$
	<b>Plant and equipment</b>								
	<b>Other property and services</b>								
	Motor Vehicle - CEO	46,615	47,400	785	0	0	0	0	0
		<b>46,615</b>	<b>47,400</b>	<b>785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



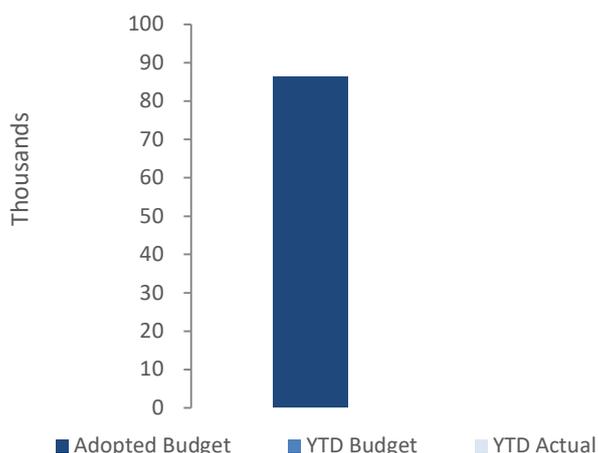
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 AUGUST 2020**

**INVESTING ACTIVITIES  
NOTE 8  
CAPITAL ACQUISITIONS**

Capital acquisitions	Adopted		YTD Actual	YTD Actual Variance
	Budget	YTD Budget		
	\$	\$	\$	\$
Furniture and equipment	17,000	0	0	0
Plant and equipment	69,300	0	0	0
<b>Payments for Capital Acquisitions</b>	<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Acquisitions</b>	<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Acquisitions Funded By:</b>				
	\$	\$	\$	\$
Other (disposals & C/Fwd)	47,400	0	0	0
Contribution - operations	38,900	0	0	0
<b>Capital funding total</b>	<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>

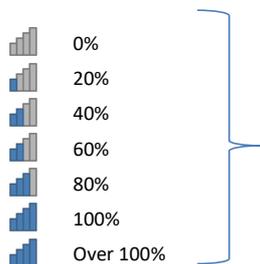
**SIGNIFICANT ACCOUNTING POLICIES**

All assets are initially recognised at cost. 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 local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.



**Capital expenditure total**

**Level of completion indicators**



Percentage Year to Date Actual to Annual Budget expenditure where the expenditure over budget highlighted in red.

*Level of completion indicator, please see table at the end of this note for further detail.*

		<b>Adopted</b>			
<b>Account Description</b>		<b>Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance (Under)/Over</b>
	E168566 Computer equipment - server	15,000	0	0	0
	E168524 Conference room - TV	2,000	0	0	0
	E000000 Motor vehicle - CEO	69,300	0	0	0
		<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 AUGUST 2020**

**FINANCING ACTIVITIES  
NOTE 9  
LEASE LIABILITIES**

**Movement in carrying amounts**

Information on leases Particulars	Lease No.	1 July 2020	New Leases		Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>Other property and services</b>										
Unit 2, 369 Scarborough Beach Road, Innaloo	STIRLI/170672	55,420	0	0	4,984	34,870	50,436	20,550	120	511
<b>Total</b>		55,420	0	0	4,984	34,870	50,436	20,550	120	511
Current lease liabilities		55,420					50,436			
		55,420					50,436			

All lease repayments were financed by general purpose revenue.

**KEY INFORMATION**

At inception of a contract, the Regional Council assesses 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 that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Regional Council uses its incremental borrowing rate.

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

Other current liabilities	Note	Opening Balance 1 July 2020	Liability Increase	Liability Reduction	Closing Balance 31 August 2020
		\$	\$	\$	\$
<b>Provisions</b>					
Annual leave		168,378	0	0	168,378
Long service leave		98,704	0	0	98,704
<b>Total Provisions</b>		267,082	0	0	267,082
<b>Total other current assets</b>		<b>267,082</b>	<b>0</b>	<b>0</b>	<b>267,082</b>
<b>Amounts shown above include GST (where applicable)</b>					

#### KEY INFORMATION

##### Provisions

Provisions are recognised when the Regional Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

##### 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 and other payables in the calculation of net current assets.

###### Other long-term employee benefits

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

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

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 AUGUST 2020**

**NOTE 11  
EXPLANATION OF MATERIAL VARIANCES**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date Actual materially.

The material variance adopted by Council for the 2020-21 year is \$5,000 or 10.00% whichever is the greater.

Reporting Program	Var. \$	Var. %	Timing/ Permanent	Explanation of Variance
	\$	%		
<b>Revenue from operating activities</b>				
General purpose funding - other	44,687	34.64%	▲	
<b>Expenditure from operating activities</b>				
Governance	5,001	11.30%	▲	
Other property and services	42,827	23.43%	▲	
<b>Financing activities</b>				
Payments of member contributions	1,334,758	(62.22%)	▲	

**TAMALA PARK REGIONAL COUNCIL**  
**MONTHLY FINANCIAL REPORT**  
**(Containing the Statement of Financial Activity)**  
**For the period ending 31 July 2020**

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

**TABLE OF CONTENTS**

Statement of Financial Activity by Program	3
Statement of Financial Activity by Nature or Type	5
Basis of Preparation	6
Note 1     Contributed Equity	7
Note 2     Statement of Financial Activity Information	8
Note 3     Cash and Financial Assets	9
Note 4     Receivables	10
Note 5     Other Current Assets	11
Note 6     Payables	12
Note 7     Disposal of Assets	13
Note 8     Capital Acquisitions	14
Note 9     Lease Liabilities	16
Note 10    Other Current Liabilities	17
Note 11    Explanation of Material Variances	18

**KEY TERMS AND DESCRIPTIONS  
FOR THE PERIOD ENDED 31 JULY 2020**

**STATUTORY REPORTING PROGRAMS**

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

**PROGRAM NAME AND OBJECTIVES**

**ACTIVITIES**

**GOVERNANCE**

To provide good governance to the Regional Council

Member of Council allowances and reimbursements and administration expenses

**GENERAL PURPOSE FUNDING**

To collect interest on investments

Interest revenue

**OTHER PROPERTY AND SERVICES**

To monitor and control Council's overheads on operating accounts

Other unclassified activities

**STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2020**

**STATUTORY REPORTING PROGRAMS**

	Ref Note	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$	\$	\$	\$	%	
<b>Opening funding surplus / (deficit)</b>	2(c)	45,224,510	45,224,510	<b>45,474,202</b>	249,692	0.55%	
<b>Revenue from operating activities</b>							
General purpose funding - other		645,000	64,500	<b>48,964</b>	(15,536)	(24.09%)	▼
Other property and services		24,720	2,870	<b>5,481</b>	2,611	90.98%	
		<b>669,720</b>	<b>67,370</b>	<b>54,445</b>	(12,925)		
<b>Expenditure from operating activities</b>							
Governance		(177,078)	0	<b>0</b>	0	0.00%	
Other property and services		(1,051,289)	(98,375)	<b>(76,720)</b>	21,655	22.01%	▲
		<b>(1,228,367)</b>	<b>(98,375)</b>	<b>(76,720)</b>	21,655		
Non-cash amounts excluded from operating activities	2(a)	54,502	4,607	<b>5,072</b>	465	10.09%	
<b>Amount attributable to operating activities</b>		<b>(504,145)</b>	<b>(26,398)</b>	<b>(17,203)</b>	9,195		
<b>Investing Activities</b>							
Proceeds from disposal of assets	7	47,400	0	<b>0</b>	0	0.00%	
Payments for property, plant and equipment and infrastructure	8	(86,300)	0	<b>0</b>	0	0.00%	
<b>Amount attributable to investing activities</b>		<b>(38,900)</b>	<b>0</b>	<b>0</b>	0		
<b>Financing Activities</b>							
Members contributed equity movements	1	348,347	348,347	<b>646,808</b>	298,461	85.68%	▲
Payments for principal portion of lease liabilities	9	(34,870)	(2,047)	<b>(2,047)</b>	0	0.00%	
<b>Amount attributable to financing activities</b>		<b>313,477</b>	<b>346,300</b>	<b>644,761</b>	298,461		
<b>Closing funding surplus / (deficit)</b>	2(c)	<b>44,994,942</b>	<b>45,544,412</b>	<b>46,101,760</b>			

**KEY INFORMATION**

▲ ▼ Indicates a variance between Year to Date (YTD) Actual and YTD Actual data as per the adopted materiality threshold. Refer to threshold. Refer to Note 11 for an explanation of the reasons for the variance.

The material variance adopted by Council for the 2020-21 year is \$5,000 or 10.00% whichever is the greater.

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

**KEY TERMS AND DESCRIPTIONS  
FOR THE PERIOD ENDED 31 JULY 2020**

**NATURE OR TYPE DESCRIPTIONS**

**REVENUE**

**INTEREST EARNINGS**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

**PROFIT ON ASSET DISPOSAL**

Excess of assets received over the net book value for assets on their disposal.

**EXPENSES**

**EMPLOYEE COSTS**

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Shortfall between the value of assets received over the net book value for assets on their disposal.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation expense raised on all classes of assets.

**OTHER EXPENDITURE**

Statutory fees, taxes, allowance for impairment of assets, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2020**

**BY NATURE OR TYPE**

	Ref Note	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$	\$	\$	\$	%	
<b>Opening funding surplus / (deficit)</b>	2(c)	45,224,510	45,224,510	<b>45,474,202</b>	249,692	0.55%	
<b>Revenue from operating activities</b>							
Interest earnings		645,000	64,500	<b>48,964</b>	(15,536)	(24.09%)	▼
Other revenue		23,935	2,870	<b>5,481</b>	2,611	90.98%	
Profit on disposal of assets	7	785	0	<b>0</b>	0	0.00%	
		<b>669,720</b>	<b>67,370</b>	<b>54,445</b>	(12,925)		
<b>Expenditure from operating activities</b>							
Employee costs		(749,760)	(65,670)	<b>(55,460)</b>	10,210	15.55%	▲
Materials and contracts		(222,769)	(17,299)	<b>(7,523)</b>	9,776	56.51%	▲
Utility charges		(6,500)	(542)	<b>0</b>	542	100.00%	
Depreciation on non-current assets		(55,287)	(4,607)	<b>(5,072)</b>	(465)	(10.09%)	
Interest expenses		(511)	0	<b>(62)</b>	(62)	0.00%	
Insurance expenses		(16,462)	(10,236)	<b>(10,235)</b>	1	0.01%	
Other expenditure		(177,078)	(21)	<b>1,632</b>	1,653	7871.43%	
		<b>(1,228,367)</b>	<b>(98,375)</b>	<b>(76,720)</b>	21,655		
Non-cash amounts excluded from operating activities							
	2(a)	54,502	4,607	<b>5,072</b>	465	10.09%	
<b>Amount attributable to operating activities</b>		<b>(504,145)</b>	<b>(26,398)</b>	<b>(17,203)</b>	9,195		
<b>Investing activities</b>							
Proceeds from disposal of assets	7	47,400	0	<b>0</b>	0	0.00%	
Payments for property, plant and equipment and infrastructure	8	(86,300)	0	<b>0</b>	0	0.00%	
<b>Amount attributable to investing activities</b>		<b>(38,900)</b>	<b>0</b>	<b>0</b>	0		
<b>Financing Activities</b>							
Members contributed equity movements	1	348,347	348,347	<b>646,808</b>	298,461	85.68%	▲
Payments for principal portion of lease liabilities	9	(34,870)	(2,047)	<b>(2,047)</b>	0	0.00%	
<b>Amount attributable to financing activities</b>		<b>313,477</b>	<b>346,300</b>	<b>644,761</b>	298,461		
<b>Closing funding surplus / (deficit)</b>	2(c)	<b>44,994,942</b>	<b>45,544,412</b>	<b>46,101,760</b>	557,348		

**KEY INFORMATION**

▲▼ Indicates a variance between Year to Date (YTD) Actual and YTD Actual data as per the adopted materiality threshold.

Refer to Note 11 for an explanation of the reasons for the variance.

This statement is to be read in conjunction with the accompanying Financial Statements and Notes.

**BASIS OF PREPARATION**

**REPORT PURPOSE**

This report is prepared to meet the requirements of *Local Government (Financial Management) Regulations 1996 , Regulation 34* . Note: The statements and accompanying notes are prepared based on all transactions recorded at the time of preparation and may vary due to transactions being processed for the reporting period after the date of preparation.

**BASIS OF ACCOUNTING**

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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

**PREPARATION TIMING**

Date prepared: All known transactions up to 01 September 2020

**SIGNIFICANT ACCOUNTING POLICES**

**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

**GOODS AND SERVICES TAX**

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.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2020

NOTE 1  
CONTRIBUTED EQUITY

Movement in Contributed Equity Represented by:

	Land Sales	Development	Contributed	Return of	Rates	GST	Total
	Year to Date	Expenses	Equity	Contribution	Equivalent	Withheld	Movement
	31 July 2020	Year to Date	Year to Date	Year to Date	Year to Date	Year to Date	Year to Date
	\$	\$	\$	\$	\$	\$	\$
Town of Victoria Park	79,065	1,263	(20,746)	0	0	(5,681)	53,901
City of Perth	79,065	1,263	(20,746)	0	0	(5,681)	53,901
Town of Cambridge	79,065	1,263	(20,746)	0	0	(5,681)	53,901
City of Joondalup	158,130	2,526	(41,491)	0	0	(11,364)	107,801
City of Wanneroo	158,130	2,526	(41,491)	0	0	(11,364)	107,801
Town of Vincent	79,065	1,263	(20,746)	0	0	(5,681)	53,901
City of Stirling	316,261	5,051	(82,982)	0	0	(22,728)	215,602
<b>Total</b>	<b>948,781</b>	<b>15,155</b>	<b>(248,948)</b>	<b>0</b>	<b>0</b>	<b>(68,180)</b>	<b>646,808</b>

	Land Sales	Development	Contributed	Return of	Rates	GST	Total
	Adopted	Expenses	Equity	Contribution	Equivalent	Withheld	Movement
	Budget	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted
	\$	Budget	Budget	Budget	Budget	Budget	Budget
	\$	\$	\$	\$	\$	\$	\$
	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
	5,781,454	(5,198,396)	(500,000)	(25,000)	0	0	58,058
	5,781,454	(5,198,396)	(500,000)	(25,000)	0	0	58,058
	2,890,727	(2,599,198)	(250,000)	(12,500)	0	0	29,029
	11,562,908	(10,396,792)	(1,000,000)	(50,000)	0	0	116,116
<b>Total</b>	<b>34,688,724</b>	<b>(31,190,377)</b>	<b>(3,000,000)</b>	<b>(150,000)</b>			<b>348,347</b>

	Closing Balance	Movement in		Year to Date
	30 June 2020	Contributed	Net Result	31 July 2020
	\$	Equity		\$
Town of Victoria Park	3,770,032	53,901	(1,856)	3,822,077
City of Perth	3,770,032	53,901	(1,856)	3,822,077
Town of Cambridge	3,770,032	53,901	(1,856)	3,822,077
City of Joondalup	7,540,060	107,801	(3,713)	7,644,149
City of Wanneroo	7,540,060	107,801	(3,713)	7,644,149
Town of Vincent	3,770,032	53,901	(1,856)	3,822,077
City of Stirling	15,082,935	215,602	(7,425)	15,291,112
<b>Total</b>	<b>45,243,183</b>	<b>646,808</b>	<b>(22,275)</b>	<b>45,867,716</b>
<b>Total Movement in Equity</b>				<b>624,533</b>

(a) Non-cash items excluded from operating activities

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32.

	Notes	Adopted Budget	YTD Budget (a)	YTD Actual (b)
<b>Non-cash items excluded from operating activities</b>				
		\$	\$	\$
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	7	(785)	0	0
Add: Depreciation on assets		55,287	4,607	5,072
<b>Total non-cash items excluded from operating activities</b>		<b>54,502</b>	<b>4,607</b>	<b>5,072</b>

(b) Adjustments to net current assets in the Statement of Financial Activity

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation* 32 to agree to the surplus/(deficit) after imposition of general rates.

		Last Year Closing 30 June 2020	This Time Last Year 31 July 2019	Year to Date 31 July 2020
<b>Adjustments to net current assets</b>				
Add: Provisions - employee	10	267,082	256,570	267,082
Add: Lease liabilities	9	55,420	0	53,373
<b>Total adjustments to net current assets</b>		<b>322,502</b>	<b>256,570</b>	<b>320,455</b>

(c) Net current assets used in the Statement of Financial Activity

<b>Current assets</b>				
Cash and cash equivalents	3	2,557,722	670,928	3,150,312
Financial assets at amortised cost	3	42,733,232	43,516,681	42,733,233
Receivables	4	224,126	253,902	246,678
Other current assets	5	0	0	6,691
<b>Less: Current liabilities</b>				
Payables	6	(40,878)	(105,915)	(35,154)
Lease liabilities	9	(55,420)	0	(53,373)
Provisions	10	(267,082)	(256,570)	(267,082)
<b>Less: Total adjustments to net current assets</b>	<b>2(b)</b>	<b>322,502</b>	<b>256,570</b>	<b>320,455</b>
<b>Closing funding surplus / (deficit)</b>		<b>45,474,202</b>	<b>44,335,596</b>	<b>46,101,760</b>

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. Unless otherwise stated assets or liabilities are classified as current if expected to be settled within the next 12 months, being the Council's operational cycle.

Description	Classification	Unrestricted	Restricted	Total Cash	Trust	Institution	Interest Rate	Maturity Date
		\$	\$	\$				
<b>Cash on hand</b>								
Municipal bank	Cash and cash equivalents	1,875,866	0	1,875,866	0	Westpac	0.10%	Nil
Short term investment	Cash and cash equivalents	182	0	182	0	Westpac	Variable	Nil
Settlement proceeds	Cash and cash equivalents	883,781	0	883,781	0	Westpac	0.05%	Nil
At call account	Cash and cash equivalents	390,483	0	390,483	0	NAB	Variable	Nil
Term Deposit 9279	Financial assets at amortised cost	3,000,000	0	3,000,000	0	AMP	1.80%	Jul-20
Term Deposit 8292	Financial assets at amortised cost	3,000,000	0	3,000,000	0	NAB	1.58%	Aug-20
Term Deposit 0155	Financial assets at amortised cost	3,000,000	0	3,000,000	0	NAB	1.56%	Aug-20
Term Deposit 9382	Financial assets at amortised cost	3,000,000	0	3,000,000	0	Suncorp	1.70%	Sep-20
Term Deposit 9383	Financial assets at amortised cost	2,000,000	0	2,000,000	0	Suncorp	1.70%	Sep-20
Term Deposit 9402	Financial assets at amortised cost	4,000,000	0	4,000,000	0	Suncorp	1.74%	Sep-20
Term Deposit 9591	Financial assets at amortised cost	2,017,452	0	2,017,452	0	AMP	1.80%	Sep-20
Term Deposit 4453	Financial assets at amortised cost	3,015,781	0	3,015,781	0	MacQuarie	1.75%	Oct-20
Term Deposit 9661	Financial assets at amortised cost	3,000,000	0	3,000,000	0	Suncorp	1.40%	Oct-20
Term Deposit 5253	Financial assets at amortised cost	1,200,000	0	1,200,000	0	BOQ	1.55%	Oct-20
Term Deposit 8683	Financial assets at amortised cost	3,000,000	0	3,000,000	0	AMP	1.65%	Nov-20
Term Deposit 0946	Financial assets at amortised cost	2,000,000	0	2,000,000	0	AMP	1.65%	Nov-20
Term Deposit 7529	Financial assets at amortised cost	2,000,000	0	2,000,000	0	Westpac	1.40%	Nov-20
Term Deposit 1836	Financial assets at amortised cost	3,000,000	0	3,000,000	0	MacQuarie	1.70%	Dec-20
Term Deposit 1653	Financial assets at amortised cost	3,000,000	0	3,000,000	0	BOQ	1.30%	Feb-21
Term Deposit 7510	Financial assets at amortised cost	500,000	0	500,000	0	Westpac	1.70%	Apr-21
Term Deposit 8554	Financial assets at amortised cost	2,000,000	0	2,000,000	0	NAB	0.95%	Jul-21
<b>Total</b>		<b>45,883,545</b>	<b>0</b>	<b>45,883,545</b>	<b>0</b>			
<b>Comprising</b>								
Cash and cash equivalents		3,150,312	0	3,150,312	0			
Financial assets at amortised cost		42,733,233	0	42,733,233	0			
		<b>45,883,545</b>	<b>0</b>	<b>45,883,545</b>	<b>0</b>			

**KEY INFORMATION**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of net current assets.

The local government classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost held with registered financial institutions are listed in this note other financial assets at amortised cost are provided in Note 4 - Other assets.

Receivables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - general	0	24,580	0	0	0	24,580
Percentage	0%	100%	0%	0%	0%	
<b>Balance per trial balance</b>						
Sundry receivable						24,580
Accrued interest						222,098
<b>Total receivables general outstanding</b>						<b>246,678</b>

Amounts shown above include GST (where applicable)

#### KEY INFORMATION

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 impairment of receivables is raised when there is objective evidence that they will not be collectible.

Other current assets	Opening Balance 1 July 2020	Asset Increase	Asset Reduction	Closing Balance 31 July 2020
	\$	\$	\$	\$
<b>Other current assets</b>				
Settlement bonds	0	700	0	700
Prepayments	0	5,991	0	5,991
<b>Total other current assets</b>	<b>0</b>	<b>6,691</b>	<b>0</b>	<b>6,691</b>

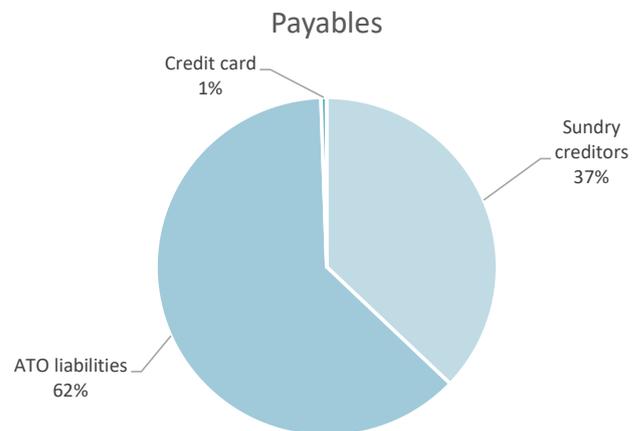
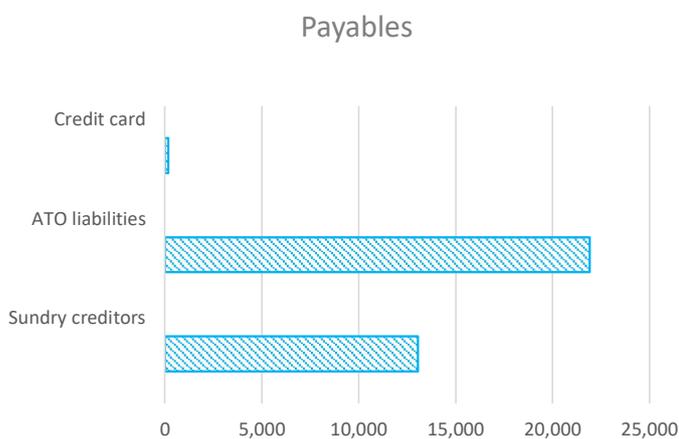
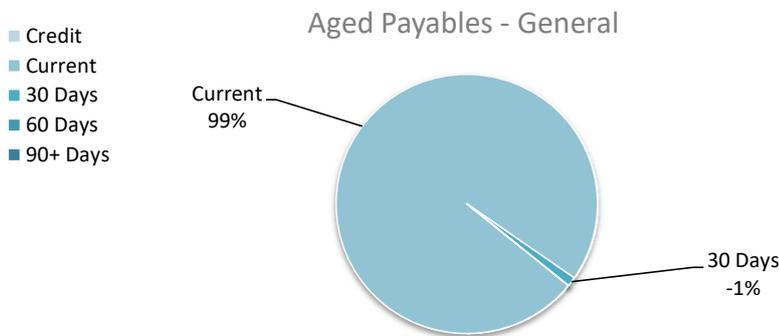
Amounts shown above include GST (where applicable)

Payables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Payables - general	0	13,217	(161)	0	0	13,056
Percentage	0%	101.2%	(1.20%)	0%	0%	
<b>Balance per trial balance</b>						
Sundry creditors						13,056
ATO liabilities						21,910
Credit card						188
<b>Total payables general outstanding</b>						<b>35,154</b>

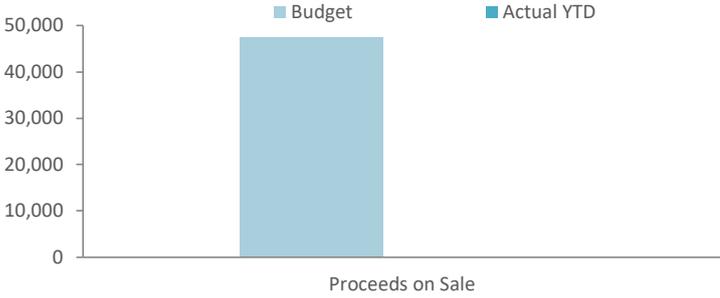
Amounts shown above include GST (where applicable)

KEY INFORMATION

Trade and other payables represent liabilities for goods and services provided to the Regional Council 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.



Asset Ref.	Asset description	Budget				YTD Actual			
		Net Book Value	Proceeds	Profit	(Loss)	Net Book Value	Proceeds	Profit	(Loss)
		\$	\$	\$	\$	\$	\$	\$	\$
	<b>Plant and equipment</b>								
	<b>Other property and services</b>								
	Motor Vehicle - CEO	46,615	47,400	785	0	0	0	0	0
		<b>46,615</b>	<b>47,400</b>	<b>785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



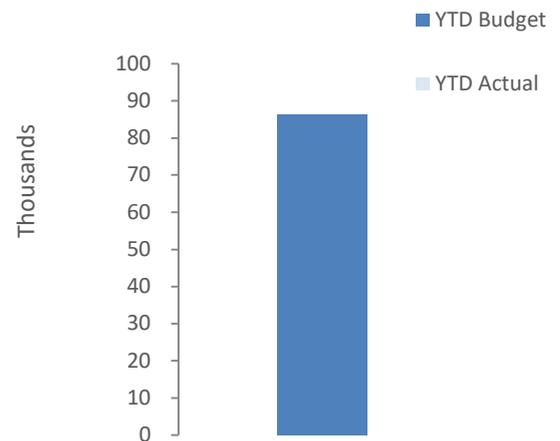
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2020**

**INVESTING ACTIVITIES  
NOTE 8  
CAPITAL ACQUISITIONS**

Capital acquisitions	Adopted		YTD Actual	YTD Actual Variance
	Budget	YTD Budget		
	\$	\$	\$	\$
Furniture and equipment	17,000	0	0	0
Plant and equipment	69,300	0	0	0
<b>Payments for Capital Acquisitions</b>	<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Acquisitions</b>	<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Acquisitions Funded By:</b>				
	\$	\$	\$	\$
Other (disposals & C/Fwd)	47,400	0	0	0
Contribution - operations	38,900	0	0	0
<b>Capital funding total</b>	<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>

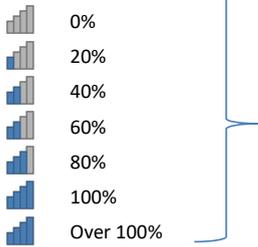
**SIGNIFICANT ACCOUNTING POLICIES**

All assets are initially recognised at cost. 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 local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.



**Capital expenditure total**

**Level of completion indicators**



Percentage Year to Date Actual to Annual Budget expenditure where the expenditure over budget highlighted in red.

*Level of completion indicator, please see table at the end of this note for further detail.*

		<b>Adopted</b>			
<b>Account Description</b>		<b>Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance (Under)/Over</b>
	E168566 Computer equipment - server	15,000	0	0	0
	E168524 Conference room - TV	2,000	0	0	0
	E000000 Motor vehicle - CEO	69,300	0	0	0
		<b>86,300</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2020**

**FINANCING ACTIVITIES  
NOTE 9  
LEASE LIABILITIES**

**Movement in carrying amounts**

Information on leases Particulars	Lease No.	1 July 2020	New Leases		Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>Other property and services</b>										
Unit 2, 369 Scarborough Beach Road, Innaloo	STIRLI/170672	55,420	0	0	2,047	34,870	53,373	20,550	62	511
<b>Total</b>		55,420	0	0	2,047	34,870	53,373	20,550	62	511
Current lease liabilities		55,420					53,373			
		55,420					53,373			

All lease repayments were financed by general purpose revenue.

**KEY INFORMATION**

At inception of a contract, the Regional Council assesses 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 that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Regional Council uses its incremental borrowing rate.

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

Other current liabilities	Note	Opening Balance 1 July 2020	Liability Increase	Liability Reduction	Closing Balance 31 July 2020
		\$	\$	\$	\$
<b>Provisions</b>					
Annual leave		168,378	0	0	168,378
Long service leave		98,704	0	0	98,704
<b>Total Provisions</b>		267,082	0	0	267,082
<b>Total other current assets</b>		<b>267,082</b>	<b>0</b>	<b>0</b>	<b>267,082</b>
<b>Amounts shown above include GST (where applicable)</b>					

#### KEY INFORMATION

##### Provisions

Provisions are recognised when the Regional Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

##### 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 and other payables in the calculation of net current assets.

###### Other long-term employee benefits

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

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

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2020**

**NOTE 11  
EXPLANATION OF MATERIAL VARIANCES**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date Actual materially.

The material variance adopted by Council for the 2020-21 year is \$5,000 or 10.00% whichever is the greater.

Reporting Program	Var. \$	Var. %	Timing/ Permanent	Explanation of Variance
	\$	%		
<b>Revenue from operating activities</b>				
General purpose funding - other	(15,536)	(24.09%)	▼	
<b>Expenditure from operating activities</b>				
Other property and services	21,655	22.01%	▲	
<b>Financing activities</b>				
Members contributed equity movements	298,461	85.68%	▲	

# Appendix 8.3

**Tamala Park Regional Council  
Summary Payment List  
August 2020**

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
12/08/2020	ET-4918	Westpac Bank	Payment of credit card charges - August 2020	-268.23
13/08/2020	ET-4911	Employee costs	Wages for period 30/07/20 - 12/08/20	-11,816.44
13/08/2020	ET-4914	Australian Super	Superannuation for period 30/07/20 - 12/08/20	-672.47
13/08/2020	ET-4915	National Australia Bank	Superannuation for period 30/07/20 - 12/08/20	-1,141.77
13/08/2020		Burgess Rawson	Valuation fees	-1,155.00
13/08/2020		City of Stirling	Commercial recycling bin for period 01/07/20 - 30/06/21	-275.00
13/08/2020		City of Wanneroo	Engineering assessment fees	-1,588.99
13/08/2020		Cossill and Webley	Engineering services	-6,241.46
13/08/2020		Eco Logical Australia	Stage 27 BAL Mapping	-1,930.50
13/08/2020		LD Total	Landscaping services	-58,914.42
13/08/2020		MacLean, Curtis	Builder Referral Rebate - Lot 992	-2,000.00
13/08/2020		Marketforce	Statutory advertising	-1,818.66
13/08/2020		Moore Australia (WA) Pty Ltd	Accounting services (July 2020)	-2,398.00
13/08/2020		Neverfail	Bottled water x 2	-28.25
13/08/2020		New Living Cleaning	Sales Office cleaning	-563.08
13/08/2020		O'Sullivan, Simon	Reimbursement for parking & mobile phone	-61.28
13/08/2020		Plan E	Landscape architecture services	-7,777.00
13/08/2020		Prudential Investment Services	Investment services (July 2020)	-1,650.00
13/08/2020		Signs and Lines	Repair bannermesh damaged by storms	-948.75
13/08/2020		Town of Victoria Park	GST June 2020	-228.00
13/08/2020		Treacy Fencing	Fencing - Lot 775	-745.80
13/08/2020	ET-4916	Synergy	Electricity charges	-769.02
13/08/2020	ET-4917	Telstra	Mobile phone charges (July 2020)	-44.00
13/08/2020	CON-180	City of Perth	GST owing June 2020	-227.51
13/08/2020	ET-4926	Australian Taxation Office	IAS July 2020	-24,980.00
27/08/2020	ET-4919	Employee costs	Wages for period 13/08/20 - 26/08/20	-11,594.91
27/08/2020	ET-4922	Australian Super	Superannuation for period 13/08/20 - 26/08/20	-672.47
27/08/2020	ET-4923	National Australia Bank	Superannuation for period 13/08/20 - 26/08/20	-1,141.77
27/08/2020		Anderson, Claire	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		Butler Settineri	Further Interim audit fee 2020	-4,838.04
27/08/2020		Caddy, Karen	Chairman allowance 20 April 2020 - 19 July 2020	-8,975.50
27/08/2020		Capital Transport Services	Courier charges (05/08/20 & 12/08/20)	-28.76
27/08/2020		Chester, John	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		City of Stirling	GST July 2020	-4,405.82
27/08/2020		City of Vincent	GST owing July 2020	-1,101.00
27/08/2020		Cole, Emma	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		Docushred	Security bin	-51.70
27/08/2020		Dominic Carbone and Assoc.	Accounting fees (July 2020)	-2,640.00
27/08/2020		Hammond, Andrew	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		hyd20 Hydrology	Groundwater Allocation Management (July 2020)	-492.80
27/08/2020		Lagan, David	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		McLeods Barristers and Solicitors	Telephone retainer (September 2020 - August 2021)	-4,400.00
27/08/2020		Migdale, Suzanne	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		Neverfail	Bottled water x 2	-28.25
27/08/2020		New Living Cleaning	Sales Office cleaning (07/08/20 & 14/08/20)	-281.54
27/08/2020		Sandri, Bianca	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		Taylor, Philippa	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		Timmermanis, Andres	Deputy Chair allowance 20 April 2020 - 19 July 2020	-3,893.94
27/08/2020		Treby, Brett	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020		Zappa, Domenic	Elected member attendance fee 20 April 2020 - 19 July 2020	-2,640.00
27/08/2020	ET-4924	Canon Australia Pty Ltd	Copier charges (21/07/20 - 20/08/20)	-77.61
27/08/2020	ET-4925	Synergy	Power x 3	-921.71
<b>TOTAL</b>				<b>-200,189.45</b>

**Tamala Park Regional Council  
Summary Payment List  
July 2020**

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
2/07/2020	ET-4885	Employee costs	Wages for period 18/06/20 - 01/07/20	-11,651.28
2/07/2020	ET-4888	Australian Super	Superannuation for period 18/06/20 - 01/07/20	-672.47
2/07/2020	ET-4889	National Australia Bank	Superannuation for period 18/06/20 - 01/07/20	-1,141.77
2/07/2020	ET-4890	Capital Transport Services	Courier charges (22 - 25 June 2020)	-28.29
2/07/2020	ET-4891	Synergy	SO Carpark power charges (31/03/20 - 02/06/20)	-296.37
2/07/2020		Dominic Carbone and Assoc.	GST accounting services (May 2020)	-660.00
2/07/2020		Lullfitz Nursery	Seed propagation	-12,100.00
2/07/2020		Marketforce	Statutory advertising	-2,272.41
2/07/2020		O'Sullivan, Simon	Reimbursement of mobile phone & parking expenses	-53.10
2/07/2020		Prudential Investment Services	Investment services (June 2020)	-1,650.00
2/07/2020		Satterley Property Group	Recharges (19/02/20 - 18/05/20)	-1,684.61
2/07/2020		Signs and Lines	Decals for monolith signs	-1,191.34
13/07/2020	ET-4892	AMP Bank.	Preparation of Audit Certificate for FYE 2020	-25.00
15/07/2020	ET-4899	Westpac Bank	Payment of credit card charges - July 2020	-730.60
16/07/2020	ET-4893	Employee costs	Wages for period 02/07/20 - 15/07/20	-12,602.20
16/07/2020	ET-4896	Telstra	Charges for CEO's mobile phone (June & July 2020)	-88.00
16/07/2020		City of Stirling	GST (June 2020) & IT services	-2,395.09
16/07/2020		Cossill and Webley	Engineering services	-8,163.70
16/07/2020		Coterra Environment	Eonvirmmental consulting services	-2,575.65
16/07/2020		Creative Design and Planning	Town planners	-47,355.00
16/07/2020		Dominic Carbone and Assoc.	GST & Accounting Services (June 2020)	-429.00
16/07/2020		Environmental Industries	Landscape maintenance	-48,770.92
16/07/2020		Harty, Helen & Patrick	Solar Panel Rebate - Lot 2113	-2,000.00
16/07/2020		Kevin Smith Cleaning Services	Cleaning of TPRC offices (June 2020)	-132.00
16/07/2020		LGIS Insurance Broking	Insurances 2020/2021	-4,321.81
16/07/2020		LGIS Liability	Public Liability 2020/2021	-1,760.00
16/07/2020		LGIS Property	Property Insurance 2020/2021 - Instalment 1	-2,004.19
16/07/2020		LGIS Workcare	Workcare Insurance 2020/2021 - Instalment 1	-4,213.00
16/07/2020		Melia, B & Beattie, U	Solar Panel Rebate - Lot 969	-2,000.00
16/07/2020		Moore Australia (WA) Pty Ltd	Accounting services (June 2020)	-1,848.00
16/07/2020		Neverfail	Bottled water x 2	-28.25
16/07/2020		New Living Cleaning	Cleaning of Sales Office	-563.08
16/07/2020		Plan E	Landscape Architects	-7,526.20
16/07/2020		Realestate.com.au	Project Profile (June 2020)	-8,080.00
16/07/2020		Social Garden	Viva La Catalina LeadTech (May 2020)	-5,500.00
16/07/2020	ET-4897	Australian Super	Superannuation for period 02/07/20 - 15/07/20	-672.47
16/07/2020	ET-4898	National Australia Bank	Superannuation for period 02/07/20 - 15/07/20	-1,141.77
28/07/2020	CON-177	Town of Cambridge	GST May - June 2020	-268.83
30/07/2020	ET-4900	Employee costs	Wages for period 16/07/20 - 29/07/20	-11,594.92
30/07/2020	ET-4903	Australian Super	Superannuation for period 16/07/20 - 29/07/20	-672.47
30/07/2020	ET-4904	National Australia Bank	Superannuation for period 16/07/20 - 29/07/20	-1,141.77
30/07/2020		Agrimate Fencing	Storm damage fence repair	-1,568.84
30/07/2020		Burgess Rawson	GST Valuations (June 2020)	-55.00
30/07/2020		Capital Transport Services	Courier services (09/07/20 - 15/07/20)	-72.10
30/07/2020		City of Stirling	Office Rent (July - Sept)	-9,885.51
30/07/2020		City of Vincent	GST June 2020	-228.00
30/07/2020		Neverfail	Bottled water x 2	-28.25
30/07/2020		Palmer, Trevor	Builder Referral - Lot 876	-2,000.00
30/07/2020		R J Vincent and Co	Stage 26 Civil Works (Cert 16)	-2,421.76
30/07/2020		Realestate.com.au	Project Profile (May 2020)	-11,380.26
30/07/2020		Treacy Fencing	Fencing	-11,100.10
30/07/2020		WALGA	Annual Membership & Council Connect Fees 2020/2021	-6,976.48
30/07/2020	ET-4905	Alinta Energy	Sales Office gas supply (15/04/20 - 16/07/20)	-26.80
30/07/2020	ET-4906	Canon Australia Pty Ltd	Printing for period 21/06/20 - 20/07/20	-15.90
30/07/2020	ET-4907	Synergy	Stage 1 POS power (12/06/20 - 02/07/20)	-38.97
30/07/2020	ET-4908	Water Corporation	Sales Office water charges (15/05/20 - 15/07/20)	-217.77
30/07/2020	ET-4910	Australian Taxation Office	BAS for quarter April - June 2020	-15,088.00
31/07/2020	ET-4909	Moore Australia (WA) Pty Ltd	Purchase of Budget Template (on advice of D Carbone)	-748.00
31/07/2020	CON-178	City of Joondalup	GST May - June 2020	-537.65
31/07/2020	CON-179	City of Wanneroo	GST owing June 2020	-455.02
<b>TOTAL</b>				<b><u>-274,849.97</u></b>

# Appendix 8.4



21 September 2020

Mr Tony Arias  
Chief Executive Officer  
Tamala Park Regional Council  
PO Box 655  
INNALOO WA 6918

Dear Tony

### **Catalina Financial Report for August 2020**

Please find attached the Catalina Financial Report for August 2020. This report has been prepared on a cash basis and compares actual income and expenditure to the July 2020 approved budget for the period 1 August 2020 to 31 August 2020.

Residential settlement revenue for the year to date to 31 August 2020 is \$3.9m which is \$0.2m favourable to the approved 'July 2020' budget.

Sales for FYE2021 are \$3.0m behind budget due to 13 less sales to date.

Overall FYE2021 expenditure is \$1.5m under budget per the approved 'July 2020' budget, with \$218k spent against a budget of \$1.5m. The main areas of variances are summarised below:

- Lot Production is \$514k under budget, noting the following variances:
  - Clearance Bonds not yet required \$350k;
  - \$114k combined minor variances.
- Landscaping is \$3k under budget due to minor variances across multiple stages.
- Infrastructure Spend is \$785k under budget, noting the following variances:
  - Catalina Beach Dual Use Path \$765k under budget as works yet to be completed;
  - \$20k combined minor variances.
- Indirect Consultants \$13k under budget due to timing of invoice payments.
- P&L expenditure is \$228k under budget, noting the following variances:
  - Maintenance \$76k under budget due to timing of invoice payments;
  - Contingency \$67k not required;
  - \$85k Combined minor variances for other Overheads.

Please refer to the attached Cashflow Analysis for a more detailed analysis of actual to budget variances. Should you have any queries on this report, please do not hesitate to contact me.

Yours faithfully

**Ross Carmichael**  
General Manager - Finance

Satterley Property Group Pty Ltd  
Level 3, 27-31 Troode Street, West Perth WA 6005  
PO Box 1346, West Perth WA 6872

T 08 9368 9000  
F 08 9368 9003

ABN 38 009 054 979

Licensee: Satterley Property Group Pty Ltd. (Inc in WA). Licensed Real Estate Agent trading as Satterley Real Estate.

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2021		Actual MTD Vs Budget Aug 2020			Year to date Vs Budget to Aug 2020			Full Year		Project to date Vs Budget to Aug 2020			Bud Comparison: Jul 20 Approved
Job Description	Account Description	Actual 1 month to Aug 2020	Budget 1 month to Aug 2020	Variance	YTD to Aug 2020	YTD budget	Variance	Budget 2021	YTD Act vs Full Year Budget Variance	PTD to Aug 2020	PTD budget	Variance	Comments regarding variance
<b>REVENUE</b>													
Settlements	Settlement revenue	2,951,000	1,530,518	1,420,482	3,908,000	3,673,870	234,130	34,688,724	(30,780,724)	248,291,500	248,057,370	234,130	12 settlements YTD ex GST Margin scheme. GST Margin as detailed in Burgess Rawson valuations
Margin GST	Margin GST	(28,213)	(22,727)	(5,486)	(38,521)	(54,545)	16,024	(531,818)	493,297	(3,623,157)	(3,647,580)	24,423	
Direct Selling Costs		(134,503)	(70,578)	(63,926)	(179,442)	(169,413)	(10,028)	(1,602,560)	1,423,118	(11,340,130)	(11,297,080)	(43,051)	Includes Commission and Management Fees
Interest Income		0	0	0	0	0	0	0	0	85,114	85,114	0	
Forfeited Deposits		0	0	0	4,545	0	4,545	0	4,545	27,273	22,727	4,545	Penalty interest income on settlements
Other Income	Special sites revenue	0	0	0	0	0	0	0	0	3,728,594	3,728,594	0	
Rebate Allowance		(8,658)	(68,600)	59,942	(24,749)	(140,140)	115,391	(757,320)	732,571	(5,963,259)	(8,048,378)	2,085,119	Construction Recycling, Fencing, Landscape, Shared Bore, Solar, and Display Builder Rebates
		<b>2,779,626</b>	<b>1,368,613</b>	<b>1,411,013</b>	<b>3,669,834</b>	<b>3,309,771</b>	<b>360,063</b>	<b>31,797,026</b>	<b>(28,127,192)</b>	<b>231,205,934</b>	<b>228,900,767</b>	<b>2,305,168</b>	
<b>LOT PRODUCTION</b>													
<b>Completed Earthworks</b>													
Earthworks Stages 25-27	Siteworks / Earthworks	0	0	0	0	0	0	0	0	13,529,541	13,529,541	(0)	
	Direct Consultants	0	0	0	0	0	0	0	0	3,603,087	3,603,087	(0)	
<b>Total Earthworks Stage 25-27</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186,216</b>	<b>192,859</b>	<b>6,643</b>	
Earthworks Stages 28-31	Siteworks / Earthworks	0	0	0	0	0	0	1,366,981	1,366,981	0	0	0	
	Direct Consultants	0	20,321	20,321	0	23,654	23,654	118,592	118,592	0	26,987	26,987	
<b>Total Earthworks Stage 28-31</b>		<b>0</b>	<b>20,321</b>	<b>20,321</b>	<b>0</b>	<b>23,654</b>	<b>23,654</b>	<b>1,485,573</b>	<b>1,485,573</b>	<b>0</b>	<b>26,987</b>	<b>26,987</b>	
Earthworks Stages 36-40	Siteworks / Earthworks	0	0	0	0	0	0	737,323	737,323	0	0	0	
	Direct Consultants	0	0	0	0	0	0	95,000	95,000	0	(0)	(0)	
<b>Total Earthworks Stage 36-40</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>832,323</b>	<b>832,323</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	
<b>Completed Stages</b>													
Stage 14B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	46,092,294	46,092,295	1	
	Authorities Fees	0	0	0	0	0	0	0	0	482,855	500,850	17,995	
	Direct Consultants	0	0	0	0	0	0	0	0	110,991	110,991	0	
<b>Total Stage 14B</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>611,485</b>	<b>629,480</b>	<b>17,995</b>	
Stage 16A	Siteworks / Earthworks	0	0	0	0	0	0	2,651,400	2,651,400	0	0	0	
	Authorities Fees	0	0	0	0	0	0	336,256	336,256	9,844	9,844	0	
	Direct Consultants	427	12,679	12,253	427	25,359	24,932	76,077	75,650	18,032	93,682	75,650	
<b>Total Stage 16A</b>		<b>427</b>	<b>12,679</b>	<b>12,253</b>	<b>427</b>	<b>25,359</b>	<b>24,932</b>	<b>3,063,733</b>	<b>3,063,306</b>	<b>27,876</b>	<b>103,526</b>	<b>75,650</b>	
Stage 16B	Direct Consultants	0	0	0	0	0	0	0	0	26,000	26,000	0	
<b>Total Stage 16B</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,000</b>	<b>26,000</b>	<b>0</b>	
Stage 17A	Siteworks / Earthworks	0	0	0	0	0	0	0	0	732,033	732,033	0	
	Authorities Fees	0	0	0	0	0	0	0	0	161,279	161,279	0	
	Direct Consultants	0	0	0	0	0	0	0	0	110,250	115,250	5,000	
<b>Total Stage 17A</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,003,563</b>	<b>1,008,563</b>	<b>5,000</b>	
Stage 17B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,273,015	1,273,015	0	
	Authorities Fees	0	0	0	0	0	0	0	0	194,411	194,411	0	
	Direct Consultants	0	1,415	1,415	0	2,830	2,830	4,245	4,245	180,869	190,774	9,905	
<b>Total Stage 17B</b>		<b>0</b>	<b>1,415</b>	<b>1,415</b>	<b>0</b>	<b>2,830</b>	<b>2,830</b>	<b>4,245</b>	<b>4,245</b>	<b>1,648,295</b>	<b>1,658,200</b>	<b>9,905</b>	
Stage 18B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,486,381	1,968,290	481,909	
	Authorities Fees	0	0	0	0	0	0	0	0	267,438	270,948	3,510	
	Direct Consultants	0	0	0	0	0	0	0	0	191,390	191,390	0	
<b>Total Stage 18B</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,945,209</b>	<b>2,430,628</b>	<b>485,419</b>	
Stage 18C	Siteworks / Earthworks	0	0	0	0	0	0	915,900	915,900	0	0	0	
	Authorities Fees	0	0	0	0	0	0	281,100	281,100	0	0	0	
	Direct Consultants	0	24,156	24,156	0	48,311	48,311	144,933	144,933	0	120,778	120,778	
<b>Total Stage 18C</b>		<b>0</b>	<b>24,156</b>	<b>24,156</b>	<b>0</b>	<b>48,311</b>	<b>48,311</b>	<b>1,341,933</b>	<b>1,341,933</b>	<b>0</b>	<b>120,778</b>	<b>120,778</b>	
Stage 25	Siteworks / Earthworks	0	0	0	0	0	0	0	0	5,523,981	5,587,247	63,266	
	Authorities Fees	0	0	0	0	0	0	0	0	212,929	212,929	0	
	Direct Consultants	0	0	0	0	0	0	0	0	280,279	297,991	17,713	
<b>Total Stage 25</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,017,188</b>	<b>6,098,167</b>	<b>80,979</b>	
Stage 26	Siteworks / Earthworks	0	0	0	2,202	0	(2,202)	0	(2,202)	1,273,228	1,199,122	(74,106)	
	Authorities Fees	0	0	0	0	0	0	0	0	239,777	498,507	258,729	
	Direct Consultants	0	3,415	3,415	0	6,830	6,830	6,830	6,830	144,968	162,500	17,532	
<b>Total Stage 26</b>		<b>0</b>	<b>3,415</b>	<b>3,415</b>	<b>2,202</b>	<b>6,830</b>	<b>4,628</b>	<b>6,830</b>	<b>4,628</b>	<b>1,657,973</b>	<b>1,860,129</b>	<b>202,155</b>	
Stage 27A	Siteworks / Earthworks	0	0	0	0	0	0	1,765,993	1,765,993	0	0	0	
	Authorities Fees	0	0	0	0	0	0	205,450	205,450	10,175	0	(10,175)	
	Direct Consultants	450	13,106	12,656	450	26,211	25,762	65,433	64,984	450	65,528	65,078	
<b>Total Stage 27A</b>		<b>450</b>	<b>13,106</b>	<b>12,656</b>	<b>450</b>	<b>26,211</b>	<b>25,762</b>	<b>2,036,876</b>	<b>2,036,427</b>	<b>10,625</b>	<b>65,528</b>	<b>54,903</b>	
Stage 27B	Direct Consultants	0	0	0	0	0	0	105,911	105,911	0	0	0	
<b>Total Stage 27B</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,911</b>	<b>105,911</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Stage 28	Siteworks / Earthworks	0	0	0	0	0	0	2,352,602	2,352,602	0	1,636	1,636	
	Authorities Fees	0	0	0	0	0	0	286,100	286,100	0	0	0	

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2021		Actual MTD Vs Budget Aug 2020			Year to date Vs Budget to Aug 2020			Full Year		Project to date Vs Budget to Aug 2020			Bud Comparison: Jul 20 Approved
Job Description	Account Description	Actual 1 month to Aug 2020	Budget 1 month to Aug 2020	Variance	YTD to Aug 2020	YTD budget	Variance	Budget 2021	YTD Act vs Full Year Budget Variance	PTD to Aug 2020	PTD budget	Variance	Comments regarding variance
	Direct Consultants	0	16,989	16,989	0	33,978	33,978	118,922	118,922	0	67,956	67,956	
<b>Total Stage 28</b>		<b>0</b>	<b>16,989</b>	<b>16,989</b>	<b>0</b>	<b>33,978</b>	<b>33,978</b>	<b>2,757,624</b>	<b>2,757,624</b>	<b>0</b>	<b>69,592</b>	<b>69,592</b>	
Stage 36	Direct Consultants	0	0	0	0	0	0	61,574	61,574	0	(0)	(0)	
<b>Total Stage 36</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>61,574</b>	<b>61,574</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	
Various Stages	Clearance Bonds	0	350,000	350,000	0	350,000	350,000	350,000	350,000	242,868	492,625	249,757	
<b>TOTAL LOT PRODUCTION</b>		<b>876</b>	<b>442,080</b>	<b>441,204</b>	<b>3,078</b>	<b>517,173</b>	<b>514,095</b>	<b>12,046,623</b>	<b>12,043,545</b>	<b>76,602,219</b>	<b>78,007,982</b>	<b>1,405,764</b>	Within budget
<b>LANDSCAPING</b>													
<b>Completed Landscaping</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,149,264</b>	<b>7,149,264</b>	<b>0</b>	
Stage 11 Landscape Consultancy	Landscape Construction	0	0	0	0	0	0	1,332,634	1,328,968	1,332,634	1,328,968	(3,666)	Within total FY21 Landscaping budget
Stage 11 Landscape Consultancy	Landscape Consulting	0	0	0	342	0	(342)	0	(342)	162,701	154,949	(7,752)	
Stage 12 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	236,650	243,203	6,553	
Stage 12 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	27,377	27,377	0	
Stage 14A Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	553,652	553,652	0	
Stage 14A Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	12,013	8,430	(3,583)	
Stage 14B Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	216,700	216,700	0	
Stage 14B Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	15,457	15,457	0	
Stage 15 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	115,933	115,933	0	
Stage 15 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	18,838	18,838	0	
Stage 16A Landscaping	Landscape Construction	0	0	0	0	0	0	568,933	568,933	0	0	0	
Stage 16A Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	11,303	11,303	0	
Stage 17 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	203,449	314,317	110,868	
Stage 17 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	2,720	2,720	0	
Stage 10 Biodiversity Conservation Area	Landscape Construction	0	0	0	0	6,160	6,160	6,160	6,160	228,092	265,053	36,961	
Stage 10 Biodiversity Conservation Area	Landscape Consulting	0	0	0	0	0	0	0	0	28,012	28,012	0	
Seed Collection	Landscape Construction	0	0	0	10,697	0	(10,697)	0	(10,697)	22,797	0	(22,797)	
School Oval	Landscape Construction	0	0	0	0	0	0	0	0	44,219	44,219	0	
Marmion Ave Eastern Verge Upgrade	Landscape Construction	0	0	0	0	0	0	0	0	269,451	292,707	23,256	
Marmion Ave Eastern Verge Upgrade	Landscape Consulting	0	0	0	0	0	0	0	0	19,688	19,688	0	
Western Cell POS2	Landscape Consulting	0	0	0	0	0	0	0	0	64,091	87,253	23,162	
Catalina Beach Greenlink Stage 25	Landscape Construction	0	0	0	0	0	0	0	0	3,941,448	4,107,543	166,095	
Catalina Beach Greenlink Stage 25	Landscape Consulting	0	0	0	0	0	0	0	0	118,249	118,508	259	
Preliminary Landscaping Consultancy	Landscape Consulting	7,070	1,900	(5,170)	13,570	6,834	(6,736)	151,791	138,221	276,313	327,587	51,274	
Northern Biodiversity Conservation Area	Landscape Construction	0	0	0	0	0	0	0	0	348,377	405,802	57,425	
Northern Biodiversity Conservation Area	Landscape Consulting	0	0	0	0	0	0	0	0	19,093	19,093	0	
Public Open Space - Lot 8009	Landscape Construction	0	0	0	0	0	0	0	0	166,728	170,896	4,168	
Public Open Space - Lot 8009	Landscape Consulting	0	0	0	0	0	0	0	0	11,504	11,504	0	
Streetscape To Stage 1	Landscape Construction	0	0	0	0	0	0	50,842	50,842	251,365	300,595	49,230	
Public Art	Landscape Construction	0	0	0	0	0	0	200,000	200,000	156,764	170,400	13,636	
Public Art	Landscape Consulting	0	0	0	0	0	0	0	0	13,105	13,105	0	
Fauna Relocation	Landscape Construction	0	0	0	0	0	0	0	0	37,080	0	(37,080)	
Stage 11 Landscape Phase 2	Landscape Construction	47,579	5,000	(42,579)	47,579	48,179	600	65,679	18,100	743,690	744,290	600	
Catalina Grove Initial Scoping Works	Landscape Consulting	0	0	0	0	0	0	0	0	16,803	20,000	3,197	
Catalina Central Landscape Upgrade	Landscape Construction	0	0	0	0	0	0	59,458	59,458	821,012	895,334	74,322	
Catalina Central Landscape Upgrade	Landscape Consulting	0	0	0	0	0	0	0	0	63,128	63,128	0	
Stage 12/13 Greenlink New Bore	Landscape Construction	0	0	0	0	0	0	129,646	129,646	70,354	70,354	0	
Marmion Ave Shrub Planting	Landscape Construction	0	0	0	0	0	0	0	0	17,282	56,910	39,628	
Bore 6	Landscape Construction	0	0	0	0	0	0	42,274	42,274	30,906	30,906	0	
Catalina Beach Stage 26 Landscaping	Landscape Construction	0	14,000	14,000	0	14,000	14,000	42,000	42,000	40,000	14,000	(26,000)	
Catalina Beach Stage 27 Landscaping	Landscape Construction	0	0	0	0	0	0	272,917	272,917	0	0	0	
Catalina Beach Stage 28 Landscaping	Landscape Construction	0	0	0	0	0	0	20,000	20,000	0	0	0	
Aviator Blvd Roundabouts Upgrade	Landscape Construction	0	0	0	0	0	0	60,000	60,000	0	0	0	
<b>TOTAL LANDSCAPING</b>		<b>54,649</b>	<b>20,900</b>	<b>(33,749)</b>	<b>72,188</b>	<b>75,173</b>	<b>2,985</b>	<b>1,669,700</b>	<b>1,597,512</b>	<b>17,878,240</b>	<b>18,437,997</b>	<b>559,757</b>	Within budget
<b>INDIRECT CONSULTANTS</b>													
Planning - indirect	Planning	625	21,281	20,656	43,675	42,563	(1,113)	255,375	211,700	2,425,460	2,537,284	111,824	
	Architect	0	620	620	0	1,240	1,240	7,439	7,439	15,100	32,218	17,118	
	Environmental	0	1,577	1,577	2,387	3,154	768	18,927	16,540	340,276	373,878	33,602	
	Geotechnical	0	535	535	0	1,070	1,070	6,421	6,421	12,300	15,095	2,795	
	Title - Survey & Legal fees	0	1,250	1,250	0	2,500	2,500	15,000	15,000	154,920	185,660	30,740	
	Engineering fees	3,226	4,204	978	7,726	8,407	681	50,442	42,716	246,986	305,671	58,684	
	Traffic planning	0	76	76	0	151	151	907	907	84,181	85,195	1,014	
	Landscaping consultancy	0	0	0	0	0	0	0	0	1,000	0	(1,000)	
	Miscellaneous Consultants	0	2,082	2,082	0	4,165	4,165	24,990	24,990	5,512	58,247	52,735	
	Planning - fire & safety	1,755	208	(1,547)	1,755	417	(1,338)	2,500	745	1,905	25,667	23,662	
	Planning - Hydrology	448	1,870	1,422	448	3,741	3,293	22,444	21,996	119,523	163,488	43,965	
	Planning - Sustainability	0	781	781	0	1,563	1,563	9,375	9,375	26,805	64,368	37,563	
	Acoustic & Noise Consult	0	0	0	0	0	0	0	0	0	20,000	20,000	

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2021		Actual MTD Vs Budget Aug 2020			Year to date Vs Budget to Aug 2020			Full Year		Project to date Vs Budget to Aug 2020			Bud Comparison: Jul 20 Approved
Job Description	Account Description	Actual 1 month to Aug 2020	Budget 1 month to Aug 2020	Variance	YTD to Aug 2020	YTD budget	Variance	Budget 2021	YTD Act vs Full Year Budget Variance	PTD to Aug 2020	PTD budget	Variance	Comments regarding variance
	Tree Mapping	0	167	167	0	333	333	2,000	2,000	1,616	28,139	26,523	
<b>TOTAL INDIRECT CONSULTANTS</b>		<b>6,054</b>	<b>34,652</b>	<b>28,598</b>	<b>55,991</b>	<b>69,303</b>	<b>13,312</b>	<b>415,819</b>	<b>359,828</b>	<b>3,435,584</b>	<b>3,894,809</b>	<b>459,224</b>	Within budget
<b>INFRASTRUCTURE</b>													
<b>Completed Infrastructure</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,110,854</b>	<b>11,110,854</b>	<b>-0</b>	Within total FY21 Infrastructure budget
Neerabup Rd Maroochydyore Way Intersection		0	0	0	0	0	0	0	0	1,498,274	1,480,279	(17,995)	↓ Within total FY21 Infrastructure budget
Neerabup Rd Maroochydyore Way Intersection		0	0	0	0	0	0	0	0	97,321	97,321	0	
Connolly Drive Green Link Intersection		0	0	0	0	0	0	1,981,600	1,981,600	9,400	9,400	0	
Connolly Drive Green Link Intersection		0	0	0	0	0	0	32,948	32,948	99,619	99,619	0	
Asbestos and rubbish removal - Gen Allowance		0	0	0	0	0	0	0	0	25,801	63,928	38,127	
West Beach Access		0	0	0	0	0	0	1,282,040	1,282,040	2,600	5,960	3,360	
West Beach Access		1,503	5,581	4,078	3,007	11,163	8,156	55,813	52,807	30,067	39,069	9,002	
Aviator Blvd Extension St 25 to Long Beach Prom incl services extensions (exc Beach Access Tr		0	0	0	0	0	0	778,500	778,500	1,500	1,500	(0)	
Aviator Blvd Extension St 25 to Long Beach Prom incl services extensions (exc Beach Access Tr		945	1,401	456	2,363	2,801	439	14,005	11,643	42,292	39,496	(2,796)	
Catalina Beach North/South Dual Use Path		0	0	0	0	730,000	730,000	730,000	730,000	0	730,000	730,000	
Catalina Beach North/South Dual Use Path		0	0	0	0	35,000	35,000	35,000	35,000	0	35,000	35,000	
Catalina Beach LED Lighting		0	0	0	0	0	0	810,000	810,000	0	0	0	
Catalina Beach LED Lighting		0	5,850	5,850	0	11,700	11,700	52,650	52,650	0	11,700	11,700	
Rubbish removal - General Allowance		0	0	0	0	0	0	0	0	17,314	17,314	(0)	
<b>INFRASTRUCTURE</b>		<b>2,448</b>	<b>12,832</b>	<b>10,384</b>	<b>5,369</b>	<b>790,664</b>	<b>785,295</b>	<b>5,772,557</b>	<b>5,767,187</b>	<b>12,992,062</b>	<b>13,741,439</b>	<b>749,376</b>	Within budget
<b>INFRASTRUCTURE REFUNDS</b>													
Neerabup Road Reimbursement		0	0	0	0	0	0	0	0	(432,548)	(432,548)	0	
Waste Water Pump Station (West)		0	0	0	0	0	0	0	0	(1,397,613)	(1,392,655)	4,958	
<b>INFRASTRUCTURE REFUNDS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,830,161)</b>	<b>(1,825,203)</b>	<b>4,958</b>	
<b>TOTAL INFRASTRUCTURE</b>		<b>2,448</b>	<b>12,832</b>	<b>10,384</b>	<b>5,369</b>	<b>790,664</b>	<b>785,295</b>	<b>5,772,557</b>	<b>5,767,187</b>	<b>11,161,901</b>	<b>11,916,235</b>	<b>754,334</b>	Within budget
<b>SPECIAL SITES &amp; FIXED ASSETS</b>													
Lot 1 Group Housing Site Construction		0	0	0	0	0	0	0	0	172,782	172,782	0	
Removal of temp sales office		0	0	0	0	0	0	0	0	8,636	8,636	0	
Sales Office Building		0	0	0	0	0	0	0	0	573,050	573,981	932	
Sales Office Retrofit		0	0	0	0	0	0	0	0	11,186	3,440	(7,746)	
Sales Office Carparks		0	0	0	0	0	0	0	0	98,087	98,087	0	
Temp Sales office services		0	0	0	0	0	0	0	0	3,812	3,812	0	
Sales Office Construction Western		0	0	0	0	0	0	0	0	624,762	625,505	744	
Sales office carparks Western		0	0	0	0	0	0	0	0	240,000	237,239	(2,761)	
Security Cameras		0	1,667	1,667	0	3,333	3,333	10,000	10,000	19,560	27,893	8,333	
<b>TOTAL SPECIAL SITES &amp; FIXED ASSETS</b>		<b>0</b>	<b>1,667</b>	<b>1,667</b>	<b>0</b>	<b>3,333</b>	<b>3,333</b>	<b>10,000</b>	<b>10,000</b>	<b>1,751,875</b>	<b>1,751,377</b>	<b>(498)</b>	
<b>TOTAL CONSTRUCTION</b>		<b>64,027</b>	<b>512,130</b>	<b>448,103</b>	<b>136,626</b>	<b>1,455,646</b>	<b>1,319,020</b>	<b>19,914,698</b>	<b>19,778,072</b>	<b>110,829,819</b>	<b>114,008,400</b>	<b>3,178,581</b>	Within budget
<b>LAND</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,103,000</b>	<b>5,103,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>PROFIT &amp; LOSS EXPENDITURE</b>													
<b>Sales &amp; Marketing</b>													
Brand Development		0	5,000	5,000	0	10,000	10,000	80,000	80,000	219,854	293,340	73,486	
Sales Office & Builder Rel.		0	1,071	1,071	0	2,143	2,143	17,143	17,143	110,761	134,451	23,689	
Brochures		0	1,000	1,000	0	2,000	2,000	16,000	16,000	139,893	155,835	15,942	
Advertising		1,279	12,214	10,935	26,036	24,429	(1,608)	195,429	169,392	889,186	968,575	79,389	
Signage		863	4,286	3,423	3,372	8,571	5,200	68,571	65,200	445,238	469,287	24,049	
Website		0	1,429	1,429	0	2,857	2,857	22,857	22,857	9,891	33,708	23,817	
Promotions		0	0	0	0	0	0	0	0	19,550	28,903	9,353	
Public Relations		0	0	0	0	0	0	0	0	7,124	13,198	6,075	
<b>Total Sales and Marketing</b>		<b>2,142</b>	<b>25,000</b>	<b>22,858</b>	<b>29,408</b>	<b>50,000</b>	<b>20,592</b>	<b>400,000</b>	<b>370,592</b>	<b>1,841,497</b>	<b>2,097,297</b>	<b>255,801</b>	Within budget
<b>Total Community Development</b>	<b>Comm Dev - Resident Dev</b>	<b>0</b>	<b>11,156</b>	<b>11,156</b>	<b>1,531</b>	<b>22,313</b>	<b>20,781</b>	<b>178,500</b>	<b>176,969</b>	<b>428,757</b>	<b>499,697</b>	<b>70,940</b>	Within budget
<b>Administration</b>													
Audit and Tax		840	0	(840)	1,710	0	(1,710)	20,000	18,290	251,790	254,245	2,456	
Cleaning		845	1,000	155	1,408	2,000	592	12,000	10,592	39,972	42,631	2,659	
Computer Costs		0	500	500	0	1,000	1,000	6,000	6,000	0	5,460	5,460	
Couriers		0	300	300	0	600	600	3,600	3,600	1,338	11,698	10,360	
Electricity & Gas		1,537	1,000	(537)	1,866	2,000	134	12,000	10,134	113,332	110,555	(2,777)	
Insurance		0	500	500	0	1,000	1,000	6,000	6,000	3,184	6,684	3,500	
Legal fees		0	4,167	4,167	0	8,333	8,333	50,000	50,000	199,392	223,620	24,228	
Licenses & Fees		0	500	500	0	1,000	1,000	6,000	6,000	470	4,782	4,312	
Postage, Print & Stationery		0	500	500	0	1,000	1,000	6,000	6,000	2,244	32,491	30,248	
Rent - Sales Office & Cprk		0	6,667	6,667	0	13,333	13,333	40,000	40,000	467,350	514,017	46,667	
Sundry Office Expenses		0	1,500	1,500	0	3,000	3,000	18,000	18,000	1,076	17,777	16,700	
Training		0	2,083	2,083	0	4,167	4,167	25,000	25,000	0	25,000	25,000	
Valuations		1,050	3,333	2,283	1,100	6,667	5,567	40,000	38,900	168,663	204,064	35,400	
Rates & Taxes		0	0	0	218	0	(218)	282,420	282,202	592,464	1,034,106	441,643	
Maintenance		0	60,000	60,000	44,337	120,000	75,663	720,000	675,663	1,920,370	2,225,326	304,957	
Maint- Carpark Makegood		0	0	0	0	0	0	0	0	53,798	53,798	0	
Security		0	3,000	3,000	0	6,000	6,000	36,000	36,000	28,557	50,057	21,501	

**Catalina Actual vs Budget Analysis**

Tamala Park Cashflow FY2021		Actual MTD Vs Budget Aug 2020			Year to date Vs Budget to Aug 2020			Full Year		Project to date Vs Budget to Aug 2020			Bud Comparison: Jul 20 Approved
Job Description	Account Description	Actual 1 month to Aug 2020	Budget 1 month to Aug 2020	Variance	YTD to Aug 2020	YTD budget	Variance	Budget 2021	YTD Act vs Full Year Budget Variance	PTD to Aug 2020	PTD budget	Variance	Comments regarding variance
<b>Total Administration</b>		<b>4,272</b>	<b>85,050</b>	<b>80,778</b>	<b>50,639</b>	<b>170,100</b>	<b>119,461</b>	<b>1,283,020</b>	<b>1,232,381</b>	<b>3,843,998</b>	<b>4,816,312</b>	<b>972,314</b>	Within budget
<b>Finance</b>	Contingency	0	14,167	14,167	0	67,403	67,403	1,326,461	1,326,461	2,175,330	209,753	(1,965,577)	Actual Contingency spend applied to cost types above.
	Contingency Offset Transfer	0	0	0	0	0	0	0	0	(2,175,330)	0	2,175,330	
<b>Total Finance</b>		<b>0</b>	<b>14,167</b>	<b>14,167</b>	<b>0</b>	<b>67,403</b>	<b>67,403</b>	<b>1,326,461</b>	<b>1,326,461</b>	<b>0</b>	<b>209,753</b>	<b>209,753</b>	
<b>Total P&amp;L Expenditure</b>		<b>6,414</b>	<b>135,373</b>	<b>128,960</b>	<b>81,579</b>	<b>309,815</b>	<b>228,237</b>	<b>3,187,981</b>	<b>3,106,402</b>	<b>6,114,251</b>	<b>7,623,059</b>	<b>1,508,808</b>	
<b>Grand Expense Total</b>		<b>70,441</b>	<b>647,503</b>	<b>577,063</b>	<b>218,204</b>	<b>1,765,462</b>	<b>1,547,257</b>	<b>28,205,679</b>	<b>27,987,474</b>	<b>116,944,070</b>	<b>121,631,459</b>	<b>4,687,389</b>	Within budget

Contingency Summary	
YTD Budget	67,403
Contingency Transferred (Actual & Budget)	0
Contingency not yet used	<u>67,403</u>
List of Contingency items transferred year to date	
<u>Period</u>	<u>Job Description</u>
	<u>Amount</u>
	<u>0</u>

Note: Actual Contingency spend in prior years is reported against the job that the spend relates to.

**CATALINA**  
**FINANCE REPORT**  
**AUGUST 2020**

**1.0 Management Accounts**

**1.1 KEY STATISTICS**

**1.1.1 RESIDENTIAL LOTS & DISTRIBUTIONS**

	<u>Lots Produced (titles)</u>		<u>Sales</u>		<u>Settlements</u>		<u>Distributions</u>	
	<u>Actual</u>	<u>Budget (Jul-20)</u>	<u>Actual</u>	<u>Budget (Jul-20)</u>	<u>Actual</u>	<u>Budget (Jul-20)</u>	<u>Actual</u>	<u>Budget (Jul-20)</u>
Prior Years	1,004	1,004	960	960	935	936	78,000,000	78,000,000
Jul-2020	-	-	34	35	3	7	-	-
Aug-2020	-	-	3	15	9	5	-	-
Sep-2020	-	-	-	9	-	10	-	-
<b>Sep Qtr</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>59</b>	<b>12</b>	<b>22</b>	<b>-</b>	<b>-</b>
Oct-2020	-	-	-	7	-	11	-	-
Nov-2020	-	-	-	6	-	22	-	-
Dec-2020	-	37	-	5	-	9	-	-
<b>Dec Qtr</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>-</b>
Jan-2021	-	-	-	7	-	14	-	-
Feb-2021	-	35	-	7	-	12	-	-
Mar-2021	-	-	-	7	-	11	-	-
<b>Mar Qtr</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>-</b>
Apr-2021	-	-	-	7	-	4	-	-
May-2021	-	35	-	7	-	5	-	-
Jun-2021	-	-	-	7	-	7	-	3,000,000
<b>Jun Qtr</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>3,000,000</b>
<b>PTD</b>	<b>1,004</b>	<b>1,004</b>	<b>997</b>	<b>1,010</b>	<b>947</b>	<b>948</b>	<b>78,000,000</b>	<b>78,000,000</b>
<b>Full 2019/20 Year</b>	<b>-</b>	<b>107</b>	<b>37</b>	<b>119</b>	<b>12</b>	<b>117</b>	<b>-</b>	<b>3,000,000</b>
<b>2021/22</b>		<b>78</b>		<b>96</b>		<b>86</b>		<b>3,000,000</b>
<b>2022/23</b>		<b>91</b>		<b>96</b>		<b>92</b>		<b>27,000,000</b>

- There were 3 sales and 9 residential settlements for August.

**1.2 Sales & Settlements**

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>PTD Act</u>	<u>PTD Bgt</u>
		<u>(Jul-20)</u>		<u>(Jul-20)</u>		<u>(Jul-20)</u>
<b>Residential</b>						
- Sales #	3	15	37	50	997	1,010
- Sales \$	1,223,500	4,016,120	12,419,000	15,435,524	264,101,000	267,237,524
- Sales \$/lot	407,833	267,741	335,649	308,710	264,896	264,592
- Settlements #	9	5	12	12	948	948
- Settlements \$	2,951,000	1,530,518	3,908,000	3,673,870	248,291,500	248,057,370
- Settlements \$/lot	327,889	306,104	325,667	306,156	261,911	261,664
<b>Special Sites</b>						
- Sales #	-	-	-	-	4	4
- Sales \$	-	-	-	-	3,772,000	3,772,000
- Sales \$/lot	-	-	-	-	943,000	943,000
- Settlements #	-	-	-	-	4	4
- Settlements \$	-	-	-	-	3,772,000	3,772,000
- Settlements \$/lot	-	-	-	-	943,000	943,000
<b>Lots Under Contract</b>						
- Unsettled sales #	49			9		Titled
- Unsettled sales \$	15,809,500			40		1,010 incl. Spec sites
- Unsettled sales \$/lot	322,643					

**CATALINA**  
**FINANCE REPORT**  
**AUGUST 2020**

**1.3 Cashflow - MTD Actuals to budget**

	<u>MTD Act</u>	<u>MTD Bgt</u> (Jul-20)	<u>Variance</u>
<b><i>Income</i></b>			
Settlement Revenue	2,951,000	1,530,518	1,420,482
Margin GST	(28,213)	(22,727)	(5,486)
Direct selling costs	(134,503)	(70,578)	(63,926)
Interest Income	-	-	-
Forfeited Deposits	-	-	-
Other Income	-	-	-
Rebate Allowance	(8,658)	(68,600)	59,942
	<u>2,779,626</u>	<u>1,368,613</u>	<u>1,411,013</u>
<b><i>Development costs</i></b>			
WAPC Land Acq.	-	-	-
Lot production	876	442,080	441,204
Landscaping	54,649	20,900	(33,749)
Consultants	6,054	34,652	28,598
Infrastructure	2,448	12,832	10,384
Sales office building	-	1,667	1,667
	<u>64,027</u>	<u>512,130</u>	<u>448,103</u>
<b><i>Overheads</i></b>			
Sales & marketing	2,142	25,000	22,858
Community Develop.	-	11,156	11,156
Administration	4,272	85,050	80,778
Finance/Contingency	-	14,167	14,167
	<u>6,414</u>	<u>135,373</u>	<u>128,960</u>
<b>Net Cashflow</b>	<b><u>2,709,185</u></b>	<b><u>721,110</u></b>	<b><u>1,988,076</u></b>

**1.4 Cashflow - YTD Actuals to budget**

	<u>YTD Act</u>	<u>YTD Bgt</u> (Jul-20)	<u>Variance</u>
<b><i>Income</i></b>			
Settlement Revenue	3,908,000	3,673,870	234,130
Margin GST	(38,521)	(54,545)	16,024
Direct selling costs	(179,442)	(169,413)	(10,028)
Interest Income	-	-	-
Forfeited Deposits	4,545	-	4,545
Other Income	-	-	-
Rebate Allowance	(24,749)	(140,140)	115,391
	<u>3,669,834</u>	<u>3,309,771</u>	<u>360,063</u>
<b><i>Development costs</i></b>			
WAPC Land Acq.	-	-	-
Lot production	3,078	517,173	514,095
Landscaping	72,188	75,173	2,985
Consultants	55,991	69,303	13,312
Infrastructure	5,369	790,664	785,295
Sales office building	-	3,333	3,333
	<u>136,626</u>	<u>1,455,646</u>	<u>1,319,020</u>
<b><i>Overheads</i></b>			
Sales & marketing	29,408	50,000	20,592
Community Develop.	1,531	22,313	20,781
Administration	50,639	170,100	119,461
Finance/Contingency	-	67,403	67,403
	<u>81,579</u>	<u>309,815</u>	<u>228,237</u>
<b>Net Cashflow</b>	<b><u>3,451,630</u></b>	<b><u>1,544,310</u></b>	<b><u>1,907,320</u></b>

**1.5 Bonds**

	<u>Last Year</u>	<u>Last Month</u>	<u>This Month</u>
City of Wanneroo	242,868	242,868	242,868
	<u>242,868</u>	<u>242,868</u>	<u>242,868</u>

Bonds relate to stage 25 early clearances.

**CATALINA**  
**FINANCE REPORT**  
**AUGUST 2020**

**2.0 PROFIT & LOSS**

	<u>MTH Act</u>	<u>MTH Bgt</u> (Jul-20)	<u>Var</u>	<u>YTD Act</u>	<u>YTD Bgt</u> (Jul-20)	<u>Var</u>	<u>PTD Act</u>	<u>PTD Bgt</u> (Jul-20)
- Revenue \$ (Stlmnts)	2,951,000	1,530,518	1,420,482	3,908,000	3,673,870	234,130	248,291,500	248,057,370
- Revenue \$/lot	327,889	306,104		325,667	306,156		261,911	261,664
- Selling & GST \$	360,666	158,972	(201,694)	480,563	381,558	(99,005)	21,993,177	22,608,764
- Selling & GST \$/lot	40,074	31,794		40,047	31,796		23,200	23,849
- Cost of sales \$	836,612	476,844	(359,768)	1,166,963	1,099,995	(66,968)	88,478,917	88,406,158
- Cost of sales \$/lot	92,957	95,369		97,247	91,666		93,332	93,255
- Gross profit \$	1,753,722	894,702	859,019	2,260,474	2,192,317	68,157	137,819,406	137,042,448
- Gross profit \$/lot	194,858	178,940		188,373	182,693		145,379	144,560
- Gross profit Mgn %	59.43%	58.46%		57.84%	59.67%		55.51%	55.25%
- Special Sites \$	-	-	-	-	-	-	2,091,959	2,092,428
- Other income \$	-	-	-	4,545	-	4,545	259,957	255,411
- Sales & Marketing \$	5,942	36,455	30,513	32,125	72,910	40,785	2,255,522	2,539,691
- Administration \$	10,073	108,353	98,280	60,387	216,707	156,320	4,379,627	5,018,446
- Finance/Other \$	-	-	-	-	-	-	198,181	224,674
- Contingency \$	-	14,167	14,167	-	67,403	67,403	-	209,754
<b>- Net profit \$</b>	<b>1,737,707</b>	<b>735,727</b>	<b>1,001,980</b>	<b>2,172,507</b>	<b>1,835,298</b>	<b>337,210</b>	<b>133,337,991</b>	<b>131,397,723</b>
<b>- Net profit \$/lot</b>	<b>193,079</b>	<b>147,145</b>		<b>181,042</b>	<b>152,941</b>		<b>140,652</b>	<b>138,605</b>

- Year to date Gross profit is \$68k favourable to budget due to the lot mix of settlements.
- Year to date Overheads are \$265k below budget due to:
  - Admin \$156k favourable (full provisional amounts for Rates & Taxes and Repairs & Maintenance not yet required);
  - Unused Contingency \$67k.

**YEAR TO DATE VERSUS FULL YEAR BUDGET**

	<u>YTD Act</u>	<u>FY20</u> <u>Full Year Bgt</u>	<u>Var</u>
- Revenue \$ (Stlmnts)	3,908,000	34,688,726	(30,780,726)
- Revenue \$/lot	325,667	296,485	
- Selling & GST \$	480,563	3,732,201	3,251,638
- Selling & GST \$/lot	40,047	31,899	
- Cost of sales \$	1,166,963	13,220,251	12,053,288
- Cost of sales \$/lot	97,247	112,994	
- Gross profit \$	2,260,474	17,736,274	(15,475,800)
- Gross profit \$/lot	188,373	151,592	
- Gross profit Mgn %	57.84%	51.13%	
- Special Sites \$	-	-	-
- Other income \$	4,545	-	4,545
- Sales & Marketing \$	32,125	583,277	551,152
- Administration \$	60,387	1,281,133	1,220,746
- Finance \$	-	-	-
- Contingency \$	-	1,071,313	1,071,313
<b>- Net profit \$</b>	<b>2,172,507</b>	<b>14,800,551</b>	<b>(12,628,044)</b>
<b>- Net profit \$/lot</b>	<b>181,042</b>	<b>126,500</b>	

**CATALINA**  
**FINANCE REPORT**  
**AUGUST 2020**

**2.1 GROSS PROFIT ANALYSIS**

**Actual**

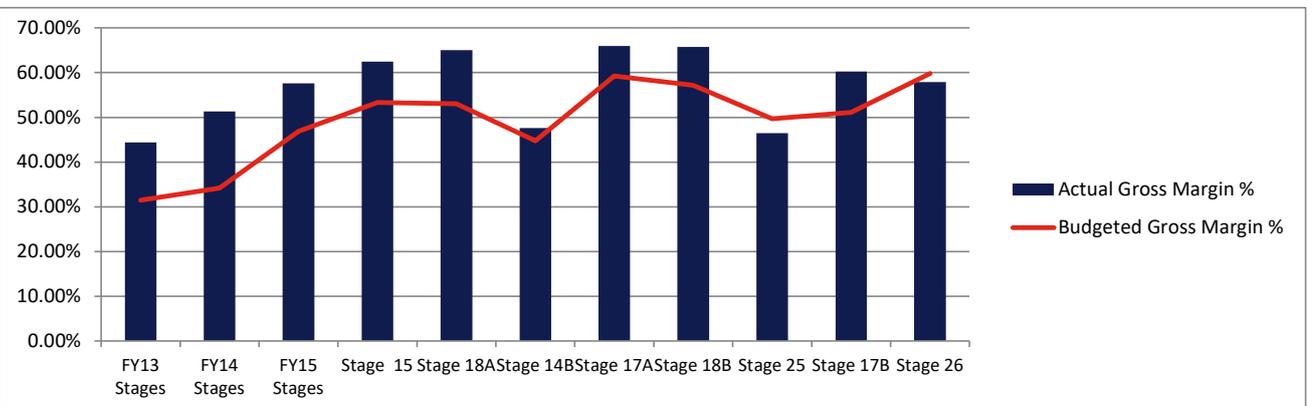
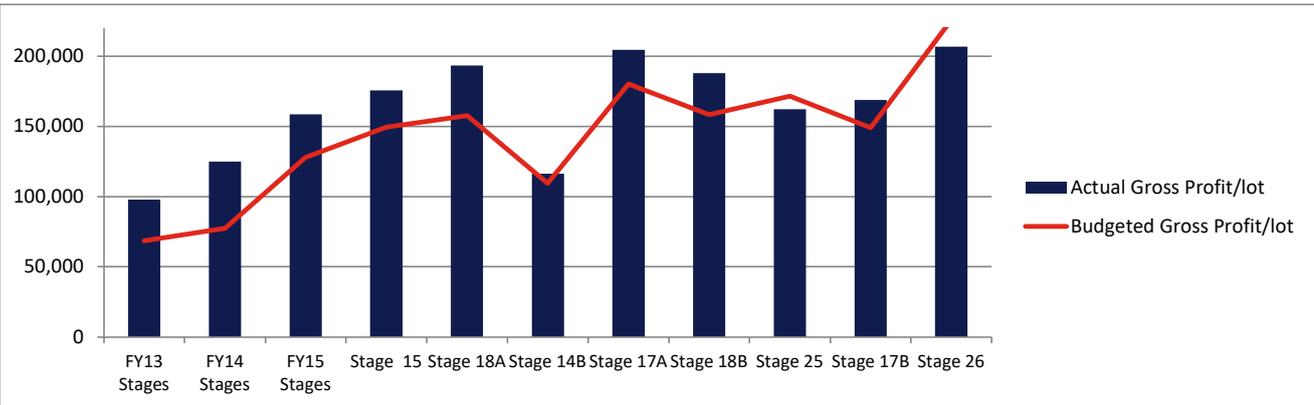
Stages	Title Issue Date	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)	Direct Costs/lot	Actual Gross Profit	Actual Gross Profit/lot	Actual Gross Margin %
Incentives Writeback				-4,253,385		4,253,385		
FY13 Stages	2012 / 2013	51,375,500	220,496	28,570,159	122,619	22,805,341	97,877	44.39%
FY14 Stages	2013 / 2014	50,325,000	243,116	24,477,309	118,248	25,847,691	124,868	51.36%
FY15 Stages	2014 / 2015	77,688,000	275,489	32,963,408	116,892	44,724,592	158,598	57.57%
Stage 15	15-Dec-15	15,444,000	280,800	5,791,567	105,301	9,652,433	175,499	62.50%
Stage 18A	27-May-16	8,626,000	297,448	3,015,429	103,980	5,610,571	193,468	65.04%
Stage 14B	28-Oct-16	2,444,000	244,400	1,281,011	128,101	1,162,989	116,299	47.59%
Stage 17A	20-Feb-17	7,135,000	310,217	2,429,862	105,646	4,705,138	204,571	65.94%
Stage 18B	13-Jun-17	7,717,000	285,815	2,643,963	97,925	5,073,037	187,890	65.74%
Stage 25	8-Aug-17	18,128,000	348,615	9,701,010	186,558	8,426,990	162,058	46.49%
Stage 17B	22-May-18	4,767,500	280,441	1,896,150	111,538	2,871,350	168,903	60.23%
Stage 26	26-Sep-19	4,641,500	357,038	1,955,612	150,432	2,685,888	206,607	57.87%
		<u>248,291,500</u>		<u>110,472,094</u>		<u>137,819,406</u>		

- Values for actuals are based on 'settled lots only' for the relevant stages.

**Budget**

Stages	Budget Version	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)	Direct Costs/lot	Budgeted Gross Profit	Budgeted Gross Profit/lot	Budgeted Gross Margin %
FY13 Stages	May-12	51,358,953	217,623	35,200,675	149,155	16,158,278	68,467	31.46%
FY 14 Stages	Jun-13	46,931,935	226,724	30,917,421	149,360	16,014,514	77,365	34.12%
FY 15 Stages	Aug-14	76,167,089	273,000	40,469,170	145,051	35,697,919	127,950	46.87%
Stage 15	Aug-15	15,433,000	280,600	7,203,599	130,975	8,229,401	149,625	53.32%
Stage 18A	Jun-16	8,626,000	297,448	4,048,854	139,616	4,577,146	157,833	53.06%
Stage 14B	Jun-16	2,448,087	244,809	1,352,232	135,223	1,095,855	109,585	44.76%
Stage 17A	Jun-16	9,427,756	304,121	3,845,430	124,046	5,582,326	180,075	59.21%
Stage 18B	Jun-16	8,584,690	276,925	3,677,414	118,626	4,907,276	158,299	57.16%
Stage 25	Aug-17	19,696,448	345,552	9,915,141	173,950	9,781,307	171,602	49.66%
Stage 17B	Dec-17	10,496,494	291,569	5,131,807	142,550	5,364,687	149,019	51.11%
Stage 26	Jun-19	14,347,000	377,553	5,766,060	151,738	8,580,940	225,814	59.81%
		<u>263,517,452</u>		<u>147,527,804</u>		<u>115,989,649</u>		

- Values for budget are based on 'total lots' for the relevant stages.



- Stage 26 Gross profit / lot is \$19k below budget due to lot mix of settlements to date.

# Catalina

## Finished Lots & Cost of Lots Sold calculations to 31 Aug 2020

Title date:	Completed	Completed	7-Nov-12	28-Oct-16	20-Feb-17	13-Jun-17	8-Aug-17	8-Aug-17	8-Aug-17	22-May-18	26-Sep-19	7-Nov-12	TOTAL
	Spec Sites	Resi Stages	Stage 2	Stage 14B	Stage 17A	Stage 18B	Stage 25	Stage 25 Sales Office	Stage 25 GHS Lot 2179	Stage 17B	Stage 26	Central Cell Sales Office	
<b>Direct costs</b>													
Civil Contruction			3,312,998	633,835	795,104	794,550	4,918,686	83,260	253,163	968,747	1,238,569	89,540	
Sewer headwks			209,432	51,015	116,369	136,672	261,837	4,514	4,514	174,117	183,682	5,660	
Local authority fees			161,433	1,911	6,839	10,835	35,653	615	615	12,684	12,947	4,363	
Local authority scheme costs			100,077	27,000	67,500	83,700	156,600	-	-	97,200	13,620	2,705	
Survey & legal fees			37,093	13,139	25,550	29,762	54,801	945	945	35,586	34,200	1,003	
Engineering fees			205,607	18,200	85,250	97,962	159,500	2,750	12,341	100,839	104,500	5,557	
Sales Office Build Cost												330,780	
Finished Goods Adjustments	- 31,206	- 1,282,787	- 1,044,810	- 11,250	- 25,549	- 39,478	- 220,060				<b>82,824</b>	- 28,238	
	420,826	43,233,645	2,981,830	733,850	1,071,063	1,114,003	5,367,017	92,084	271,578	1,389,173	1,670,342	411,370	
Earthworks Allocation	260,179	11,806,198	447,375	50,570	123,078	152,616	1,077,304	18,574	66,681	166,059	672,342	12,091	
<b>Indirect Costs</b>													
Land	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	84,898	6,012,456	265,106	70,224	235,295	282,496	620,746	7,879	31,674	351,671	521,532	7,165	
Landscape	118,628	8,518,643	333,226	154,123	495,646	594,017	1,308,860	16,613	66,785	871,324	1,270,179	9,006	
<b>TOTAL COST</b>	<b>884,530</b>	<b>69,570,942</b>	<b>4,027,536</b>	<b>1,008,767</b>	<b>1,925,082</b>	<b>2,143,132</b>	<b>8,373,927</b>	<b>135,150</b>	<b>436,718</b>	<b>2,778,227</b>	<b>4,134,395</b>	<b>439,633</b>	
Lots	3	769	37	10	25	31	58	1	1	36	38	1	
<b>COST PER LOT</b>	<b>294,843</b>	<b>90,469</b>	<b>108,852</b>	<b>100,877</b>	<b>77,003</b>	<b>69,133</b>	<b>144,378</b>	<b>135,150</b>	<b>436,718</b>	<b>77,173</b>	<b>108,800</b>	<b>439,633</b>	
Lots settled	3	769	37	10	23	27	52	-	-	17	13	1	952
<b>COST OF LOTS SETTLED</b>	<b>884,530</b>	<b>69,570,942</b>	<b>4,027,536</b>	<b>1,008,767</b>	<b>1,771,075</b>	<b>1,866,599</b>	<b>7,507,659</b>	<b>-</b>	<b>-</b>	<b>1,311,941</b>	<b>1,414,398</b>	<b>439,633</b>	<b>89,803,080</b>
Stage Area (m2)	10,900	261,394	13,161	2,926	10,128	11,236	11,236	255	1,795	13,154	15,904	320	
<b>Cost per m2</b>	<b>81</b>	<b>266</b>	<b>306</b>	<b>345</b>	<b>190</b>	<b>191</b>	<b>745</b>	<b>530</b>	<b>243</b>	<b>211</b>	<b>260</b>	<b>1,374</b>	
Avg lot size	3,633	340	356	293	405	362	194	255	1,795	365	419	320	

### Other cash expenditure

Direct Selling & Proj Mgt Costs														22,349,056
Marketing costs														2,255,522
Administration														4,379,627
Finance														198,181
Contingency														0
<b>TOTAL COSTS</b>														<b>118,985,466</b>

### PERIODIC ANALYSIS

	Month	YTD	PTD	PY Jun-19
Lots settled	9	12	952	917
Cost of lots settled	836,612 *	1,166,963	89,803,080	88,636,117
Direct selling costs	360,666	480,563	22,349,056	21,868,493
Marketing costs	5,942	32,125	2,255,522	2,223,397
Administration	10,073	60,387	4,379,627	4,319,240
Finance	-	-	198,181	198,181
Contingency	-	-	-	-
<b>TOTAL COSTS</b>	<b>1,213,293</b>	<b>1,740,038</b>	<b>118,985,466</b>	<b>117,245,428</b>

\*Stage 26 late cost increase from additional retaining walls.

**Catalina COGS Calc**

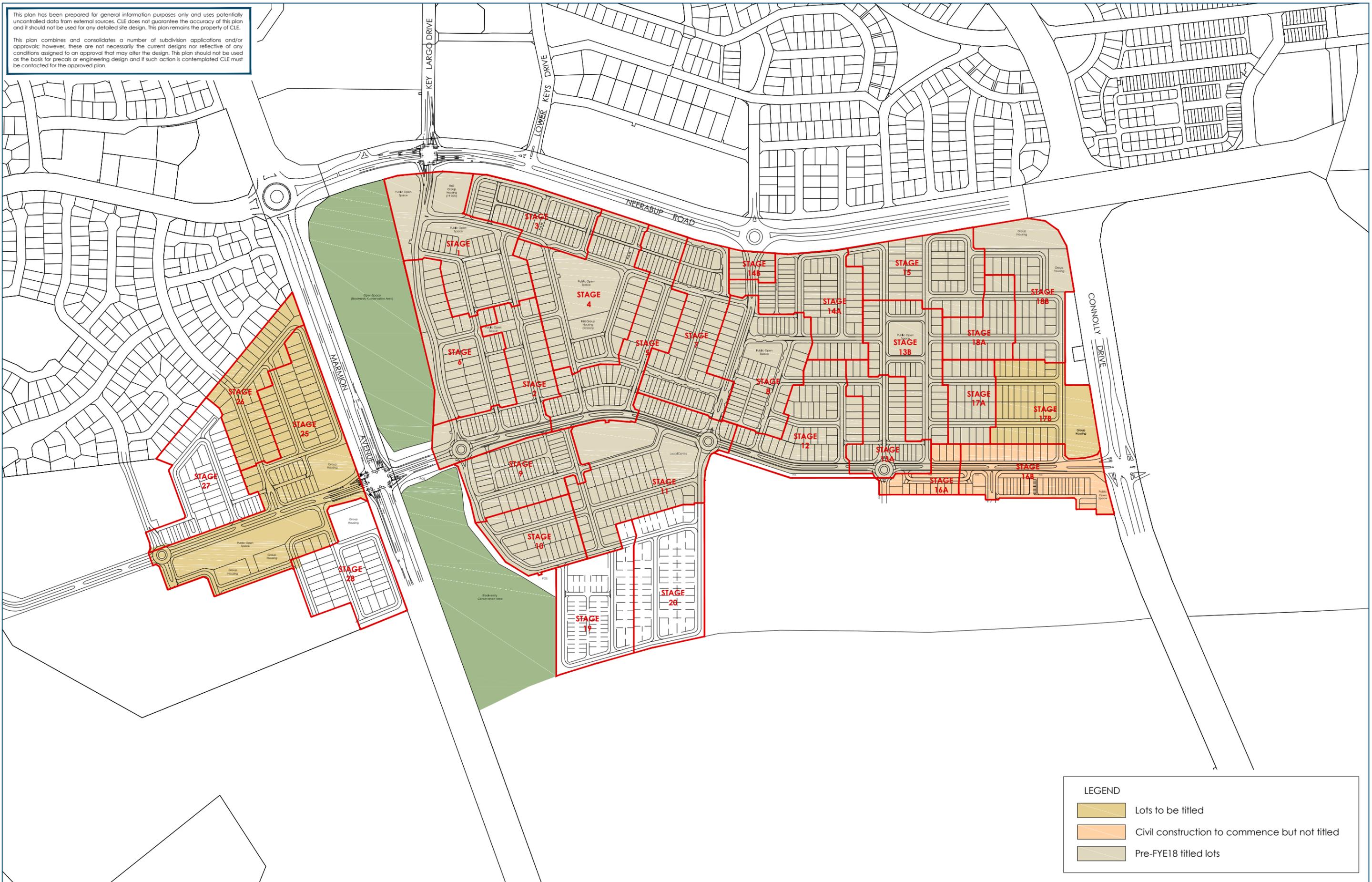
31-Aug-20

Job	Titled Date	Direct Cost	Indirect Cost	COGS Total	Lot #	Titled	Untitled	COGS/Lot	Settled Lots	PTD COGS	Finished Goods	FG/Lot
140-01-001	17-Oct-2012	4,004,839	637,443	4,642,282	35	35	-	132,637	35	4,642,282	-	-
140-01-002	7-Nov-2012	3,429,204	598,332	4,027,537	37	37	-	108,852	37	4,027,537	-	-
140-01-003	14-Jan-2013	3,002,658	554,241	3,556,899	43	43	-	82,719	43	3,556,899	-	-
140-01-004	20-Mar-2013	3,371,482	800,585	4,172,067	47	47	-	88,767	47	4,172,067	-	-
140-01-005	20-May-2013	4,894,899	968,068	5,862,967	63	63	-	93,063	63	5,862,967	-	-
140-01-06A	18-Jan-2013	483,435	179,725	663,160	8	8	-	82,895	8	663,160	-	-
140-01-06B	19-Jan-2015	1,100,352	510,130	1,610,482	24	24	-	67,103	24	1,610,482	-	-
140-01-06C	3-Apr-2014	671,286	211,296	882,581	10	10	-	88,258	10	882,581	-	-
140-01-007	31-Oct-2013	4,146,749	938,488	5,085,238	63	63	-	80,718	63	5,085,238	-	-
140-01-008	16-Jan-2014	4,389,068	881,805	5,270,874	53	53	-	99,450	53	5,270,874	-	-
140-01-009	8-May-2014	4,640,905	814,395	5,455,300	51	51	-	106,967	51	5,455,300	-	-
140-01-010	8-May-2014	2,460,031	595,126	3,055,157	30	30	-	101,839	30	3,055,157	-	-
140-01-011	1-Oct-2014	4,797,823	1,320,873	6,118,696	64	64	-	95,605	64	6,118,696	-	-
140-01-012	3-Dec-2014	3,225,081	1,064,585	4,289,666	49	49	-	87,544	49	4,289,666	-	-
140-01-13A	30-Mar-2015	2,965,498	717,571	3,683,069	37	37	-	99,542	37	3,683,069	-	-
140-01-13B	11-May-2015	2,739,324	986,155	3,725,479	45	45	-	82,788	45	3,725,479	-	-
140-01-014	4-Jun-2015	3,619,629	1,347,229	4,966,858	63	63	-	78,839	63	4,966,858	-	-
140-01-015	15-Dec-2015	3,073,171	1,243,145	4,316,316	55	55	-	78,478	55	4,316,316	-	-
140-01-18A	27-May-2016	1,453,614	760,239	2,213,853	29	29	-	76,340	29	2,213,853	-	-
140-01-14B	28-Oct-2016	784,420	224,347	1,008,767	10	10	-	100,877	10	1,008,767	-	-
140-01-017	20-Feb-2017	1,194,140	730,941	1,925,081	25	25	-	77,003	23	1,771,075	154,006	77,003
140-01-18B	13-Jun-2017	1,266,620	876,513	2,143,133	31	31	-	69,133	27	1,866,599	276,533	69,133
140-02-025	8-Aug-2017	6,444,321	1,929,606	8,373,927	58	58	-	144,378	52	7,507,658	866,268	144,378
140-01-17B	22-May-2018	1,555,232	1,222,995	2,778,227	36	36	-	77,173	17	1,311,940	1,466,286	77,173
140-02-026	26-Sep-2019	2,342,687	1,791,711	4,134,398	38	38	-	108,800	13	1,414,399	2,719,999	108,800
140-70-001	7-Nov-2012	423,461	16,171	439,633	1	1	-	439,633	1	439,633	-	-
140-70-004	12-Dec-2013	20,322	41,798	62,119	1	1	-	62,119	1	62,119	-	-
140-70-005	8-Aug-2017	110,657	24,492	135,149	1	1	-	135,149	-	-	135,149	135,149
140-70-007	17-Oct-2012	222,150	87,611	309,761	1	1	-	309,761	1	309,761	-	-
140-70-008	1-Oct-2014	438,532	74,117	512,649	1	1	-	512,649	1	512,649	-	-
140-70-028	8-Aug-2017	338,259	98,459	436,718	1	1	-	436,718	-	-	436,718	436,718
<b>73,609,847</b>		<b>22,248,193</b>	<b>95,858,040</b>	<b>1,010</b>	<b>1,010</b>	<b>-</b>			<b>952</b>	<b>89,803,080</b>	<b>6,054,961</b>	

# Appendix 8.5

This plan has been prepared for general information purposes only and uses potentially uncontrolled data from external sources. CLE does not guarantee the accuracy of this plan and it should not be used for any detailed site design. This plan remains the property of CLE.

This plan combines and consolidates a number of subdivision applications and/or approvals; however, these are not necessarily the current designs nor reflective of any conditions assigned to an approval that may alter the design. This plan should not be used as the basis for precasts or engineering design and if such action is contemplated CLE must be contacted for the approved plan.



**LEGEND**

- Lots to be filled
- Civil construction to commence but not filled
- Pre-FYE18 filled lots

# Appendix 9.1

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

### Report on the Financial Report

#### Opinion

We have audited the financial report of the Tamala Park Regional Council, which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- a) giving a true and fair view of the Council's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### Basis for Opinion

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

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

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

#### Emphasis of Matter – Basis of Accounting

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

## **Other Information**

Management is responsible for the other information. The other information comprises the information in the Council's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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

- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

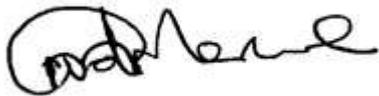
- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Council.
- b) The following material matter indicates non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were identified during the course of my audit:
  - i) Local Government (Financial Management) Regulations 1996 Regulation 34(4) requires the monthly Statement of Financial Activity and the accompanying documents to be presented at an ordinary meeting of Council within two months after the end of the month to which the statement relates. We note that the Council has not complied with this requirement as six of the twelve monthly statements were not presented in the required timeframe.

- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.
- e) In our opinion, the asset renewal ratio and asset consumption ratio in the annual financial report was supported by verifiable information and reasonable assumptions.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of Tamala Park Regional Council for the year ended 30 June 2020 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 9 September 2020

10 September 2020

Mr. T Arias  
Chief Executive Officer  
Tamala Park Regional Council  
PO Box 655  
INNALOO WA 6918

Dear Tony

**TAMALA PARK REGIONAL COUNCIL**

We wish to advise that we have recently completed the audit of the above mentioned Regional Council for the year ended 30 June 2020.

The Australian Auditing and Assurance Standards Board encourages auditors to issue a management letter on completion of each audit as a means of advising the Council of any matters noted during the course of the audit.

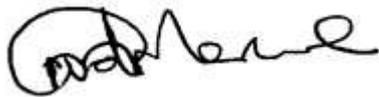
Our audit involves the review of only those systems and controls adopted by the Council upon which we wish to rely for the purposes of determining our audit procedures. Furthermore, our audit should not be relied upon to disclose defalcations or other similar irregularities, although their disclosure, if they exist, may well result from the procedures we undertake.

During the course of our audit we have found the following that should be brought to your attention as per the attached pages 2 to 5.

We wish to thank Tamala Park Regional Council staff for their assistance during the audit.

Should you have any questions please do not hesitate to contact me.

Yours sincerely  
BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

## **1. CEO's review of systems and procedures**

### **Finding**

The Local Government (Audit) Regulations 1996 paragraph 17 requires the CEO to undertake a review of the appropriateness and effectiveness of a local government's system and procedures in relation to risk management, internal control and legislative compliance, no less than every three financial years. We note that a review has not been carried out in the last 3 years.

**Rating:** Significant

### **Implication**

The Shire has not complied with regulation 17(2) of the Local Government (Audit) Regulations 1996.

### **Recommendation**

We recommend that the CEO perform the Review as soon as possible.

### **Management's Comments**

Recommendation supported.

The Regulation 17 review is underway and is expected to be completed and reported to Council in February 2021.

## **2. Presentation of Financial Activity Statement to Council**

### **Finding**

Local Government (Financial Management) Regulations 1996 Regulation 34(4) requires the monthly Statement of Financial Activity and the accompanying documents to be presented at an ordinary meeting of Council within two months after the end of the month to which the statement relates. We note that the Council has not complied with this requirement.

**Rating:** Significant

### **Implication**

Non-compliance with Regulation 34(4) of Local Government (Financial Management) Regulations 1996.

### **Recommendation**

We recommend that the monthly Statements of Financial Activity be submitted at the ordinary meetings of the council in accordance with the requirements under Regulation 34 (4) of the Local Government (Financial Management) Regulations 1996.

### **Management's Comments**

Recommendation noted.

The non-compliance with the requirements of Regulation 34(4) of Local Government (Financial Management) Regulations 1996 is a direct result of the Tamala Park Regional Council meeting on a bi-monthly basis, which does not allow sufficient time for the monthly statement of financial activity to be prepared and presented to Council within the 2-month period specified. This results in 6 of the 12 monthly Statements of Financial Activity not meeting the required timeframe.

It is noted that the monthly Statements of Financial Activity are prepared by the TPRC and by Moore Australia (TPRC accountants) and available for Council's consideration within the prescribed timeframe.

It is recommended that Council approve the Audit Committee meeting on a bi-monthly basis, on alternative months to Council meetings, to consider Statements of Financial Activity. It is further recommended that the monthly Statements of Financial Activity be circulated to Council members on a monthly basis. Whilst implementation of these recommendations will not result in strict compliance with the requirements under Regulation 34 (4), from an oversight and a risk management perspective it will minimize risks arising from the delay in Council's consideration of the monthly Statements of Financial Activity.

### **3. Financial Ratios**

#### **Finding**

Under note 25 of the financial report we note that the operating surplus ratio and asset sustainability ratio does not meet the benchmark as set out by the Department of Local Government, Sports and Cultural Industries.

**Rating:** Moderate

#### **Implication**

The asset sustainability ratio of 0 indicates that the Regional Council is not renewing or replacing existing non-financial assets at the same rate that it's overall asset stock is depreciated.

The negative operating surplus ratio indicates that the Regional Council did not cover its operational costs from interest revenue.

#### **Recommendation**

We recommend that management reviews the financial performance in relation to the ratios to ensure that the bench marks are met in the future.

#### **Management's Comments**

Recommendation noted.

It is acknowledged that the Asset Sustainability Ratio is below the DLGSC's standard.

The TPRC has a relatively small asset base and therefore is subject to more pronounced variations in annual asset renewal expenditure. In the case of the TPRC this has resulted in fluctuations between years as assets of the TPRC are renewed.

The financial ratios need to be considered within the overall context of the financial report. The management of the TPRC operational assets is regularly considered by Moore Australia and considered to be appropriate.

It is noted that the expenditure and management of TPRC assets is consistent with the Council approved Asset Management Plan 2019, approved by Council in February 2020.

#### **4. Supplier Masterfile Amendments**

##### **Finding**

We noted that the validation of the amendments and/or new suppliers' records is not documented therefore the evidence of such validation could not be confirmed.

We also acknowledge that our testing to validate suppliers' information in the system did not identify any discrepancies.

**Rating:** Moderate

##### **Implication**

There is an increased risk that unauthorised changes may be made resulting in errors or funds being inappropriately transferred.

##### **Recommendation**

We recommend Management implement a process to ensure that the validity checks on supplier information is documented and all the changes to the supplier master file is reviewed to confirm that these changes are valid. If changes are not valid, appropriate action should be taken.

We further recommend that any and all changes to suppliers' records be independently reviewed.

##### **Management's Comments**

Recommendation supported.

Procedure has been put in place in December 2019 requiring CEO approval for changes to supplier information and changes to the supplier master file, including independent review of audit trails by the Chief Executive Officer.

#### **5. Journal Entries not independently approved**

##### **Finding**

We noted that journal entries were processed in the accounting system by the Executive Assistant during the financial year. Journals relating to interest accrued and member council's sales and development costs are reviewed by a person independent of preparation, however other journals are not independently reviewed.

**Rating:** Moderate

**Implication**

Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved. If journals are not independently reviewed there is an increased risk that unauthorised journals can be processed and funds could be misappropriated.

**Recommendation**

To help maintain the integrity of the accounting information a person more senior than the preparer should authorise all journal entries to be processed in the system and review the correctness of posting after being processed. The authoriser/reviewer should sign and date on the journals as evidence of approval and review.

**Management's Comments**

Recommendation supported.

Procedure has been put in place requiring CEO approval and acknowledgement of monthly journals.

**6. Related Party Declarations****Finding**

Six Councillors did not submit their related party declarations.

**Rating:** Moderate

**Implication**

Without declarations from all key management personnel, management needs to perform alternative procedures to ensure material related party disclosures are not omitted from the financial statements.

**Recommendation**

We recommend that the Councillors be reminded of their duty in accordance with the policy.

**Management's Comments**

Recommendation supported.

Councillors are advised, and provided reminders, of the requirement to submit Related Party Declarations.



# Annual Audit Completion Report

Tamala Park Regional Council  
Year Ended 30 June 2020

[butlersettineri.com.au](http://butlersettineri.com.au)

# Introduction



## From our Partner

We have set out in this report the significant matters arising from our audit of Tamala Park Regional Council for the year ended 30 June 2020.

We would like to take this opportunity to thank the management team for their assistance during the audit process. If you have any queries on the report, please feel free to contact Marcia Johnson or myself.

Handwritten signature of Marius van der Merwe.



**MARIUS VAN DER MERWE**

**Partner**

B.Com (Hons) CA  
mvd@m@butlersettineri.com.au



**MARCIA JOHNSON**

**Manager**

B.Com (Hons) CA  
mjohnson@butlersettineri.com.au

Appendix Page 66

# EXECUTIVE SUMMARY

---

- Butler Settineri (Audit) Pty Ltd were appointed as the auditor on 9 August 2018 for the years ended 30 June 2018, 2019 and 2020;
- Butler Settineri (Audit) Pty Ltd have completed the external statutory audit for the year ended 30 June 2020;
- Our findings are included in this document and there are no unresolved issues;
- There are no outstanding matters;
- We have issued an unmodified audit opinion in relation to the financial statements;
- We have included the following material non-compliance in the audit report:
  - Local Government (Financial Management) Regulations 1996 Regulation 34(4) requires the monthly Statement of Financial Activity and the accompanying documents to be presented at an ordinary meeting of Council within two months after the end of the month to which the statement relates. We note that the Council has not complied with this requirement as six of the twelve monthly statements were not presented in the required timeframe.

# INDEPENDENCE

---

We are independent of the Regional Council in accordance with the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.

Threats to independence include the following:



SELF INTEREST THREATS



SELF REVIEW THREATS



ADVOCACY THREATS



FAMILIARITY THREATS



INTIMIDATION THREATS

What we do to remain independent:

- All team members sign an independence declaration at the commencement of the audit;
- Monitor our individual independence throughout the audit;
- All team members sign off an independence declaration at the completion of the audit.

Non audit services performed:

- None

# NON COMPLIANCE WITH LAWS & REGULATIONS AND FRAUD

---

## Laws and Regulations applicable to the Regional Council include the following:

- ▣ Local Government Act 1995;
- ▣ Local Government (Financial Management Regulations 1996;
- ▣ Local Government (Audit) Regulations 1996;
- ▣ Australian Tax Office (GST/FBT/PAYG Compliance).

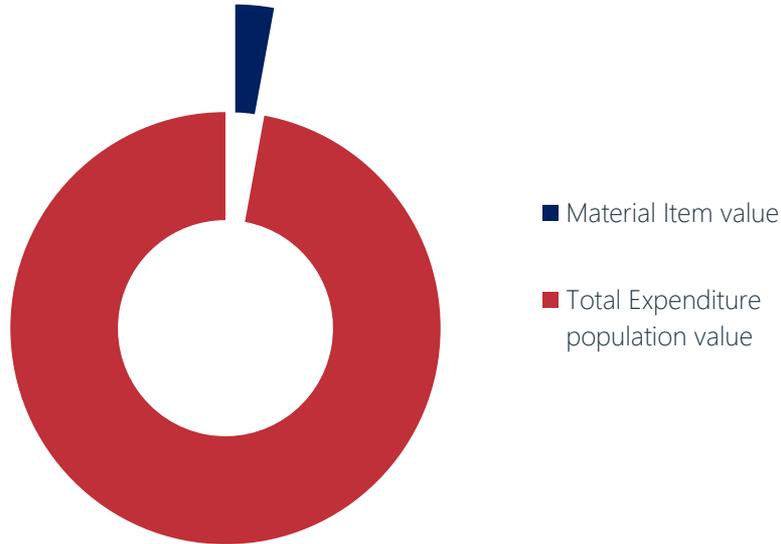
During the audit process there have been:

- ▣ We have identified issues relating to Laws and Regulations and this is included in our findings;
- ▣ No findings or indications of suspected fraud.

As far as the external audit relates to the matters noted above.

# MATERIALITY

## MATERIALITY %



Basis for Materiality = Total Assets 2019/20

Total Assets = \$46,044,099

Overall Materiality = \$920,000

We have applied our professional judgement in determining the basis on which to base our materiality as well as an appropriate percentage based on our assessment of overall risk.

We have calculated a specific materiality for profit and loss accounts based on 2019/2020 total expenses - \$26,250

We feel that the basis above is appropriate and did not require any modifications during the audit or completion thereof.

# Key Audit Matters & Outcomes



# KEY AUDIT MATTERS AND OUTCOMES

Details of Risk / Issue	Audit Approach
Audit findings reported in the previous audit	We followed up on last year's audit issues during the audit.
Changes to accounting standards: <ul style="list-style-type: none"> <li>• AASB 15 – Revenue from Contracts with Customers</li> <li>• AASB 16 – Leases</li> <li>• AASB 1058 – Income of Not-for-Profit Entities</li> </ul>	We reviewed management's assessment and adoption of the new accounting standards and found that the recognition, measurement and disclosure of revenue, and leases were in accordance with the accounting standards.
Changes to external factors: <ul style="list-style-type: none"> <li>• Impact of Covid – 19 on the local government's performance</li> </ul>	We reviewed managements assessment of the impact of COVID 19 and assessed this to identify any additional risks and change in key internal controls.
We have identified the following areas that we consider require additional focus during our 2019-20 local government audits: <ul style="list-style-type: none"> <li>• Related party disclosures</li> <li>• Valuation of land held for sale</li> <li>• Revaluation of Plant &amp; Equipment</li> <li>• Unauthorised &amp; incomplete expenditure</li> <li>• Unrecorded liabilities and expenses</li> <li>• Unauthorised &amp; incomplete development costs</li> <li>• Property sales not recognised correctly</li> <li>• Property sales incentive and cost to completion provisions</li> </ul>	We performed audit procedures and reviewed management's assessments and found that the amounts reflected in the financial statements in relation to these key risk areas are fairly stated and correctly disclosed.
The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention: <ul style="list-style-type: none"> <li>• Provision for annual and long service leave</li> <li>• Fair value of Plant and Equipment</li> <li>• Impairment of assets</li> <li>• Fair value of land held for sale</li> </ul>	We reviewed the methodology and underlying data that management used when determining critical accounting estimates. We confirmed the reasonableness of the assumptions and corroborating representations.
Important changes in management or the control environment	No changes in management.

# KEY AUDIT MATTERS AND OUTCOMES

---

## Purchases Analysis – based on payments to suppliers

	Amount (CY)	Number of transactions (CY)	Percentage of total spend
Purchases \$150,000 and above	\$4,348,371.23	13	2%
Purchases between \$10,000 and \$149,999	\$2,695,638.06	104	14%
Purchases between \$2,000 and \$9,999	\$823,642.70	187	26%
Purchases below \$2,000	\$293,365.33	420	58%

# AUDIT OBSERVATIONS

Procedure	Findings	Implications	Recommendations	Management Comments
<b>Presentation of Financial Activity Statement to Council</b> <b>Rating: Significant</b>				
Compliance Review	<p>Local Government (Financial Management) Regulations 1996 Regulation 34(4) requires the monthly Statement of Financial Activity and the accompanying documents to be presented at an ordinary meeting of Council within two months after the end of the month to which the statement relates. We note that the Council has not complied with this requirement.</p>	<p>Non-compliance with Regulation 34(4) of Local Government (Financial Management) Regulations 1996.</p>	<p>We recommend that the monthly Statements of Financial Activity be submitted at the ordinary meetings of the Council in accordance with the requirements under Regulation 34 (4) of the Local Government (Financial Management) Regulations 1996.</p>	<p>Recommendation noted.</p> <p>The non-compliance with the requirements of Regulation 34(4) of Local Government (Financial Management) Regulations 1996 is a direct result of the Tamala Park Regional Council meeting on a bi-monthly basis, which does not allow sufficient time for the monthly statement of financial activity to be prepared and presented to Council within the 2-month period specified. This results in 6 of the 12 monthly Statements of Financial Activity not meeting the required timeframe.</p> <p>It is noted that the monthly Statements of Financial Activity are prepared by the TPRC and by Moore Australia (TPRC accountants) and available for Council's consideration within the prescribed timeframe.</p>

# AUDIT OBSERVATIONS

Procedure	Findings	Implications	Recommendations	Management Comments
				<p>It is recommended that Council approve the Audit Committee meeting on a bi-monthly basis, on alternative months to Council meetings, to consider Statements of Financial Activity. It is further recommended that the monthly Statements of Financial Activity be circulated to Council members on a monthly basis. Whilst implementation of these recommendations will not result in strict compliance with the requirements under Regulation 34 (4), from an oversight and a risk management perspective it will minimize risks arising from the delay in Council's consideration of the monthly Statements of Financial Activity.</p>

# AUDIT OBSERVATIONS

Procedure	Findings	Implications	Recommendations	Management Comments
<b>CEO's review of systems and procedures</b> <b>Rating: Significant</b>				
Compliance Review	The Local Government (Audit) Regulations 1996 paragraph 17 requires the CEO to undertake a review of the appropriateness and effectiveness of a local government's system and procedures in relation to risk management, internal control and legislative compliance, no less than every three financial years. We note that a review has not been carried out in the last 3 years.	The Regional Council has not complied with regulation 17(2) of the Local Government (Audit) Regulations 1996.	We recommend that the CEO perform the Review as soon as possible.	Recommendation supported.  The Regulation 17 review is underway and is expected to be completed and reported to Council in February 2021.

# AUDIT OBSERVATIONS

Procedure	Findings	Implications	Recommendations	Management Comments
<b>Financial ratios</b> <b>Rating: Significant</b>				
Review of Ratios	<p>Under note 25 of the financial report we note that the operating surplus ratio and asset sustainability ratio does not meet the benchmark as set out by the Department of Local Government, Sports and Cultural Industries.</p>	<p>The asset sustainability ratio of 0 indicates that the Regional Council is not renewing or replacing existing non-financial assets at the same rate that it's overall asset stock is depreciated.</p> <p>The negative operating surplus ratio indicates that the Regional Council did not cover its operational costs from interest revenue.</p>	<p>We recommend that management reviews the financial performance in relation to the ratios to ensure that the benchmarks are met in the future.</p>	<p>Recommendation noted.</p> <p>It is acknowledged that the Asset Sustainability Ratio is below the DLGSC's standard.</p> <p>The TPRC has a relatively small asset base and therefore is subject to more pronounced variations in annual asset renewal expenditure. In the case of the TPRC this has resulted in fluctuations between years as assets of the TPRC are renewed.</p> <p>The financial ratios need to be considered within the overall context of the financial report. The management of the TPRC operational assets is regularly considered by Moore Australia and considered to be appropriate. It is noted that the expenditure and management of TPRC assets is consistent with the Council approved Asset Management Plan 2019, approved by Council in February 2020.</p>

# AUDIT OBSERVATIONS

Procedure	Findings	Implications	Recommendations	Management Comments
<b>Supplier Masterfile Amendments</b>				
Audit procedures on Supplier Master File	<p>We noted that the validation of the amendments and/or new suppliers' records is not documented therefore the evidence of such validation could not be confirmed.</p> <p>We also acknowledge that our testing to validate suppliers' information in the system did not identify any discrepancies.</p>	There is an increased risk that unauthorised changes may be made resulting in errors or funds being inappropriately transferred.	<p>We recommend Management implement a process to ensure that the validity checks on supplier information is documented and all the changes to the supplier master file is reviewed to confirm that these changes are valid. If changes are not valid, appropriate action should be taken.</p> <p>We further recommend that any and all changes to suppliers' records be independently reviewed.</p>	<p>Recommendation supported.</p> <p>Procedure has been put in place in December 2019 requiring CEO approval for changes to supplier information and changes to the supplier master file, including independent review of audit trails by the Chief Executive Officer.</p>

# AUDIT OBSERVATIONS

Procedure	Findings	Implications	Recommendations	Management Comments
<b>Journal Entries not independently approved</b> <b>Rating: Moderate</b>				
Review of manual journal entries	We noted that journal entries were processed in the accounting system by the Executive Assistant during the financial year. Journals relating to interest accrued and member council's sales and development costs are reviewed by a person independent of preparation, however other journals are not independently reviewed.	Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved. If journals are not independently reviewed there is an increased risk that unauthorised journals can be processed and funds could be misappropriated.	To help maintain the integrity of the accounting information a person more senior than the preparer should authorise all journal entries to be processed in the system and review the correctness of posting after being processed. The authoriser / reviewer should sign and date on the journals as evidence of approval and review.	<p>Recommendation supported.</p> <p>Procedure has been put in place requiring CEO approval and acknowledgement of monthly journals.</p>
<b>Related Party Declarations</b> <b>Rating: Moderate</b>				
Related Party audit procedures	Six Councillors did not submit their related party declarations.	Without declarations from all key management personnel, management needs to perform alternative procedures to ensure material related party disclosures are not omitted from the financial statements.	We recommend that the Councillors be reminded of their duty in accordance with the policy.	<p>Recommendation supported.</p> <p>Councillors are advised, and provided reminders, of the requirement to submit Related Party Declarations.</p>

# CHANGES TO ACCOUNTING STANDARDS

---

## Effective for future periods

---

- **AASB 1059 Service Concessions Arrangements: Grantors** – effective for annual reporting periods beginning on or after 1 January 2020.
- The standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity.

# Thank you

We would like to take this opportunity to once again thank the management team for their assistance during the audit process, in particular we would like to thank Vickie Wesolowski and Tony Arias for their support

Please provide us with feedback to help us improve our service and offering in the future by answering the following questions:

1. Do you feel that we have listened to you during the audit engagement?
2. Do you fee that we responded to your requests in a timely manner?
3. Do you feel that we understood your needs during the engagement?

Ways in which you can provide feedback to us:



In person



Email



Our website



Google + review





**Address**

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

**Postal Address**

Locked Bag 18  
Subiaco WA 6904

**Phone**

[\(08\) 6389 5222](tel:(08)63895222)

[butlersettineri.com.au](http://butlersettineri.com.au)

**BUTLER  SETTINERI**

*Real People. Better Business*

# Appendix 9.2

**TAMALA PARK REGIONAL COUNCIL  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	43

**COMMUNITY VISION**

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

Principal place of business:  
Tamala Park Regional Council  
2/369 Scarborough Beach Road  
Innaloo WA 6018

**TAMALA PARK REGIONAL COUNCIL  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Tamala Park Regional Council for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Tamala Park Regional Council at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 9th day of September 2020



---

Chief Executive Officer

Tony Arias

---

Name of Chief Executive Officer

**TAMALA PARK REGIONAL COUNCIL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Interest earnings	2(a)	783,580	966,153	1,186,884
Other revenue	2(a)	6,242	2,050	12,790
		<u>789,822</u>	<u>968,203</u>	<u>1,199,674</u>
<b>Expenses</b>				
Employee costs		(610,729)	(742,371)	(610,217)
Materials and contracts		(104,496)	(312,966)	(168,627)
Utility charges		0	(6,611)	0
Depreciation on non-current assets	9(b)	(55,288)	(25,578)	(10,564)
Interest expenses	2(b)	(957)	0	0
Insurance expenses		(18,373)	(21,089)	(12,354)
Other expenditure		(160,374)	(191,050)	(372,311)
		<u>(950,217)</u>	<u>(1,299,665)</u>	<u>(1,174,073)</u>
		(160,395)	(331,462)	25,601
(Loss) on asset disposals	9(a)	0	0	(5,852)
		0	0	(5,852)
<b>Net result for the period</b>		<b>(160,395)</b>	<b>(331,462)</b>	<b>19,749</b>
<b>Other comprehensive income</b>		0	0	0
<b>Total comprehensive income for the period</b>		<b>(160,395)</b>	<b>(331,462)</b>	<b>19,749</b>

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 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
General purpose funding	2(a)	789,822	966,153	1,186,884
Other property and services		0	2,050	12,790
		789,822	968,203	1,199,674
<b>Expenses</b>				
Governance	2(b)	(158,535)	(191,050)	(172,046)
Other property and services		(790,725)	(1,108,615)	(1,002,027)
		(949,260)	(1,299,665)	(1,174,073)
<b>Finance Costs</b>				
Other property and services	2(b)	(957)	0	0
		(957)	0	0
		(160,395)	(331,462)	25,601
(Loss) on disposal of assets	9(a)	0	0	(5,852)
		0	0	(5,852)
<b>Net result for the period</b>		<b>(160,395)</b>	<b>(331,462)</b>	<b>19,749</b>
<b>Other comprehensive income</b>		0	0	0
<b>Total comprehensive income for the period</b>		<b>(160,395)</b>	<b>(331,462)</b>	<b>19,749</b>

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

**TAMALA PARK REGIONAL COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	NOTE	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	27,725,770	41,210,001
Trade and other receivables	6	42,030	100,557
Other financial assets	5(a)	17,749,477	3,010,258
<b>TOTAL CURRENT ASSETS</b>		<b>45,517,277</b>	<b>44,320,816</b>
<b>NON-CURRENT ASSETS</b>			
Inventories	7	1,600,000	1,600,000
Property, plant and equipment	8	102,611	123,283
Right of use assets	10(a)	55,006	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,757,617</b>	<b>1,723,283</b>
<b>TOTAL ASSETS</b>		<b>47,274,894</b>	<b>46,044,099</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	43,074	69,717
Lease liabilities	13(a)	34,870	0
Employee related provisions	15	267,082	256,569
<b>TOTAL CURRENT LIABILITIES</b>		<b>345,026</b>	<b>326,286</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	13(a)	20,550	0
Employee related provisions	15	9,418	5,719
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>29,968</b>	<b>5,719</b>
<b>TOTAL LIABILITIES</b>		<b>374,994</b>	<b>332,005</b>
<b>NET ASSETS</b>		<b>46,899,900</b>	<b>45,712,094</b>
<b>EQUITY</b>			
Retained surplus		1,650,364	1,810,759
Member contributions	4	45,243,183	43,894,982
Revaluation surplus	11	6,353	6,353
<b>TOTAL EQUITY</b>		<b>46,899,900</b>	<b>45,712,094</b>

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 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	CONTRIBUTED EQUITY \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>1,791,010</b>	<b>43,922,746</b>	<b>6,353</b>	<b>45,720,109</b>
Comprehensive income					
Net result for the period		19,749	0	0	19,749
Total comprehensive income		19,749	0	0	19,749
Members contributions	4	0	3,972,236	0	3,972,236
Return of contributions	4	0	(4,000,000)	0	(4,000,000)
<b>Balance as at 30 June 2019</b>		<b>1,810,759</b>	<b>43,894,982</b>	<b>6,353</b>	<b>45,712,094</b>
Comprehensive income					
Net result for the period		(160,395)	0	0	(160,395)
Total comprehensive income		(160,395)	0	0	(160,395)
Members contributions	4	0	4,348,201	0	4,348,201
Return of contributions	4	0	(3,000,000)	0	(3,000,000)
<b>Balance as at 30 June 2020</b>		<b>1,650,364</b>	<b>45,243,183</b>	<b>6,353</b>	<b>46,899,900</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 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Interest received		783,580	1,016,710	1,319,035
Goods and services tax received		2,748	0	0
Other revenue		62,021	2,050	33,702
		<u>848,349</u>	<u>1,018,760</u>	<u>1,352,737</u>
<b>Payments</b>				
Employee costs		(605,644)	(742,371)	(580,542)
Materials and contracts		(122,012)	(352,683)	(161,551)
Utility charges		0	(6,611)	0
Interest expenses		(957)	0	0
Insurance paid		(18,373)	(21,089)	(12,354)
Goods and services tax paid		0	0	(2,171)
Other expenditure		(160,374)	(191,050)	(172,311)
		<u>(907,360)</u>	<u>(1,313,803)</u>	<u>(928,929)</u>
<b>Net cash provided by (used in) operating activities</b>	16	(59,011)	(295,043)	423,808
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	0	(15,000)	(63,101)
Payments for financial assets at amortised cost - term deposits		(14,739,219)	0	(3,010,258)
Proceeds from sale of property, plant & equipment	9(a)	0	0	40,909
<b>Net cash provided by (used in) investment activities</b>		<u>(14,739,219)</u>	<u>(15,000)</u>	<u>(3,032,450)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments for principal portion of lease liabilities		(34,202)	0	0
Payments for land development		(4,682,550)	(16,343,068)	(4,961,672)
Payments for member contributions		(3,007,028)	(3,154,491)	(5,004,692)
Proceeds from member contributions		9,037,779	9,073,874	9,938,600
<b>Net cash provided by (used in) financing activities</b>		<u>1,313,999</u>	<u>(10,423,685)</u>	<u>(27,764)</u>
<b>Net increase (decrease) in cash held</b>		(13,484,231)	(10,733,728)	(2,636,406)
Cash at beginning of year		41,210,001	41,210,001	43,846,407
<b>Cash and cash equivalents at the end of the year</b>	16	<u>27,725,770</u>	<u>30,476,273</u>	<u>41,210,001</u>

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

**TAMALA PARK REGIONAL COUNCIL  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	20 (b)	43,994,530	43,994,530	43,807,752
		43,994,530	43,994,530	43,807,752
<b>Revenue from operating activities (excluding rates)</b>				
General purpose funding		789,822	966,153	1,186,884
Other property and services		0	2,050	12,790
		789,822	968,203	1,199,674
<b>Expenditure from operating activities</b>				
Governance		(158,535)	(191,050)	(177,898)
Other property and services		(791,682)	(1,108,615)	(1,002,027)
		(950,217)	(1,299,665)	(1,179,925)
Non-cash amounts excluded from operating activities	20(a)	58,987	25,578	216,985
<b>Amount attributable to operating activities</b>		43,893,122	43,688,646	44,044,486
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of assets	9(a)	0	0	40,909
Purchase of property, plant and equipment	8(a)	0	(15,000)	(63,101)
<b>Amount attributable to investing activities</b>		0	(15,000)	(22,192)
<b>FINANCING ACTIVITIES</b>				
Payments for land development		(4,682,550)	(16,343,068)	(4,961,672)
Payments of member contributions		(3,007,028)	(3,154,491)	(5,004,692)
Proceeds from member contributions		9,037,779	9,073,874	9,938,600
Payments for principal portion of lease liabilities		(34,202)	0	0
<b>Amount attributable to financing activities</b>		1,313,999	(10,423,685)	(27,764)
<b>Surplus/(deficit) before imposition of general rates</b>		45,207,121	33,249,961	43,994,530
<b>Total amount raised from general rates</b>		0	0	0
<b>Surplus/(deficit) after imposition of general rates</b>	20(b)	<b>45,207,121</b>	<b>33,249,961</b>	<b>43,994,530</b>

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

**TAMALA PARK REGIONAL COUNCIL  
INDEX OF NOTES TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	13
Note 4	Member Contributions	14
Note 5	Other Financial Assets	16
Note 6	Trade and Other Receivables	17
Note 7	Inventories	18
Note 8	Property, Plant and Equipment	19
Note 9	Fixed Assets	21
Note 10	Leases	24
Note 11	Revaluation Surplus	25
Note 12	Trade and Other Payables	26
Note 13	Lease Liabilities	27
Note 14	Information on Borrowings	28
Note 15	Employee Provisions	29
Note 16	Notes to the Statement of Cash Flows	30
Note 17	Total Assets Classified by Function and Activity	31
Note 18	Commitments	32
Note 19	Related Party Transactions	33
Note 20	Rate Setting Statement Information	35
Note 21	Financial Risk Management	36
Note 22	Initial Application of Australian Accounting Standards	39
Note 23	Other Significant Accounting Policies	40
Note 24	Activites/Programs	41
Note 25	Financial Ratios	42

## **1. BASIS OF PREPARATION**

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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

### **NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

On 1 July 2020 the following new accounting standards are to be adopted:

- *AASB 1059 Service Concession Arrangements: Grantors*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*

*AASB 1059 Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*, have not been identified.

### **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.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Determination of transaction price</b>	<b>Allocating transaction price</b>	<b>Measuring obligations for returns</b>	<b>Timing of revenue recognition</b>
Commissions	Commissions on investments	Single point in time	Monthly in arrears	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**2 REVENUE AND EXPENSES**

**(a) Revenue**

**Other revenue**

Commissions

**Interest earnings**

Other interest earnings

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
	6,242	0	12,790
	6,242	0	12,790
	783,580	966,153	1,186,884
	783,580	966,153	1,186,884

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report

**Interest expenses (finance costs)**

Lease liabilities

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
	8,876	10,711	6,000
	8,876	10,711	6,000
13(b)	957	0	0
	957	0	0

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**3. CASH AND CASH EQUIVALENTS**

NOTE	2020 \$	2019 \$
Cash at bank and on hand	2,692,537	3,766,374
Term deposits	25,033,233	37,443,627
<b>Total cash and cash equivalents</b>	<b>27,725,770</b>	<b>41,210,001</b>

**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	27,493,706	40,884,724
- Financial assets at amortised cost	17,749,477	3,010,258
	<b>45,243,183</b>	<b>43,894,982</b>

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

Member contributions	4	45,243,183	43,894,982
<b>Total restricted assets</b>		<b>45,243,183</b>	<b>43,894,982</b>

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

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, 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.

#### 4. MEMBER CONTRIBUTIONS

	2020 Actual Balance	2020 Budget Balance	2019 Actual Balance
	\$	\$	\$
(a) Town of Victoria Park			
Opening balance	3,657,682	3,434,167	3,659,996
Land development expenses	(390,212)	(1,361,922)	(413,473)
Proceeds of sale of land	753,148	756,156	828,217
Contributed equity	(586)	(12,874)	(83,725)
Return of contribution	(250,000)	(250,000)	(333,333)
	3,770,032	2,565,526	3,657,682
(b) City of Perth			
Opening balance	3,657,682	3,434,167	3,659,996
Land development expenses	(390,212)	(1,361,922)	(413,473)
Proceeds of sale of land	753,148	756,156	828,217
Contributed equity	(586)	(12,874)	(83,725)
Return of contribution	(250,000)	(250,000)	(333,333)
	3,770,032	2,565,526	3,657,682
(c) Town of Cambridge			
Opening balance	3,657,682	3,434,167	3,659,996
Land development expenses	(390,212)	(1,361,922)	(413,473)
Proceeds of sale of land	753,148	756,156	828,217
Contributed equity	(586)	(12,874)	(83,725)
Return of contribution	(250,000)	(250,000)	(333,333)
	3,770,032	2,565,526	3,657,682
(d) City of Joondalup			
Opening balance	7,315,360	6,868,334	7,319,987
Land development expenses	(780,426)	(2,723,845)	(826,945)
Proceeds of sale of land	1,506,297	1,512,312	1,656,433
Contributed equity	(1,171)	(25,749)	(167,448)
Return of contribution	(500,000)	(500,000)	(666,667)
	7,540,060	5,131,053	7,315,360
(e) City of Wanneroo			
Opening balance	7,315,360	6,868,334	7,319,987
Land development expenses	(780,426)	(2,723,845)	(826,945)
Proceeds of sale of land	1,506,297	1,512,312	1,656,433
Contributed equity	(1,171)	(25,749)	(167,448)
Return of contribution	(500,000)	(500,000)	(666,667)
	7,540,060	5,131,053	7,315,360
(f) City of Vincent			
Opening balance	3,657,682	3,434,167	3,659,996
Land development expenses	(390,212)	(1,361,922)	(413,473)
Proceeds of sale of land	753,148	756,156	828,217
Contributed equity	(586)	(12,874)	(83,725)
Return of contribution	(250,000)	(250,000)	(333,333)
	3,770,032	2,565,526	3,657,682
(g) City of Stirling			
Opening balance	14,633,534	13,736,667	14,642,788
Land development expenses	(1,560,850)	(5,447,689)	(1,653,890)
Proceeds of sale of land	3,012,593	3,024,625	3,312,866
Contributed equity	(2,342)	(51,497)	(334,896)
Return of contribution	(1,000,000)	(1,000,000)	(1,333,334)
	15,082,935	10,262,105	14,633,534

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**4. MEMBER CONTRIBUTIONS**

	<b>2020 Actual Balance</b>	<b>2020 Budget Balance</b>	<b>2019 Actual Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total members contribution	45,243,183	30,786,316	43,894,982
Opening balance	43,894,982	41,210,001	43,922,746
Land development expenses	(4,682,550)	(16,343,068)	(4,961,672)
Proceeds of sale of land	9,037,779	9,073,874	9,938,600
Contributed equity	(7,028)	(154,491)	(1,004,692)
Return of contribution	(3,000,000)	(3,000,000)	(4,000,000)
	<u>45,243,183</u>	<u>30,786,316</u>	<u>43,894,982</u>

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**5. OTHER FINANCIAL ASSETS**

**Other financial assets at amortised cost**

Other financial assets at amortised cost

2020	2019
\$	\$
17,749,477	3,010,258
17,749,477	3,010,258

**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.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 21.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Trade and other receivables  
 GST receivable

	2020	2019
	\$	\$
	39,833	95,612
	2,197	4,945
	<b>42,030</b>	<b>100,557</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 21.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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

## 7. INVENTORIES

### Non-current

Land held for resale - cost  
 Cost of acquisition

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Write down of inventories to net realisable value

### Carrying amount at end of period

	2020	2019
	\$	\$
	1,600,000	1,600,000
	1,600,000	1,600,000
	1,600,000	1,800,000
	0	(200,000)
	1,600,000	1,600,000

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

### Land held for resale

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

### Land held for resale (Continued)

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

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

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

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Furniture and equipment	Plant and equipment	Improvements to leasehold property	Total property, plant and equipment
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	3,859	46,761	66,887	117,507
Additions	0	63,101	0	63,101
(Disposals)	0	(46,761)	0	(46,761)
Depreciation (expense)	(1,642)	(7,011)	(1,911)	(10,564)
<b>Carrying amount at 30 June 2019</b>	<u>2,217</u>	<u>56,090</u>	<u>64,976</u>	<u>123,283</u>
<b>Comprises:</b>				
Gross carrying amount at 30 June 2019	6,569	63,101	76,442	146,112
Accumulated depreciation at 30 June 2019	(4,352)	(7,011)	(11,466)	(22,829)
<b>Carrying amount at 30 June 2019</b>	<u>2,217</u>	<u>56,090</u>	<u>64,976</u>	<u>123,283</u>
Depreciation (expense)	(1,644)	(9,475)	(9,553)	(20,672)
<b>Carrying amount at 30 June 2020</b>	<u>573</u>	<u>46,615</u>	<u>55,423</u>	<u>102,611</u>
<b>Comprises:</b>				
Gross carrying amount at 30 June 2020	6,569	63,101	76,442	146,112
Accumulated depreciation at 30 June 2020	(5,996)	(16,486)	(21,019)	(43,501)
<b>Carrying amount at 30 June 2020</b>	<u>573</u>	<u>46,615</u>	<u>55,423</u>	<u>102,611</u>

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Furniture and equipment</b>	Level 3	Management	Observable open market value	June 2020	Residual values and remaining useful life assessments
<b>Plant and equipment</b>					
- Management valuation 2020	Level 3	Management	Observable open market value	June 2020	Market price per item
<b>Improvements to leasehold property</b>	Level 3	Management	Depreciated replacement cost	June 2020	Residual values and remaining useful life assessments

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

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

## 9. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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.

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

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

#### Revaluation

The fair value of fixed assets is determined at least once every three to five years in accordance with the regulatory framework, or when Council is of the opinion that the fair value of an asset is materially different from its carrying amount. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Regional Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

#### Land under roads

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

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

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

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

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

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**9. FIXED ASSETS**

**(a) Disposals of Assets**

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,761	\$ 40,909	\$ 0	\$ (5,852)
	0	0	0	0	0	0	0	0	46,761	40,909	0	(5,852)

## 9. FIXED ASSETS

### (b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Furniture and equipment	1,644	1,512	1,642
Plant and equipment	9,475	12,620	7,011
Improvements to leasehold property	9,553	11,446	1,911
Right of use assets - buildings	34,616	0	0
	55,288	25,578	10,564

### Revision of useful lives of plant and equipment

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

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

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

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

##### Depreciation rates

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

Asset Class	Useful life
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Right of use (buildings)	Based on the remaining lease term
Intangible assets - computer software licence	5 years

##### Depreciation on revaluation

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

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

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

## 10. LEASES

### (a) Right of Use Assets

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

	Right of use assets - buildings \$	Right of use assets Total
<b>Carrying amount at 30 June 2019</b>	0	0
Recognised on initial application of AASB 16	89,622	89,622
<b>Restated total equity at the beginning of the financial year</b>	89,622	89,622
Depreciation (expense)	(34,616)	(34,616)
<b>Carrying amount at 30 June 2020</b>	55,006	55,006
<b>(b) Cash outflow from leases</b>		
Interest expense on lease liabilities	(957)	(957)
Lease principal expense	(35,159)	(35,159)
Total cash outflow from leases	(36,116)	(36,116)

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

At inception of a contract, the Regional Council assesses 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 can be readily determined. If that rate cannot be readily determined, the Regional Council uses its incremental borrowing rate.

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are also revalued.

#### Leases (continued)

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. 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 amortised over the useful life of the underlying asset.

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

Leases for right of use assets are secured over the asset being leased.

**TAMALA PARK REGIONAL COUNCIL  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2020**

**11. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Improvements to leasehold property	6,353	0	0	0	6,353	6,353	0	0	0	6,353
	6,353	0	0	0	6,353	6,353	0	0	0	6,353

Movements on revaluation of property, plant and equipment (including infrastructure) are attributed to Other Property and Services.

## 12. TRADE AND OTHER PAYABLES

### Current

Sundry creditors  
 Accrued salaries and wages  
 ATO liabilities  
 Accrued expenses

	2020	2019
	\$	\$
	2,903	19,964
	17,341	13,350
	17,285	30,403
	5,545	6,000
	43,074	69,717

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Regional Council prior to the end of the financial year that are unpaid and arise when the Regional Council becomes obliged to make future 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 30 JUNE 2020**

**13. LEASE LIABILITIES**

	2020	2019
	\$	\$
(a) Lease Liabilities		
Current	34,870	0
Non-current	20,550	0
	55,420	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	
					Lease Principal 1 July 2019	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Other property and services</b>																	
Unit 2, 369 Scarborough Beach Road, Innaloo	STIRLI/170672	City of Stirling	1.30%	36	89,622	34,202	55,420	957	0	0	0	0	0	0	0	0	0
					89,622	34,202	55,420	957	0	0	0	0	0	0	0	0	0

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**14. INFORMATION ON BORROWINGS (Continued)**

	2020	2019
	\$	\$
<b>(b) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	6,000	6,000
Credit card balance at balance date	(665)	(612)
<b>Total amount of credit unused</b>	<b>5,335</b>	<b>5,388</b>
<b>Lease liabilities</b>		
Lease liabilities - current	34,870	0
Lease liabilities - non-current	20,550	0
<b>Total facilities in use at balance date</b>	<b>55,420</b>	<b>0</b>

**Unused loan facilities at balance date**

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 21.

## 15. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions  
Non-current provisions

Additional provision  
Amounts used

#### Balance at 30 June 2020

#### Comprises

Current  
Non-current

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date  
More than 12 months from reporting date  
Expected reimbursements from other WA local governments

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	167,957	88,612	256,569
Non-current provisions	0	5,719	5,719
	167,957	94,331	262,288
Additional provision	46,499	13,791	60,290
Amounts used	(46,078)	0	(46,078)
Balance at 30 June 2020	168,378	108,122	276,500
Comprises			
Current	168,378	98,704	267,082
Non-current	0	9,418	9,418
	168,378	108,122	276,500

	2020 \$	2019 \$
Less than 12 months after the reporting date	0	0
More than 12 months from reporting date	279,307	265,874
Expected reimbursements from other WA local governments	(2,807)	(3,586)
	276,500	262,288

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

Provisions are recognised when the Regional Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	27,725,770	30,476,273	41,210,001
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(160,395)	(331,462)	19,749
Non-cash flows in Net result:			
Depreciation on non-current assets	55,288	25,578	10,564
(Profit)/loss on sale of asset	0	0	5,852
Changes in assets and liabilities:			
(Increase)/decrease in receivables	58,527	50,557	150,892
(Increase)/decrease in inventories	0	0	200,000
Increase/(decrease) in payables	(26,643)	(39,716)	20,288
Increase/(decrease) in provisions	14,212	0	16,463
Net cash from operating activities	(59,011)	(295,043)	423,808

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
General purpose funding	47,172,283	45,920,816
Other property and services	102,611	123,283
	<u>47,274,894</u>	<u>46,044,099</u>

## 18. CAPITAL AND LEASING COMMITMENTS

### (a) Contractual Commitments

As at 30 June 2020, the Regional Council had accepted 25 contracts with a total sale price of \$7,627,500.

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year
- later than one year but not later than five years

	2020	2019
	\$	\$
	0	35,159
	0	56,020
	0	91,179

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

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

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

#### Leases (Continued)

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

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

## 19. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	131,343	142,786	132,339
Chairman's allowance	19,963	21,391	19,864
Deputy Chairman's allowance	4,991	5,348	4,966
	<u>156,297</u>	<u>169,525</u>	<u>157,169</u>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	326,475	446,424
Post-employment benefits	25,000	36,107
Other long-term benefits	10,092	10,819
	<u>361,567</u>	<u>493,350</u>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

## 19. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Rent paid	39,501	48,249
Land development expenses	(4,682,550)	(4,961,672)
Proceeds from sale of land	9,037,778	9,938,600
Return of contribution	(3,000,000)	(4,000,000)
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	39,834	95,434
<b>Amounts payable to related parties:</b>		
Trade and other payables	2,730	19,279

### Related Parties

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

##### *i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

##### *ii. Other Related Parties*

The associate person of KMP was employed by the Regional Council under normal employment terms and conditions.

##### *iii. Entities subject to significant influence by the Regional Council*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**TAMALA PARK REGIONAL COUNCIL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**20. RATE SETTING STATEMENT INFORMATION**

	2019/20 (30 June 2020) Carried Forward)	2019/20 Budget (30 June 2020) Carried Forward)	2019/20 (1 July 2019) Brought Forward)	2018/19 (30 June 2019) Carried Forward
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
	3,699	0	569	569
	0	0	200,000	200,000
9(a)	0	0	5,852	5,852
9(b)	55,288	25,578	10,564	10,564
	<b>58,987</b>	<b>25,578</b>	<b>216,985</b>	<b>216,985</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
4	0	10,423,685	0	0
	0	0	0	0
	34,870	0	0	0
	<b>34,870</b>	<b>10,423,685</b>	<b>0</b>	<b>0</b>
<b>Net current assets used in the Rate Setting Statement</b>				
	45,517,277	0	44,320,816	44,320,816
	(345,026)	0	(326,286)	(326,286)
	34,870	10,423,685	0	0
	<b>45,207,121</b>	<b>10,423,685</b>	<b>43,994,530</b>	<b>43,994,530</b>

## 21. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

### (a) Interest rate risk

#### Cash and cash equivalents

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	0.98%	27,725,770	25,033,233	2,692,537	0
Financial assets at amortised cost - term deposits	0.60%	17,749,477	17,749,477	0	0
<b>2019</b>					
Cash and cash equivalents	2.43%	41,210,001	37,443,627	3,766,374	0
Financial assets at amortised cost	2.60%	3,010,258	3,010,258	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.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	26,925	37,664

\* Holding all other variables constant

## 21. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### *Trade and Other Receivables*

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 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. The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss					
Gross carrying amount	39,833	0	0	0	39,833
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss					
Gross carrying amount	64,726	4,669	6,794	19,423	95,612

## 21. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables

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
	\$	\$	\$	\$	\$
<b><u>2020</u></b>					
Payables	43,074	0	0	43,074	43,074
Lease liabilities	35,381	20,639	0	56,020	55,420
	78,455	20,639	0	99,094	98,494
<b><u>2019</u></b>					
Payables	69,716	0	0	69,716	69,717
	69,716	0	0	69,716	69,717

## **22. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

### **(a) AASB 15: Revenue from Contracts with Customers**

The Regional Council adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. The change in accounting policy had no impact on existing balances at the date of initial application (1 July 2019). In accordance with the transition provisions AASB 15, the Regional Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

### **(b) AASB 1058: Income For Not-For-Profit Entities**

The Regional Council adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Regional Council adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. The change in accounting policy had no impact on existing balances at the date of initial application (1 July 2019).

### **(c) AASB 16: Leases**

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

	<u>Note</u>	<u>2020</u>
		\$
Operating lease commitments at 30 June 2019 applying AAS 117		91,179
Discount applied using incremental borrowing rate		<u>(1,557)</u>
Lease liability recognised as 1 July 2019 discounted using the Regional Council's incremental borrowing rate of 1.3%	13(b)	89,622
Lease liability - current		35,381
Lease liability - non-current		<u>54,241</u>
Right-of-use assets recognised at 1 July 2019		89,622

In applying AASB 16 for the first time, the Regional Council will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

# TAMALA PARK REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

#### 23. 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 statements is presented.

##### e) Budget comparative figures

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

##### f) Superannuation

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

##### g) Fair value of assets and liabilities

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

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

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

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

##### h) Fair value hierarchy

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

###### Level 1

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

###### Level 2

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

###### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

##### Valuation techniques

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

###### Market approach

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

###### Income approach

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

###### Cost approach

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

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

##### i) Impairment of assets

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

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

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

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

**TAMALA PARK REGIONAL COUNCIL  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2020**

**24. ACTIVITIES/PROGRAMS**

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

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

## 25. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	131.92	135.83	152.01
Asset consumption ratio	0.70	0.84	0.79
Asset renewal funding ratio	1.58	2.07	1.83
Asset sustainability ratio	0.00	2.10	0.00
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.21)	0.02	0.16
Own source revenue coverage ratio	0.83	1.01	1.17

The above ratios are calculated as follows:

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

# Appendix 9.3

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

#### POLICY

##### Objective

To adopt Full Accrual Accounting and all other applicable Accounting Standards.

##### Local Government Reference

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- Australian Accounting Standards

##### Significant Accounting Policies

The significant accounting policies which have been adopted by Council in the preparation of the financial report are:

#### 1. BASIS OF PREPARATION

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

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

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

## **POLICY MANUAL**

---

### **Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)**

---

#### **New Accounting Standards For Application In Future Years**

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of AASB 2018-7 Amendments to Australian Accounting Standards - Materiality, have not been identified.

#### **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 the financial report.

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

## **2. REVENUE AND EXPENSES**

#### **Revenue Recognition Policy**

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

## POLICY MANUAL

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

<u>Revenue category</u>	<u>Nature of goods &amp; services</u>	<u>When obligations typically satisfied</u>	<u>Payment terms</u>	<u>Returns / refunds / warranties</u>	<u>Determination of transaction price</u>	<u>Allocating transaction price</u>	<u>Measuring obligations for returns</u>	<u>Timing of revenue recognition</u>
<u>Commissions</u>	<u>Commissions on investments</u>	<u>Single point in time</u>	<u>Monthly in arrears</u>	<u>None</u>	<u>Set up mutual agreement with the customer</u>	<u>On receipt of funds</u>	<u>Not applicable</u>	<u>When assets are controlled</u>
<u>Reimbursements</u>	<u>Insurance claims</u>	<u>Single point in time</u>	<u>Payment in arrears for claimable event</u>	<u>None</u>	<u>Set up mutual agreement with the customer</u>	<u>When claim is agreed</u>	<u>Not applicable</u>	<u>When claim is agreed</u>

#### **Interest earnings**

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

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

### **3. 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 and bank overdrafts. Bank overdrafts are reported as short-term borrowings in current liabilities in the statement of financial position.

#### **Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, 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.

### **5. OTHER FINANCIAL ASSETS**

#### **Other financial assets at amortised cost**

The Regional Council classifies financial assets at amortised cost if both of the following criteria are met:

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

- 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.

#### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 21.

## 6. TRADE AND OTHER RECEIVABLES

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found at Note 21.

#### Classification and subsequent measurement

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

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

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

## 7. 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.

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

#### 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.

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

Gains and losses are recognised in profit and 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 resale is classified as current except where it is held as non-current based on the Regional Council's intentions to release for sale.

#### ~~Financial assets at fair value through profit and loss~~

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

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

#### ~~Previous accounting policy: available for sale financial assets~~

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

#### ~~Previous accounting policy: Loans and receivables~~

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

~~Refer to Note 17 for explanations regarding the change in accounting policy and reclassification of term deposits to financial assets at amortised cost.~~

## 8. PROPERTY, PLANT AND EQUIPMENT

### Movements in Carrying Amounts

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

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

#### Fair Value Measurements

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.

#### 9. 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.

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

~~All assets are initially recognised at cost wherefor which the fair value of the asset as at the date of acquisition is equal to or above under \$5,000, are not recognised as an asset in accordance with Financial Management Regulation 17A(5). All assets are subsequently revalued in accordance with the mandatory measurement framework. 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.

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

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

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

#### Revaluation

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

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

#### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

##### Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)* the Regional Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

##### Land under roads

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

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

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

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

## POLICY MANUAL

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

such an inconsistency, the Local Government (Financial Management) Regulations prevail.

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

#### Depreciation

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

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

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

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

#### Depreciation rates

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

#### Asset Class

<u>Improvements to leasehold property</u>	<u>8 years</u>
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to <del>12-15</del> years
<u>Right of use (buildings)</u>	<u>Based on the remaining lease term</u>
<u>Intangible assets – computer software licence</u>	<u>5 years</u>

#### Depreciation on revaluation

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

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

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

#### 10. LEASES

At inception of a contract, the Regional Council assesses 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 can be readily determined. If that rate cannot be readily determined, the Regional Council uses its incremental borrowing rate.

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are also revalued

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. 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 amortised over the useful life of the underlying asset.

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

Leases for right of use assets are secured over the asset being leased.

#### 11. REVALUATION SURPLUS

Movements on revaluation of property, plant and equipment (including infrastructure) are ~~not able to be reliably~~ attributed to a program as the assets were revalued by class as provided for by AASB 116 ~~Aus 40.1~~Other Property and Services.

#### 12. 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

## **POLICY MANUAL**

---

### **Financial Management – Significant Accounting Policies** **(~~August 2019~~September 2020)**

---

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

#### **14. INFORMATION ON BORROWINGS**

##### **Financial liabilities**

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

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

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

##### **Borrowing costs**

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

##### **Risk**

Information regarding exposure to risk can be found at Note 21.

#### **15. EMPLOYEE RELATED PROVISIONS**

##### **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.

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

#### **Other long-term employee benefits**

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at 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 re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

#### **Provisions**

Provisions are recognised when the Regional Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## **16. NOTES TO THE STATEMENT OF CASH FLOWS**

#### **Reconciliation of cash**

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

## **18. CAPITAL AND LEASING COMMITMENTS**

#### **Leases**

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

Finance leases are capitalised recording an asset and a liability at the lower ~~amounts equal to~~ of the fair value of the leased property or the present value of the minimum lease

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

~~Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line bases over the lease term.~~

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

#### 19. RELATED PARTY TRANSACTIONS

##### **Key Management Personnel (KMP)**

###### *Short-term employee benefits*

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect of fees and benefits paid to elected members.

###### *Post-employment benefits*

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

###### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

##### **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.~~

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

*i. Key Management Personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

ii. *Other Related Parties*

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

iii. *Entities subject to significant influence by the Regional Council.*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

#### 21. FINANCIAL RISK MANAGEMENT

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

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

##### (a) Interest rate risk

###### Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Regional Council to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest-bearing accounts.

###### Sensitivity

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

##### (b) Credit risk

###### Trade and Other Receivables

~~The Regional Council's major receivables comprise amounts due from third parties for goods sold and services performed in the ordinary course of business. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid.~~

## POLICY MANUAL

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

~~The Regional Council manages this risk by monitoring outstanding debt and employing debt recovery policies.~~

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

The Regional Council applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. ~~No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for trade receivables and no impairment allowance created. To measure the expected credit losses, rates receivables are separated from other trade receivables due to the difference in payment terms and security for rates receivable.~~

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 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. The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

#### (c) Liquidity risk

##### Payables

~~Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Regional Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. The contractual undiscounted cashflows 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.~~

	<u>Due within 1 year</u>	<u>Due between 1 – 5 years</u>	<u>Due after 5 years</u>	<u>Total contractual cashflows</u>	<u>Carrying values</u>
<u>2020</u>	\$	\$	\$	\$	\$
<u>Payables</u>	<u>43,074</u>	<u>0</u>	<u>0</u>	<u>43,074</u>	<u>43,074</u>
<u>Lease liabilities</u>	<u>35,381</u>	<u>20,639</u>	<u>0</u>	<u>56,020</u>	<u>55,420</u>
	<u>78,455</u>	<u>20,639</u>	<u>0</u>	<u>99,094</u>	<u>98,494</u>
<u>2019</u>					
<u>Payables</u>	<u>69,716</u>	<u>0</u>	<u>0</u>	<u>69,716</u>	<u>69,717</u>
	<u>69,716</u>	<u>0</u>	<u>0</u>	<u>69,716</u>	<u>69,717</u>

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

#### 22. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

~~Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.~~

##### ~~AASB 9 Financial instruments~~

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

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

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

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

#### ~~18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS~~

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

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

~~This note explains management's assessment of the new and amended pronouncements that are relevant to the Regional Council, the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.~~

~~These standards are applicable to future reporting periods and have not yet been adopted.~~

#### (a) AASB 15: Revenue from Contracts with Customers

The Regional Council ~~will~~adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. The change in accounting policy had no impact on existing balances at the date of initial application (1 July 2019).

~~In accordance with the transition provisions AASB 15, the Regional Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.~~

#### (b) AASB1058: Income for Not-For-Profit Entities

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

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

#### (c) AASB 16: Leases

The Regional Council ~~will~~adopted AASB 16 retrospectively from 1 July 2019 which ~~results~~resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Regional Council has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

the AASB 16 under the specific transition provisions chosen, the Regional Council will not restate comparatives for prior reporting periods.

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

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

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

In applying AASB 16 for the first time, the Regional Council will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

#### ~~19. CHANGE IN ACCOUNTING POLICY~~

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

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

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

## POLICY MANUAL

---

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

---

~~The change in accounting policy has been adopted retrospectively.~~

#### 23. 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 the 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 statements is presented.

## **POLICY MANUAL**

---

### **Financial Management – Significant Accounting Policies** **(~~August 2019~~September 2020)**

---

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

## **POLICY MANUAL**

---

### **Financial Management – Significant Accounting Policies** **(~~August 2019~~September 2020)**

---

#### **Level 2**

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

#### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

#### **Valuation techniques**

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

#### **Market approach**

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

#### **Income approach**

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

#### **Cost approach**

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

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

## POLICY MANUAL

### Financial Management – Significant Accounting Policies (~~August 2019~~September 2020)

developed using the best information available about such assumptions are considered unobservable.

#### i) **Impairment of assets**

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

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

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

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

#### **24. ACTIVITIES/PROGRAMS**

Regional Council operations as disclosed in these financial statements encompass the following service oriented activities/programs.

##### **PROGRAM NAME AND OBJECTIVES**

##### **General Purpose Funding**

To collect interest on investments

##### **ACTIVITIES**

Interest revenue

##### **Other Property and Services**

To monitor and control Council's overheads on operating accounts

Other unclassified activities

## **POLICY MANUAL**

---

### **Financial Management – Significant Accounting Policies** **(~~August 2019~~September 2020)**

---

This Financial Management – Significant Accounting Policies is authorised by the Chief Executive Officer on ~~17-8~~17-8 October ~~2019~~2020.

Signature:

Name: JOHN ANTHONY ARIAS

Date: ~~17-8~~17-8 October ~~2019~~2020

# Appendix 9.4

## MEMORANDUM

**To:** Simon O’Sullivan  
**Cc:** Carl Buckley  
**From:** Lena Kozak  
**Date:** 20 July 2020  
**Subject:** **Catalina Website – Separately standing or within Satterley platform Exploration**

---

Dear Simon,

At the last TPRC Management Committee meeting a discussion around Catalina website took place looking into the best position for the Catalina website. It has been confirmed by multiple sources that customers conduct their research and evaluation of alternatives using digital platforms. It is agreed that on-line customer journey should be as easy and relevant as possible.

### Background

Catalina website has been part of the Satterley platform since its inception and registered ongoing organic traffic growth over time, with natural daily and seasonal fluctuations. This was done to ensure Catalina project is benefiting from an established domain such as Satterley.

It has been requested to explore the opportunity to have a separately standing Catalina website, or a landing page that will drive organic traffic to the Catalina site within the Satterley platform.

### Exploration

Looking at the situation from the SEO perspective, the benefits of having Catalina under Satterley's website is that project can leverage Satterley's domain strength to rank competitively in an already competitive organic market.

A new domain, as a landing page for organic traffic, poses a few issues from several SEO standpoints:

#### Pro’s:

1) Having a Catalina specific domain means ranking for Catalina brand searches will be easy. However, it is working well currently under Satterley's domain and Catalina.

#### Con’s:

- 1) New domains usually have no existing authority to rank competitively;
- 2) Even if Satterley were to redirect all existing Catalina pages to Catalina's own domain, the authority from those redirects is diluted (i.e. the value of a backlink decreases the more redirects it takes); and
- 3) SEO costing for Catalina would increase.

With the above in mind, key question is how high Catalina separate domain ([catalinaestate.com.au](http://catalinaestate.com.au)) will rank



for non-brand search (ie. searches other than “Catalina Estate” or similar containing “Catalina” and a ‘property’ type term):

Land for sale Clarkson | Land for sale Mindarie | Mindarie display homes

Looking at the top 10 organic results (as well as [catalinaestate.com.au](http://catalinaestate.com.au)), there are a few things that become clear and are presented below:

1. In 2 out of 3 search terms, [catalinaestate.com.au](http://catalinaestate.com.au) has the youngest domain (meaning the least amount of authority with Google);
2. Further, [catalinaestate.com.au](http://catalinaestate.com.au) has the least amount of authority (both, from a page level and domain level perspective), and has no backlinks;
3. To rank on the first page of search results for those terms, Catalina would require at least a year's worth of link building to be competitive (note - a link building campaign of this scale would be expensive);
4. Ranking for the domain won't be as high as the current rankings achieved by using the Satterley domain

In addition to the above SEO view of the situation, the below functional and economic benefits have been delivered to the project by hosting Catalina site under Satterley domain:

1. Website Hosting at zero cost to the project
2. User Experience (UX) research at zero cost to the project
3. User experience (UX) design and upgrade at zero cost to the project
4. Service Level Agreement at zero cost to the project
5. Site-wide updates and upgrades capturing at zero cost to the project
6. Stock and Customer Management System (CRM) at no cost to the project
7. Map hosting and dynamic Google maps function at no cost to the project
8. The authority of a well-established domain (Satterley) and its SEO program, which covers broad search terms (at zero cost to the project). SEO targeting Catalina-specific searches portion costs \$4,100 per month to the project as a discounted retainer.

The above will come as a separate significant cost to the project if Catalina website is hosted separately.

### Recommendation

Satterley recommends retaining Catalina website within Satterley website environment due to the economical and user experience reasons outlined above. adopting the proposed approach (brand health check) and approve the scope of works as described above to progress brand health check to the estimate sourcing stage.

Kind regards,

Lena Kozak  
Project Marketing Manager

# Appendix 9.5

CONFIDENTIAL

# Appendix 9.6

CONFIDENTIAL

# Appendix 9.7

CONFIDENTIAL

# Appendix 10.1

CONFIDENTIAL

# Appendix 10.2

CONFIDENTIAL