

**SHIRE OF TAMMIN**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**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 Changes in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Supplementary Ratio Information	55
Independent Audit Report	56

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**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
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Statement of Cash Flows	7
Rate Setting Statement	8
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Supplementary Ratio Information	55
Independent Audit Report	56


**SHIRE OF TAMMIN**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed as authorisation of issue on the 17<sup>th</sup> day of MARCH 2017

  
Peter Naylor  
Chief Executive Officer



**SHIRE OF TAMMIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	22	873,780	881,580	824,425
Operating Grants, Subsidies and Contributions	28	768,011	1,256,010	1,663,217
Fees and Charges	27	138,098	148,650	351,212
Interest Earnings	2(a)	42,727	25,500	36,475
Other Revenue		16,259	600	51,020
		<u>1,838,875</u>	<u>2,312,340</u>	<u>2,926,349</u>
<b>Expenses</b>				
Employee Costs		(757,030)	(863,560)	(858,929)
Materials and Contracts		(766,944)	(964,690)	(552,590)
Utility Charges		(93,522)	(112,725)	(61,839)
Depreciation on Non-Current Assets	2(a)	(1,366,031)	(1,450,790)	(1,274,580)
Interest Expenses	2(a)	(13,304)	(34,090)	(10,065)
Insurance Expenses		(56,638)	(57,380)	(65,030)
Other Expenditure		(38,874)	(35,635)	(44,268)
		<u>(3,092,343)</u>	<u>(3,518,870)</u>	<u>(2,867,301)</u>
		<u>(1,253,468)</u>	<u>(1,206,530)</u>	<u>59,048</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Contributions	28	744,468	578,670	599,218
Profit on Asset Disposals	20	949	4,610	2,724
Loss on Asset Disposals	20	(500,835)	(90,980)	(90,901)
<b>NET RESULT</b>		<b>(1,008,888)</b>	<b>(714,230)</b>	<b>570,089</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	12	(8,272)	0	39,051,947
<b>Total Other Comprehensive Income</b>		<b>(8,272)</b>	<b>0</b>	<b>39,051,947</b>
<b>Total Comprehensive Income</b>		<b><u>(1,017,160)</u></b>	<b><u>(714,230)</u></b>	<b><u>39,622,036</u></b>

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

**SHIRE OF TAMMIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Governance		50,000	0	25,101
General Purpose Funding		1,421,953	1,948,890	2,444,520
Law, Order, Public Safety		1,375	1,400	1,131
Health		174	650	1,284
Education and Welfare		61,253	60,100	59,957
Housing		33,501	43,600	0
Community Amenities		78,097	78,730	41,105
Recreation and Culture		65,848	94,220	43,410
Transport		72,669	62,200	70,240
Economic Services		908	600	1,513
Other Property and Services		53,098	21,950	238,088
	<b>2(a)</b>	<u>1,838,874</u>	<u>2,312,340</u>	<u>2,926,349</u>
<b>Expenses</b>				
Governance		(195,721)	(242,580)	(273,702)
General Purpose Funding		(43,607)	(67,450)	(92,140)
Law, Order, Public Safety		(28,189)	(37,870)	(21,536)
Health		(16,742)	(22,650)	(19,969)
Education and Welfare		(92,137)	(121,340)	(107,126)
Housing		(13,528)	(61,305)	0
Community Amenities		(195,940)	(256,565)	(174,412)
Recreation & Culture		(500,075)	(745,470)	(518,632)
Transport		(1,673,569)	(1,843,445)	(1,293,395)
Economic Services		(59,992)	(73,980)	(100,708)
Other Property and Services		(259,535)	(12,125)	(255,616)
	<b>2(a)</b>	<u>(3,079,036)</u>	<u>(3,484,780)</u>	<u>(2,857,236)</u>
<b>Financial Costs</b>				
Recreation & Culture		(9)	(20,000)	0
Housing		(7,826)	(8,820)	0
Transport		(5,470)	(5,270)	(6,423)
Other Property and Services		0	0	(3,642)
	<b>2(a)</b>	<u>(13,305)</u>	<u>(34,090)</u>	<u>(10,065)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		0	0	313,556
Education and Welfare		0	0	0
Recreation & Culture		92,843	123,000	0
Transport		651,625	455,670	285,662
		<u>744,468</u>	<u>578,670</u>	<u>599,218</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Other Property and Services		949	4,610	825
Housing		(85,524)	(85,190)	0
Recreation & Culture		(271,540)	0	0
Transport		(4,909)	0	(79,508)
Other Property and Services		(138,865)	(5,790)	(9,494)
		<u>(499,889)</u>	<u>(86,370)</u>	<u>(88,177)</u>
<b>Net Result</b>		<b>(1,008,888)</b>	<b>(714,230)</b>	<b>570,089</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	(8,272)	0	39,051,947
<b>Total Other Comprehensive Income</b>		<u>(8,272)</u>	<u>0</u>	<u>39,051,947</u>
<b>Total Comprehensive Income</b>		<u><b>(1,017,160)</b></u>	<u><b>(714,230)</b></u>	<u><b>39,622,036</b></u>

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

**SHIRE OF TAMMIN**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,596,403	1,791,941
Trade and Other Receivables	4	191,550	191,843
<b>TOTAL CURRENT ASSETS</b>		<u>1,787,953</u>	<u>1,983,784</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	0	6,400
Property, Plant and Equipment	6	11,293,256	11,818,249
Infrastructure	7	61,900,553	62,092,712
<b>TOTAL NON-CURRENT ASSETS</b>		<u>73,193,809</u>	<u>73,917,361</u>
<b>TOTAL ASSETS</b>		<u>74,981,762</u>	<u>75,901,145</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	215,002	214,007
Current Portion of Long Term Borrowings	9	47,639	54,535
Provisions	10	92,140	79,806
<b>TOTAL CURRENT LIABILITIES</b>		<u>354,780</u>	<u>348,348</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	352,515	250,245
Provisions	10	20,794	31,723
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>373,309</u>	<u>281,968</u>
<b>TOTAL LIABILITIES</b>		<u>728,090</u>	<u>630,316</u>
		<u>74,253,672</u>	<u>75,270,831</u>
<b>EQUITY</b>			
Retained Surplus		3,934,548	4,916,107
Reserves - Cash Backed	11	825,465	852,793
Revaluation Surplus	12	69,493,659	69,501,931
<b>TOTAL EQUITY</b>		<u>74,253,672</u>	<u>75,270,831</u>

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

**SHIRE OF TAMMIN  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		4,621,194	577,614	30,449,984	35,648,792
Comprehensive Income		570,089	0	0	570,089
Net Result		570,089	0	0	570,089
Changes on Revaluation of Non-Current Assets	12	0	0	39,051,947	39,051,947
Total Comprehensive Income		570,089	0	39,051,947	39,622,036
Transfers from/(to) Reserves		(275,179)	275,179	0	0
<b>Balance as at 30 June 2015</b>		<b>4,916,107</b>	<b>852,793</b>	<b>69,501,931</b>	<b>75,270,831</b>
Comprehensive Income		(1,008,888)	0	0	(1,008,888)
Net Result		(1,008,888)	0	0	(1,008,888)
Changes on Revaluation of Non-Current Assets	12	0	0	(8,272)	(8,272)
Total Comprehensive Income		(1,008,888)	0	(8,272)	(1,017,160)
Transfers from/(to) Reserves		27,328	(27,328)	0	0
<b>Balance as at 30 June 2016</b>		<b>3,934,548</b>	<b>825,465</b>	<b>69,493,659</b>	<b>74,253,672</b>

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

**SHIRE OF TAMMIN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		893,279	891,580	801,407
Operating Grants, Subsidies and Contributions		571,436	1,360,051	1,584,890
Fees and Charges		138,098	148,650	351,212
Interest Earnings		42,303	25,500	36,475
Goods and Services Tax		(9,556)	250,000	263,899
Other Revenue		16,259	600	51,020
		<u>1,651,819</u>	<u>2,676,381</u>	<u>3,088,903</u>
<b>Payments</b>				
Employee Costs		(791,535)	(863,560)	(841,995)
Materials and Contracts		(536,293)	(1,610,881)	(501,666)
Utility Charges		(93,522)	(112,725)	(61,839)
Interest Expenses		(13,299)	(34,090)	(10,381)
Insurance Expenses		(56,638)	(57,380)	(65,030)
Goods and Services Tax		0	(250,000)	(260,549)
Other Expenditure		(38,874)	(35,635)	(44,268)
		<u>(1,530,161)</u>	<u>(2,964,271)</u>	<u>(1,785,728)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>121,658</u>	<u>(287,890)</u>	<u>1,303,175</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(615,622)	(621,000)	(722,070)
Payments for Construction of Infrastructure		(689,138)	(750,690)	(562,433)
Non-Operating Grants, Subsidies and Contributions		744,468	578,670	599,218
Proceeds from Sale of Fixed Assets		147,722	144,700	164,564
<b>Net Cash Provided by (Used in) Investment Activities</b>		<u>(412,570)</u>	<u>(648,320)</u>	<u>(520,721)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(34,626)	(34,626)	(54,535)
Proceeds from New Debentures		130,000	150,000	130,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>95,374</u>	<u>115,374</u>	<u>75,465</u>
<b>Net Increase (Decrease) in Cash Held</b>		(195,538)	(820,836)	857,919
Cash at Beginning of Year		1,791,941	1,791,991	934,022
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>1,596,403</u></u>	<u><u>971,155</u></u>	<u><u>1,791,941</u></u>

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



**SHIRE OF TAMMIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Revenue</b>				
Governance		50,000	0	27,039
General Purpose Funding		548,173	1,067,310	1,933,651
Law, Order, Public Safety		1,375	1,400	1,131
Health		174	650	1,284
Education and Welfare		61,253	60,100	59,957
Housing		33,501	43,600	0
Community Amenities		78,097	78,730	41,105
Recreation and Culture		158,691	217,220	43,410
Transport		724,294	517,870	355,902
Economic Services		908	600	1,513
Other Property and Services		54,047	26,560	238,874
		<u>1,710,513</u>	<u>2,014,040</u>	<u>2,703,866</u>
<b>Expenses</b>				
Governance		(195,721)	(242,580)	(274,815)
General Purpose Funding		(43,607)	(67,450)	(92,140)
Law, Order, Public Safety		(28,189)	(37,870)	(21,536)
Health		(16,742)	(22,650)	(19,969)
Education and Welfare		(92,137)	(121,340)	(107,126)
Housing		(106,878)	(155,315)	0
Community Amenities		(195,940)	(256,565)	(174,412)
Recreation and Culture		(771,624)	(765,470)	(518,632)
Transport		(1,683,948)	(1,848,715)	(1,379,326)
Economic Services		(59,992)	(73,980)	(100,708)
Other Property and Services		(398,400)	(17,915)	(269,538)
		<u>(3,593,178)</u>	<u>(3,609,850)</u>	<u>(2,958,202)</u>
<b>Net Result Excluding Rates</b>		<b>(1,882,665)</b>	<b>(1,595,810)</b>	<b>(254,336)</b>
<b>Adjustments for Cash Budget Requirements:</b>				
(Profit)/Loss on Asset Disposals	20	499,889	86,370	88,177
Movement in Deferred Pensioner Rates (Non-Current)		6,400	0	(2,033)
Movement in Employee Benefit Provisions (Non-current)		(10,929)	0	1,885
Depreciation and Amortisation on Assets	2(a)	1,366,031	1,450,790	1,274,580
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings	6(a)	(569,731)	(621,000)	(408,258)
Purchase Furniture and Equipment	6(a)	(18,066)	0	0
Purchase Plant and Equipment	6(a)	(27,825)	0	(313,812)
Purchase Roads	7(a)	(646,775)	(750,690)	(562,433)
Purchase Other Infrastructure	7(a)	(42,948)	0	0
Proceeds from Disposal of Fixed Assets	20	147,722	144,700	164,564
Repayment of Debentures	21(a)	(34,626)	(34,626)	(54,535)
Proceeds from New Debentures	21(a)	130,000	150,000	130,000
Transfers to Reserves (Restricted Assets)	11	(20,672)	(22,500)	(383,469)
Transfers from Reserves (Restricted Assets)	11	48,000	8,000	108,290
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	837,178	303,186	224,133
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	697,853	0	837,178
<b>Total Amount Raised from General Rate</b>	<b>22(a)</b>	<b><u>(873,780)</u></b>	<b><u>(881,580)</u></b>	<b><u>(824,425)</u></b>

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

**The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19. to these financial statements.

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

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

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Cash and Cash Equivalents**

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

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land Held for Sale***

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

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

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

SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) **Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or-
      - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

***Land Under Control***

In accordance with Local Government (Financial Management) Regulation 16(a), the 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.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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

***Transitional Arrangements***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

***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 Council.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

***Depreciation***

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	10 to 100 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	3 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	15 to 20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

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

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

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

***Fair Value Hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

The 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 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.



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

**Income approach**

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

**Cost approach**

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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 and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

*(i) Financial assets at fair value through profit and loss*

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the 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.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(k) Employee Benefits**

**Short-Term Employee Benefits**

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

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**(l) Borrowing Costs**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**(o) Investment in Associates**

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(p) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

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

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

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

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

**(r) Superannuation**

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

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

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

**(t) Rounding Off Figures**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(u) Comparative Figures**

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(v) 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.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]  [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.  It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities  [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.  This Standard is not expected to significantly impact the Council's financial statements.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council.  This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.  It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments  [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards.  Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.  Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
<b>(a) Net Result</b>		
The Net Result includes:		
<b>Auditors Remuneration</b>		
- Audit of the annual financial report	13,789	20,150
<b>Depreciation</b>		
Buildings	218,308	210,818
Furniture and Equipment	48,473	50,211
Plant and Equipment	217,367	225,023
Roads	819,277	654,265
Footpaths	14,096	40,546
Other Infrastructure	48,509	93,717
	<u>1,366,031</u>	<u>1,274,580</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures ( <i>refer Note 21.(a)</i> )	13,304	10,065
	<u>13,304</u>	<u>10,065</u>
(ii) Crediting as Revenue:		
<b>Other Revenue</b>		
Other	16,259	51,020
	<u>16,259</u>	<u>51,020</u>
	<b>2016</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>
	\$	\$
<b>Interest Earnings</b>		<b>2015</b>
- Reserve Funds	20,644	Actual
- Other Funds	15,116	\$
Other Interest Revenue ( <i>refer note 26</i> )	6,967	
	<u>42,727</u>	<u>36,475</u>
	<u>25,500</u>	

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

The Shire of Tammin is dedicated to providing high quality services to the community through the various service orientated programs which has established.

**COMMUNITY VISION**

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

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

**GOVERNANCE**

**Objective:**

To provide a decision making process for the efficient allocation of scarce resources.

**Activities:**

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer and environmentally conscious community.

**Activities:**

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

**EDUCATION AND WELFARE**

**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth

**Activities:**

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**HOUSING**

**Objective:**

To provide housing to staff

**Activities**

Staff Housing, provision of general rental accomodation when buildings not required by staff

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

**Activities:**

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**TRANSPORT**

**Objective:**

To provide safe, effective and efficient transport services to the community

**Activities:**

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs, housing and engineering operation costs.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

(c) Conditions Over Grants/Contributions		Opening Balance <sup>(1)</sup> 01/07/14 \$	Received <sup>(4)</sup> 2014/15 \$	Expended <sup>(4)</sup> 2014/15	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(4)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Grant/Contribution	Function/ Activity							
MRWA road project grant	Transport	0	151,245	(151,245)	0	230,500	(230,500)	0
Roads to recovery	Transport	0	134,417	(134,417)	0	384,125	(316,017)	68,108
Lotterywest	Culture	0	28,500	(10,574)	17,926	0	(17,926)	0
DLG CEO Sharing Grant	Governance	0	0	0	0	50,000	(49,193)	807
Waste Site Identification Grant	Community Amenities	0	0	0	0	50,000	0	50,000
WDC Footpath Grant	Transport	0	0	0	0	37,000	(37,000)	0
Workforce Plan		60	0	0	60	0	0	60
Awake Grant		882	0	0	882	0	0	882
Red card grant		750	0	0	750	0	0	750
Royalties for Regions CLGF			313,556	(313,556)	0	0	0	0
<b>Total</b>		<b>1,692</b>	<b>627,718</b>	<b>(609,792)</b>	<b>19,618</b>	<b>751,625</b>	<b>(650,636)</b>	<b>120,607</b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		650,332	837,841
Restricted		946,071	954,100
		<u>1,596,403</u>	<u>1,791,941</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	25,239	24,632
Plant Reserve	11	319,916	312,212
Tammin Sports, Recreation & Community Facilities I	11	450,382	478,875
Information and Technology Reserve	11	11,133	10,864
Tamma Village Upgrade & Improvements Reserve	11	18,795	26,210
Entitlements Reserve	11	0	0
Community Development Reserve	11	0	0
Bowling Green Replacement Reserve	11	0	0
Unspent Grants	2(c)	120,607	19,618
Unspent Loans	21(c)	0	81,689
		<u>946,071</u>	<u>954,100</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		46,989	60,088
Sundry Debtors		127,200	39,618
GST Receivable		17,081	7,524
Provision for Doubtful Debts		(2,435)	(19,429)
Accrued Interest		1,216	791
Prepaid Expenses		1,500	103,250
		<u>191,550</u>	<u>191,843</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		0	6,400
		<u>0</u>	<u>6,400</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
		<u>0</u>	<u>0</u>
<b>Non-Current</b>			
		<u>0</u>	<u>0</u>



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015
	\$	\$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land		
Land at:		
- Independent Valuation 2014	475,000	475,000
- Net Additions after Valuation - Cost	27,952	56,952
	502,952	531,952
Buildings at:		
- Independent Valuation 2014	9,760,695	9,760,695
- Net Additions after Valuation - Cost	529,135	408,258
Less: Accumulated Depreciation	(411,726)	(210,818)
	9,878,104	9,958,135
Furniture and Equipment at:		
- Independent Valuation 2016	37,700	0
- Management Valuation 2013	0	197,434
- Net Additions after Valuation - Cost	0	42,826
Less Accumulated Depreciation	0	(87,045)
	37,700	153,215
Plant and Equipment at:		
- Independent Valuation 2016	874,500	0
- Management Valuation 2013	0	1,468,422
- Net Additions after Valuation - Cost	0	102,449
Less Accumulated Depreciation	0	(395,924)
	874,500	1,174,947
	11,293,256	11,818,249

SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(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.

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$
Land (Level 2)	531,952	0	(29,000)	0	0	0	502,952
<b>Total Land</b>	<b>531,952</b>	<b>0</b>	<b>(29,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>502,952</b>
Buildings (Level 2)	9,958,135	569,731	(448,854)	0	17,399	(218,308)	9,878,104
<b>Total Buildings</b>	<b>9,958,135</b>	<b>569,731</b>	<b>(448,854)</b>	<b>0</b>	<b>17,399</b>	<b>(218,308)</b>	<b>9,878,104</b>
<b>Total Land and Buildings</b>	<b>10,490,087</b>	<b>569,731</b>	<b>(477,854)</b>	<b>0</b>	<b>17,399</b>	<b>(218,308)</b>	<b>10,381,056</b>
Furniture and Equipment (Level 3)	153,215	18,066	(164,075)	(7,744)	86,711	(48,473)	37,700
Plant and Equipment (Level 2)	1,174,947	27,825	(195,207)	(528)	84,829	(217,366)	874,500
<b>Total Property, Plant and Equipment</b>	<b>11,818,249</b>	<b>615,622</b>	<b>(837,136)</b>	<b>(8,272)</b>	<b>188,939</b>	<b>(484,147)</b>	<b>11,293,256</b>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads		
- Management Valuation 2015	60,041,257	60,041,257
- Additions after Valuation - Cost	646,775	0
Less Accumulated Depreciation	<u>(819,277)</u>	<u>0</u>
	59,868,755	60,041,257
Footpaths		
- Management Valuation 2015	211,455	211,455
- Additions after Valuation - Cost	42,948	0
Less Accumulated Depreciation	<u>(14,096)</u>	<u>0</u>
	240,307	211,455
Other Infrastructure		
- Management Valuation 2015	1,840,000	1,840,000
- Cost	0	0
Less Accumulated Depreciation	<u>(48,509)</u>	<u>0</u>
	1,791,491	1,840,000
	<u>61,900,553</u>	<u>62,092,712</u>

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	(Level 3) 60,041,257	646,775	0	0	0	(819,277)	59,868,755
Footpaths	(Level 3) 211,455	42,948	0	0	0	(14,096)	240,307
Other Infrastructure	(Level 3) 1,840,000	0	0	0	0	(48,509)	1,791,491
<b>Total</b>	<b>62,092,712</b>	<b>689,723</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(881,882)</b>	<b>61,900,553</b>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	173,387	47,324
Accrued Interest	40	35
Accrued Salaries and Wages	0	37,219
ATO Liabilities	12,416	11,108
Prepaid Rates	18,000	18,000
Other Agencies	11,158	8,321
Unearned Grant	0	92,000
	<u>215,002</u>	<u>214,007</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by Floating Charge Debentures	<u>47,639</u>	<u>54,535</u>
	<u>47,639</u>	<u>54,535</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>352,515</u>	<u>250,245</u>
	<u>352,515</u>	<u>250,245</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

Analysis of Total Provisions

Current	92,140	79,806
Non-Current	10,794	31,723
	<u>112,934</u>	<u>111,529</u>

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
Opening balance at 1 July 2015	50,663	60,866	111,529
Additional provision	<u>(2,197)</u>	<u>3,602</u>	<u>1,405</u>
Balance at 30 June 2016	<u>48,466</u>	<u>64,468</u>	<u>112,934</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2016 Budget \$	2015 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Long Service Leave Reserve</b>			
Opening Balance	24,632	24,632	17,758
Amount Set Aside / Transfer to Reserve	608	620	6,874
Amount Used / Transfer from Reserve	0	0	0
	<u>25,240</u>	<u>25,252</u>	<u>24,632</u>
<b>(b) Plant Reserve</b>			
Opening Balance	312,212	312,212	149,970
Amount Set Aside / Transfer to Reserve	7,704	1,350	262,242
Amount Used / Transfer from Reserve	0	0	(100,000)
	<u>319,916</u>	<u>313,562</u>	<u>312,212</u>
<b>Tammin Sports, Recreation &amp; Community Facilities Upgrade and</b>			
<b>(c) Improvements Reserve</b>			
Opening Balance	478,875	478,875	365,631
Amount Set Aside / Transfer to Reserve	11,507	9,590	113,244
Amount Used / Transfer from Reserve	(40,000)	0	0
	<u>450,382</u>	<u>488,465</u>	<u>478,875</u>
<b>(d) Information and Technology Reserve</b>			
Opening Balance	10,864	10,864	10,545
Amount Set Aside / Transfer to Reserve	269	280	319
Amount Used / Transfer from Reserve	0	0	0
	<u>11,133</u>	<u>11,144</u>	<u>10,864</u>
<b>Tamma Village Upgrade &amp;</b>			
<b>(e) Improvements Reserve</b>			
Opening Balance	26,210	26,210	25,440
Amount Set Aside / Transfer to Reserve	585	660	770
Amount Used / Transfer from Reserve	(8,000)	(8,000)	0
	<u>18,795</u>	<u>18,870</u>	<u>26,210</u>
<b>(f) Entitlements Reserve</b>			
Opening Balance	0	0	6,150
Amount Set Aside / Transfer to Reserve	0	0	15
Amount Used / Transfer from Reserve	0	0	(6,165)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(g) Community Development Reserve</b>			
Opening Balance	0	0	2,120
Amount Set Aside / Transfer to Reserve	0	0	5
Amount Used / Transfer from Reserve	0	0	(2,125)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(h) Bowling Green Replacement Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	10,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>10,000</u>	<u>0</u>
<b>TOTAL RESERVES</b>	<u>825,465</u>	<u>867,293</u>	<u>852,793</u>
Total Opening Balance	852,793	852,793	577,614
Total Amount Set Aside / Transfer to Reserve	20,672	22,500	383,469
Total Amount Used / Transfer from Reserve	(48,000)	(8,000)	(108,290)

TOTAL RESERVES

825,465

867,293

852,793

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**11. RESERVES - CASH BACKED (continued)**

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

- (a)** Long Service Leave Reserve  
- to fund long service leave requirements
- (b)** Plant Reserve  
- for the purchase of major plant and machinery
- (c)** Tammin Sports, Recreation & Community Facilities Upgrade and Improvements Reserve  
- for improvements of tammins sport, recreation and community facilities
- (d)** Information and Technology Reserve  
- to fund IT requirements
- (e)** Tamma Village Upgrade & Improvements Reserve  
- for maintenance and upgrades of tamma village units
- (f)** Entitlements Reserve  
- no longer utilised
- (g)** Community Development Reserve  
- no longer utilised
- (h)** Bowling Green Replacement Reserve  
- to fund replacement of bowling club greens



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>12. REVALUATION SURPLUS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land &amp; Buildings</b>		
Opening Balance	8,415,211	8,358,260
Revaluation Increment	0	56,951
Revaluation Decrement		
	<u>8,415,211</u>	<u>8,415,211</u>
<b>(b) Furniture &amp; Equipment</b>		
Opening Balance	159,455	159,455
Revaluation Increment	0	0
Revaluation Decrement	(7,744)	0
	<u>151,711</u>	<u>159,455</u>
<b>(c) Plant &amp; Equipment</b>		
Opening Balance	700,804	700,804
Revaluation Increment	0	0
Revaluation Decrement	(528)	0
	<u>700,276</u>	<u>700,804</u>
<b>(d) Roads</b>		
Opening Balance	58,832,713	20,039,816
Revaluation Increment	0	38,792,897
Revaluation Decrement		
	<u>58,832,713</u>	<u>58,832,713</u>
<b>(e) Other Infrastructure</b>		
Opening Balance	1,393,748	1,191,649
Revaluation Increment	0	202,099
Revaluation Decrement		
	<u>1,393,748</u>	<u>1,393,748</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u>69,493,659</u>	<u>69,501,931</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(a) Reconciliation of Cash**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and Cash Equivalents	<u>1,596,403</u>	<u>971,155</u>	<u>1,791,941</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	(1,008,888)	(714,230)	570,089
Depreciation	1,366,031	1,450,790	1,274,580
(Profit)/Loss on Sale of Asset	499,889	86,370	88,177
(Increase)/Decrease in Receivables	6,693	114,041	(97,995)
Increase/(Decrease) in Payables	995	(646,191)	62,019
Increase/(Decrease) in Employee Provisions	1,405	0	5,523
Grants Contributions for the Development of Assets	<u>(744,468)</u>	<u>(578,670)</u>	<u>(599,218)</u>
Net Cash from Operating Activities	<u>121,658</u>	<u>(287,890)</u>	<u>1,303,175</u>
<b>(c) Undrawn Borrowing Facilities</b>			
	<b>2016</b>		<b>2015</b>
	<b>\$</b>		<b>\$</b>
<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	100,000		100,000
Credit Card limit	20,000		20,000
Credit Card Balance at Balance Date	<u>(397)</u>		<u>(671)</u>
<b>Total Amount of Credit Unused</b>	<u>119,603</u>		<u>119,329</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	34,626		54,535
Loan Facilities - Non-Current	<u>365,528</u>		<u>250,245</u>
<b>Total Facilities in Use at Balance Date</b>	<u>400,154</u>		<u>304,780</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>NIL</u>		<u>NIL</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**14. CONTINGENT LIABILITIES**

Council does not have any known contingent liabilities at 30th June 2016

**15. CAPITAL AND LEASING COMMITMENTS**

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

**(b) Capital Expenditure Commitments**

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new staff housing.

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

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

	2016	2015
	\$	\$
Governance	3,662	1,141,847
Law, Order, Public Safety	1,837,970	33,633
Education and Welfare	1,762,585	1,879,280
Housing		
Community Amenities	717,551	656,430
Recreation and Culture	5,936,659	5,194,066
Transport	61,430,354	62,505,746
Economic Services	79,502	85,169
Other Property and Services	1,425,526	48,475
Unallocated	1,787,953	4,356,498
	<u>74,981,761</u>	<u>75,901,144</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>18. FINANCIAL RATIOS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Current Ratio	2.56	2.87	1.70
Asset Sustainability Ratio	0.99	0.88	0.71
Debt Service Cover Ratio	(7.80)	10.60	(7.41)
Operating Surplus Ratio	(1.66)	(0.02)	(1.77)
Own Source Revenue Coverage Ratio	0.34	0.41	0.30

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**19. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	Balance 1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2016 \$
Bonds	980	680	0	1,660
Memorial Trust	931	0	0	931
Land Conservation	10,824	0	0	10,824
Police Licencing	339	116,749	(116,062)	1,026
Kidsport	0	3,000	0	3,000
Nomination Deposits	0	240	(240)	0
Unclaimed Monies	0	6,963	(33)	6,930
Prepaid rates	18,000	18,000	(18,000)	18,000
	<u>31,074</u>			<u>43,751</u>

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

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
Holden Caprice	30,869	32,390	31,818	37,000	949	4,610
Hyundai Iload	20,721	19,570	15,000	15,000	(5,721)	(4,570)
Electrical Tools	4,293	3,764	2,700	2,700	(1,593)	(1,064)
Write off under \$5,000	54,495	0	0	0	(54,495)	0
<b>Furniture and Equipment</b>						
Laptop	312	156	0	0	(312)	(156)
Write off under \$5,000	76,744	0	0	0	(76,744)	0
<b>Land</b>						
8 Redmond St	14,000	0	9,091	0	(4,909)	0
45 Draper St	15,000	15,000	15,000	15,000	0	0
<b>Buildings</b>						
Grass Bowling Green	271,540	0	0	0	(271,540)	0
45 Draper St	159,637	160,190	74,113	75,000	(85,524)	(85,190)
	<u>647,611</u>	<u>231,070</u>	<u>147,722</u>	<u>144,700</u>	<u>(499,889)</u>	<u>(86,370)</u>

Profit	949	4,610
Loss	(500,838)	(90,980)
	<u>(499,889)</u>	<u>(86,370)</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Transport Loan 78	104,868		14,127	14,127	90,741	90,741	5,470	5,270
Housing Loan 79	69,912		9,418	9,418	60,494	60,494	2,363	3,510
Loan 80	130,000		11,081	11,081	118,919	118,919	5,461	5,310
Recreation and Culture Loan 81		130,000	0	0	0	150,000	10	20,000
	304,780	130,000	34,626	34,626	400,154	420,154	13,304	34,090

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate % pa	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
New Bowling Green	130,000	150,000	WATC	Principal & Interest	10	19,135	2.69	130,000	150,000	0
	130,000	150,000				19,135		130,000	150,000	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-15 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-16 \$
Loan 80	30 June 2015	81,689	0	81,689	0
		81,689	0	81,689	0

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2008 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2016

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue	Budget Interim Rate \$	Budget Total Revenue \$
<b>General Rate</b>									
Gross Rental Value	0.1037	81	755,456	78,364	263	78,627	78,360		78,360
Unimproved Value	0.0171	173	46,842,000	800,367	(23)	800,344	802,500	200	802,700
<b>Sub-Totals</b>		254	47,597,456	878,731	240	878,971	880,860	200	881,060
<b>Minimum Payment</b>									
Gross Rental Value	465	50	38,484	19,120		19,120	23,720		23,720
Unimproved Value	465	20	330,200	9,300		9,300	9,300		9,300
<b>Sub-Totals</b>		70	368,684	28,420	0	28,420	33,020	0	33,020
Ex-Gratia Rates						907,391			914,080
Discounts (refer note 25.)						6,207			5,500
<b>Total Amount Raised From General Rate</b>						(39,818)			(38,000)
Specified Area Rate (refer note 23.)						<b>873,780</b>			<b>881,580</b>
<b>Totals</b>						0			0
						873,780			881,580

SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2016 (30 June 2016) Carried Forward) \$	2016 (1 July 2016) Brought Forward) \$	2015 (30 June 2015) Carried Forward) \$
Surplus/(Deficit) 1 July 16 Brought Forward	<u>697,853</u>	<u>837,178</u>	<u>837,178</u>
<b>Comprises:</b>			
Cash and Cash Equivalents			
Unrestricted	650,332	837,841	837,841
Restricted	946,071	954,100	954,100
Receivables			
Rates Outstanding	46,989	60,088	60,088
Sundry Debtors	127,200	39,618	39,618
GST Receivable	58,764	7,524	7,524
Loans - Clubs/Institutions	0	0	0
Provision for Doubtful Debts	(2,435)	(19,429)	(19,429)
Accrued Interest	1,216	791	791
Prepaid Expenses	1,500	103,250	103,250
<b>Less:</b>			
Trade and other Payables			
Sundry Creditors	(173,570)	(42,766)	(42,766)
Accrued Interest	(40)	(35)	(35)
Accrued Salaries and Wages	0	(37,219)	(37,219)
ATO Liabilities	(12,416)	(11,108)	(11,108)
Prepaid Rates	(18,000)	(18,000)	(18,000)
Other Agencies	(10,153)	(12,878)	(12,878)
Unearned Grant	0	(92,000)	(92,000)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(47,638)	(54,535)	(54,535)
Provisions			
Provision for Annual Leave	(48,466)	(50,663)	(50,663)
Provision for Long Service Leave	(43,674)	(29,143)	(29,143)
<b>Net Current Assets</b>	<u><b>1,475,679</b></u>	<u><b>1,635,436</b></u>	<u><b>1,635,436</b></u>
Less:			
Reserves - Restricted Cash	(825,465)	(852,793)	(852,793)
Add:			
Secured by Floating Charge Debentures	47,638	54,535	54,535
<b>Surplus/(Deficit)</b>	<u><b>697,853</b></u>	<u><b>837,178</b></u>	<u><b>837,178</b></u>

**Difference**

There was no difference between the Surplus/(Deficit) 1 July 2015 Brought Forward position used in the 2016 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2015 audited financial report.



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

The Shire did not impose any Specified Area Rates.

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

The Shire did not impose any service charges.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates - GRV	Discount	5.00%	2,334	2,000
General Rates - UV	Discount	5.00%	37,484	36,000
			39,818	38,000

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

Rates were waived on sporting facilities and community organisation on properties to encourage community development. Three properties (Tammin Bowling Club, Tammin Golf Club and Tammin CWA) were involved.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		6,498	2,500
Interest on Instalments Plan	5.50%		469	500
Charges on Instalment Plan		30	630	750
			7,597	3,750

Ratepayers had the option of paying rates in four equal instalments, due on 10th September 2015, 11th November 2015, 12th January 2016 and 14th March 2016. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2016 \$</b>	<b>2015 \$</b>
General Purpose Funding	630	1,896
Law, Order, Public Safety	1,375	1,131
Health	174	1,284
Education and Welfare	60,910	59,411
Housing	30,046	0
Community Amenities	28,019	41,105
Recreation and Culture	4,209	13,510
Transport	857	8,632
Economic Services	0	1,513
Other Property and Services	11,878	222,730
	<u>138,098</u>	<u>351,212</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**28. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	<b>2016</b>	<b>2015</b>
<b>By Nature or Type:</b>	<b>\$</b>	<b>\$</b>
Operating Grants, Subsidies and Contributions	768,011	1,663,217
Non-Operating Grants, Subsidies and Contributions	744,468	599,218
	<u>1,512,479</u>	<u>2,262,435</u>
<b>By Program:</b>		
Governance	50,000	0
General Purpose Funding	503,057	1,891,473
Education and Welfare	343	0
Housing	3,455	0
Community Amenities	50,077	0
Recreation and Culture	150,589	28,500
Transport	716,830	342,462
Economic Services	908	0
Other Property and Services	37,219	0
	<u>1,512,479</u>	<u>2,262,435</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>10</u>	<u>10</u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	7,340	11,000	8,500
President's Allowance	2,400	2,400	2,400
Deputy President's Allowance	600	600	600
Travelling Expenses	1,367	2,500	1,844
	<u>11,707</u>	<u>16,500</u>	<u>13,344</u>

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2015/16 except for the disposal of a parcel of land and a Council residence.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

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

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	1,596,403	1,791,941	1,596,403	1,791,941
Receivables	191,550	198,243	191,550	198,243
	<u>1,787,953</u>	<u>1,990,184</u>	<u>1,787,953</u>	<u>1,990,184</u>
<b>Financial Liabilities</b>				
Payables	215,002	214,007	215,002	214,007
Borrowings	400,154	304,780	400,154	304,780
	<u>615,156</u>	<u>518,787</u>	<u>615,156</u>	<u>518,787</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit and loss**

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	15,964	17,919
- Statement of Comprehensive Income	15,964	17,919

*Notes:*

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**33. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

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

	<b>2016</b>	<b>2015</b>
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	87%	66%
- Overdue	13%	34%

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2016

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables  
 Borrowings

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

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

	<u>2016</u>	<u>2015</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	215,002			215,002	215,002
Borrowings	61,793	293,270	106,145	461,208	400,154
	<u>276,795</u>	<u>293,270</u>	<u>106,145</u>	<u>676,210</u>	<u>615,156</u>
Payables	214,006			214,006	214,006
Borrowings	47,141	188,449	124,957	360,547	304,780
	<u>261,147</u>	<u>188,449</u>	<u>124,957</u>	<u>574,553</u>	<u>518,786</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings (Continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
	\$	\$	\$	\$	\$	\$	\$	%
<b>Year Ended 30 June 2016</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures					400,154		400,154	3.69%
Weighted Average Effective Interest Rate					3.69%			
<b>Year Ended 30 June 2015</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures					304,780		304,780	4.19%
Weighted Average Effective Interest Rate					4.19%			

**SHIRE OF TAMMIN  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

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

	2016	2015	2014
Asset Consumption Ratio	0.98	0.99	0.75
Asset Renewal Funding Ratio	1.25	1.25	1.25

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$





# Anderson Munro & Wyllie

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## INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF TAMMIN

### Scope

We have audited the financial report of Shire of Tammin for the year ended 30 June 2016. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

### Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Tammin. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, and the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



## Independence

Anderson Munro & Wyllie are independent of the Shire of Tammin, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

## Audit Opinion

In our opinion, the financial statements of the Shire of Tammin are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2016 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

## Other Matters

During the course of our audit we noted the following issues regarding the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996:

- a) S6.4(3) - The financial report was not provided to the auditor by September 30.
- b) S5.54(1) - The 2016 financial report was not prepared and adopted by Council by 31 December 2016.
- c) Reg (FM) 33 - the 2016 annual budget was not submitted to the Director General within 30 days of its adoption.


## Statutory Compliance

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

- a) Except for the issues identified in the above 'Other Matters' paragraph we did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 55 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i) Based on verifiable information; and
  - ii) Reasonable assumptions.

Dated the 21<sup>st</sup> day of March 2017 in Perth, Western Australia

  
BILLY-JOE THOMAS  
Director

  
ANDERSON MUNRO & WYLLIE  
Chartered Accountants