



# ANNUAL REPORT

2017-2018



**SHIRE OF TAMMIN**  
OUR AIM IS PROGRESS

Community Vision  
A place for people, a place for community.

Cover Image  
An aerial image of the Shire of Tammin's recently upgraded recreational facilities captured by drone in 2018.

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## A MESSAGE FROM THE SHIRE PRESIDENT

2017/2018 was a year of new beginnings and sad farewells. We have been fortunate to obtain the services of our new shared resource CEO, Mr Neville Hale, who has worked at both the Shire of Lake Grace and Shire of Northam with a background in the State Treasury.

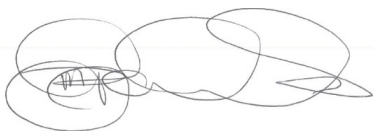
We unfortunately have had to say goodbye to Ms Carol Crane, a Councillor with years of experience and great belief in the betterment of the community. The Shire attempted to recruit a replacement Councillor which was proven unsuccessful. Approval was granted by the Minister to hold the Councillor position vacant until the 2019 elections. I look forward to Council elections/nominations which are due in October 2019 and we would encourage anybody who is interested to put their hands up to serve their community.

We also unfortunately had to say goodbye to our Community Development Officer, Ms Sarah Symons who is now mother of two and has her hands full.

Mr Greg Stephens was the Manager of Works and Services for the Shire's of Cunderdin and Tammin but resigned at the end of June 2018 for pastures north.

My thanks to fellow Councillors and Staff, both office and outside, for all their hard work and diligence to help us keep Tammin as a thriving community and pleasant place to be in.

May 2018/2019 bring all in Tammin, health, happiness and prosperity.



**Michael D Greenwood**



**Michael D Greenwood**  
Shire President



# CHIEF EXECUTIVE OFFICERS REPORT

The 2017/18 financial year has been one of transition and learning. Following the departure of former CEO Mr Peter Naylor, Mr Stephen Tindale filled the CEO position for approximately three months until my appointment in mid-February 2018.

The role of shared CEO with the Shire of Cunderdin has certainly presented many challenges as we deal with the escalating costs of governance and compliance that places increasing pressure upon the Shire's capacity to fund essential services and maintain its infrastructure. 2017/18 also saw the introduction of the shared Manager of Works and Services position which is undergoing further reassessment following the departure of its initial incumbent, Mr Greg Stephens.

During the year the Shire managed to deliver investment in the following major road projects:

Tammin – Wyalkatchem Road	\$294,239
Bungulla North Road	\$341,444

The new tennis courts were completed and have proven to be a very popular facility. The opening of the courts was preceded by a memorable social occasion held at the adjacent bowling club and was well attended by current and past Tammin residents.

Smaller projects either completed or commenced included Shire office replacement of floor coverings and interior painting which has significantly improved the office environment. Other projects undertaken were playground upgrades, minor building improvements at the Tamma Village and renovation works at the Tammin recreation centre which has seen a transformation of the interior space.

During the year, the Shire purchased water tanks to be fitted to four key fire service standpipes early in the new financial year. The Shire has been provided with a RV waste disposal unit and is exploring options for its location and grant funding to enhance the access and quality of the site.

As is often the case with local government, there have been some staff changes over the past year which saw the appointment of a shared Community Emergency Services Manager (CESM) – Mr Daniel Birleson. Mr Greg Stephens, shared Manager of Works and Services resigned from his position in June 2018 having completed the first twelve months of the shared service arrangement. Mr Ian Bartlett filled the position on a relief basis for the remainder of the year.

I wish to thank Council for its support over these past months and congratulate staff on their efforts to deliver the many services they provide. A special thanks to Ms Kelsey Pryer for her contribution across a diverse and, at times unfamiliar, range of tasks.

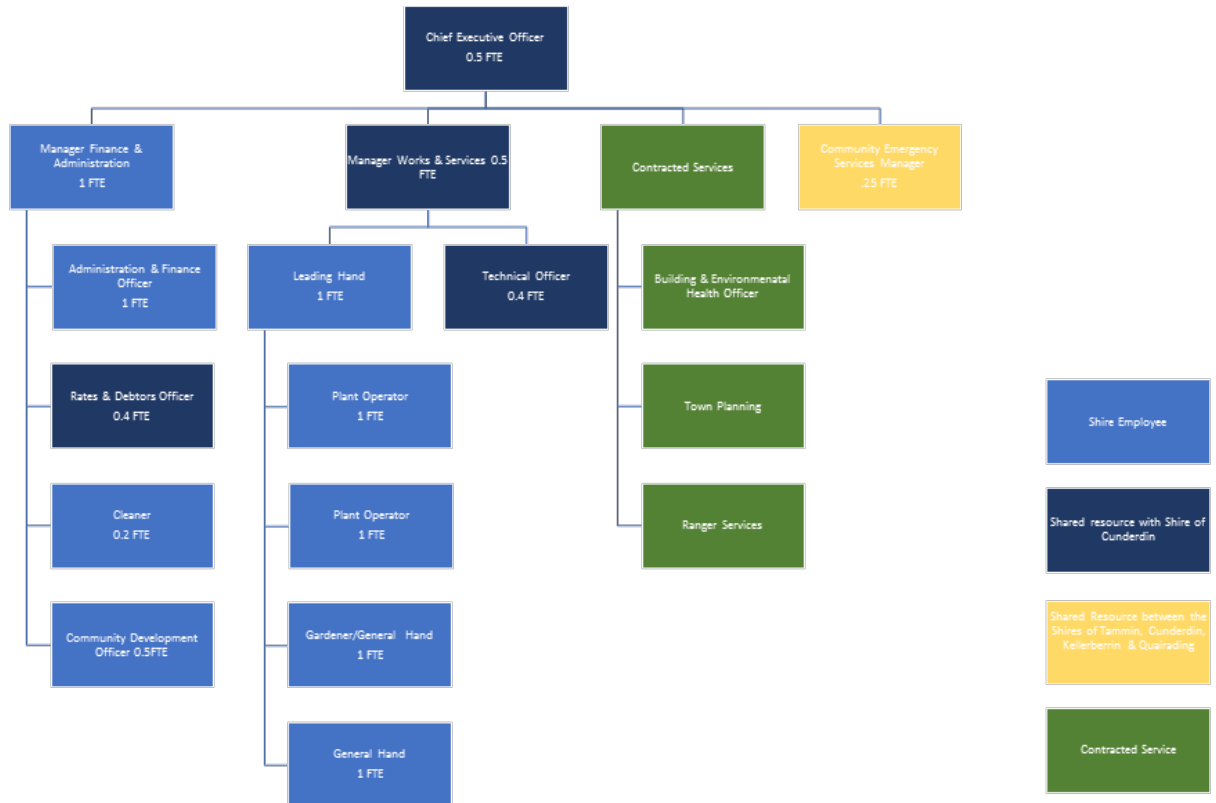
**Neville A Hale**



**Neville A Hale**  
**Chief Executive Officer**



# ORGANISATION STRUCTURE



The Shire of Tammin presented a 'Musical Luncheon for Seniors' at the Tammin Town Hall in October 2018. Supported by Lotterywest, the event was attended by more than 110 people living both locally and from neighbouring communities.

## A LITTLE ABOUT TAMMIN

The Shire of Tammin is located 184 kilometers east of Perth on the Great Eastern Highway. The Shire covers an area of 1,087 kilometres and is bound by the neighbouring Shire's of Kellerberrin, Quairading, Cunderdin and Wyalkatchem.

The Shire is home to a population of approximately 400 residents, working primarily within the agricultural industry for the production of grain and livestock. Each year, the Shire hosts a number of community events for its residents which in the current year included the Comedy Gold and Fuse Festival, Seniors Luncheon and Tammin Achievement Awards. The Shire also contributes annually to a number of community runs events including movie nights, the Australia Day community breakfast, Anzac Day service, along with a number of other events.

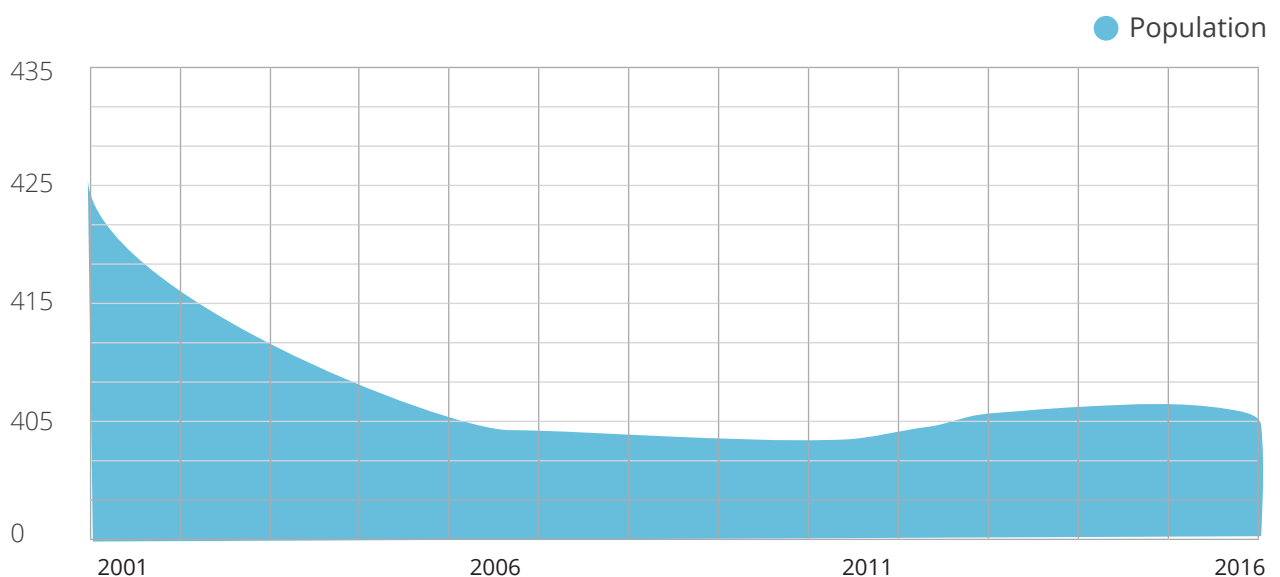
Residents of the Shire enjoy a Mediterranean-type climate with weather ranging from 0 degrees celsius in winter to 40 degrees celsius during summer. The average yearly rainfall is 370mm falling mainly in the winter months.

Tammin was first settled in 1893 by Mr John Packham with more settlers arriving in the 1900's. The town of Tammin was gazetted in 1899 and in 1948 became a Road Board in its own right having previously been part of the Meckering Road Board and later Cunderdin-Meckering-Tammin Road Boards. With changes to the Local Government Act 1960, it became the Shire of Tammin in 1961.

The name 'Tammin' means grandmother or grandfather according to the 'Descriptive Vocabulary of Aboriginies of WA' by G F Moore. Other theories are that Tammin was named after the Tamma, a small animal that once inhabited the area or the Tamma bush which grows throughout the district.

For further information regarding the history of the Shire, please contact the Shire Administrative Office.

## POPULATION



Australian Bureau of Statistic (ABS) data for the Shire of Tammin indicates a decline in population of approximately 5% (or 21 persons) between the 2001 and 2016 Census dates. The median age of persons residing with the Shire of Tammin is 38 years.

# ELECTED REPRESENTATIVES

The Tammin Shire Council currently has five (5) Councillors representing the district.

The Shire's Councillors are the voice of the Tammin community. Councillors listen to the issues and ideas of residents and community groups and make strategic and policy decisions within the legislative framework in which they operate. The Shire President leads Council meetings and represents Council on formal occasions supported by the Deputy.



**CR. MICHAEL  
GREENWOOD**

President, Term Expiry 2021


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THOMSON**

Deputy, Term Expiry 2019


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Councillor, Term Expiry 2019


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**CR. TANIA DANIELS**

Councillor, Term Expiry 2021

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**VACANT**

## MEETING ATTENDANCE

Council policy provides that Council member attendance at all Council and Committee meetings be reported in the Annual Report. For the year ended 30 June 2018 Council member attendance at all eleven (11) Council meetings and two (2) Special and Council Committee meetings is documented below:

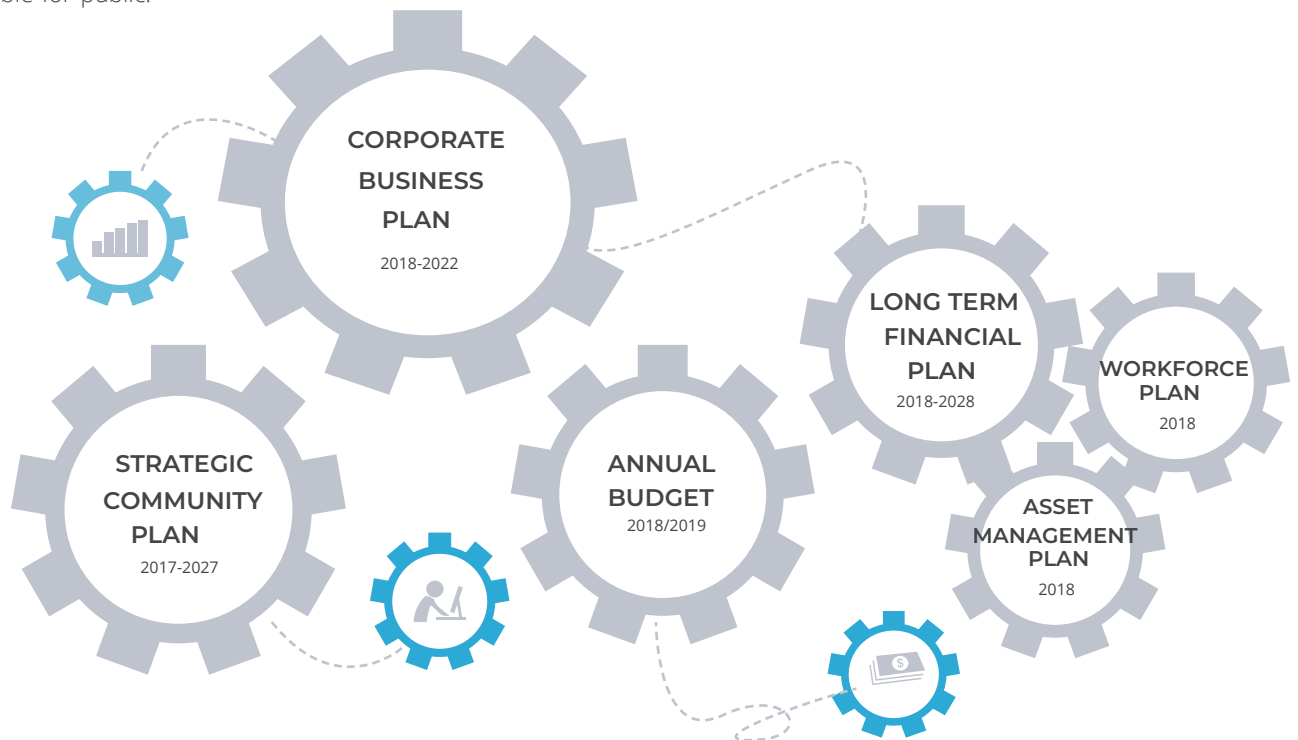
COUNCILLOR	COUNCIL MEETINGS	SPECIAL COUNCIL MEETINGS & GENERAL MEETING OF ELECTORS	OTHER COUNCIL COMMITTEES
Cr. Greenwood	10	2	2
Cr. Thomson	10	2	2
Cr. Batchelor	11	-	2
Cr. Caffell	8	2	1
Cr. Daniels	9	-	-
<b>Outgoing Councillors</b>			
Cr. Uppill	3	-	-
Cr. Crane	7	2	-
Cr. Bell	3	-	-



The Shire of Tammin's Fuse Festival held October 2017 at Donnan Park, Tammin. The community event featured a range of family entertainment including markets, food stalls, rides and local produce.

# INTEGRATED PLANNING & REPORTING

In 2010, the Western Australian State Government introduced legislation requiring local governments to prepare an Integrated Planning and Reporting Framework. The Shire of Tammin has the following integrated planning documents available for public.

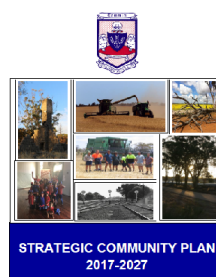


## STRATEGIC COMMUNITY PLAN

The Shire of Tammin's Strategic Community Plan 2017-2027 outlines the strategic priorities of Council to address the community's long term vision for the Shire.

The Shire's vision for the Shire is **'A Place for People, a Place for Community'**. Tammin as a community is vibrant and active, inclusive and welcoming, a community where people are treated equally and feel safe. The Shire's aim is to sustain and build local area capacity through employment and strengthen community development.

The aspirations of the community in pursuit of the Shire's vision above, as identified through consultation with the community during the formation of the Strategic Community Plan have been categorised into six (6) strategic result areas detailed on the page to follow. Each of these result areas have multiple objectives the community desires to see achieved. It is the Shire's accompanying Corporate Business Plan 2018-2022 that details the actions the Shire of Tammin will undertake to achieve the objectives defined under each of the strategic result areas of the Strategic Community Plan.







The six (6) strategic result areas outlined in the Shire of Tammin's Strategic Community Plan 2017-2027 that are the focus of the Shire of Tammin's pursuit to be **'A Place for People, a Place for Community'**.

**1****Social / Community**

Grow and sustain the population through planned provision of services. Maintain the sense of community which is inclusive and welcoming for all.

**2****Environment**

Provide leadership and promote local regional sustainability principles and practices. Enhance local natural areas and open spaces.

**3****Housing & Facilities**

Our local area will be maintained through the provision of housing and employment choices for all ages, whilst protecting our viable farmland.

**4****Economic Development**

Strengthen local business and employment capacity. Support and encourage sustainable business growth.

**5****Infrastructure & Transport**

Our local town, amenities and facilities will be maintained and enhanced, ensuring that our town is one that community loves to be in and is proud of.

**6****Civic Leadership**

Our Councillors and community leaders have vision, are accessible, act with transparency and integrity, and act in good faith on behalf of their constituents.

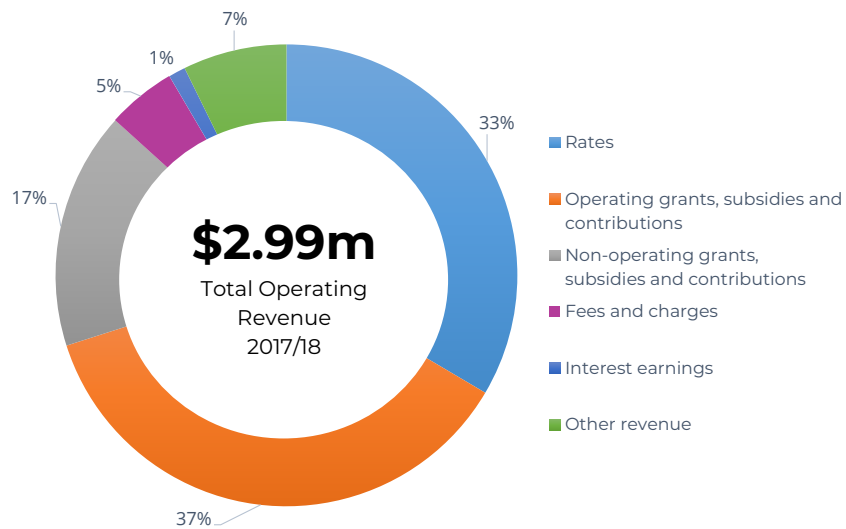


# 2017-2018 FINANCIAL SUMMARY

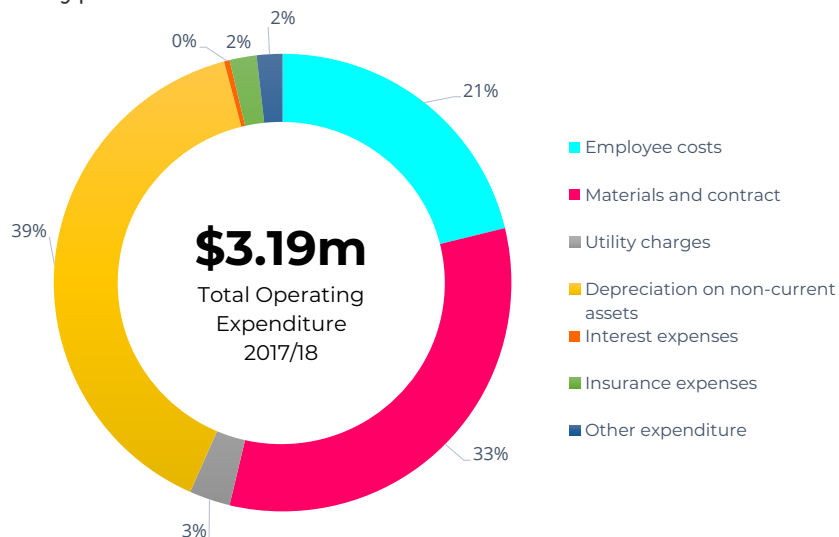
To deliver the objectives of the Strategic Community Plan the Shire requires many resources. These resources require funding, and the Shire derives this funding from different sources including rates, government grants and fees and charges.

The Annual Report presents the Shire's audited Annual Financial Statements for the year ending 30 June 2018 in the later pages of this report. A graphical representation of the Shire of Tammin's financial results for FY 2017-2018 is provided below.

Revenue by Nature or Type

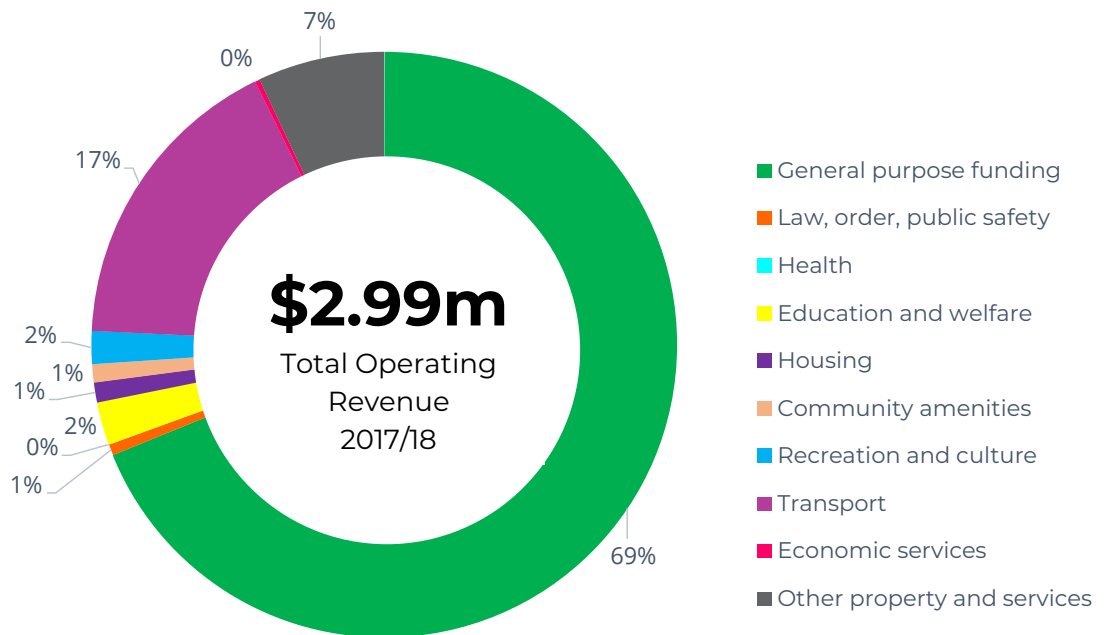


Expenditure by Nature or Type

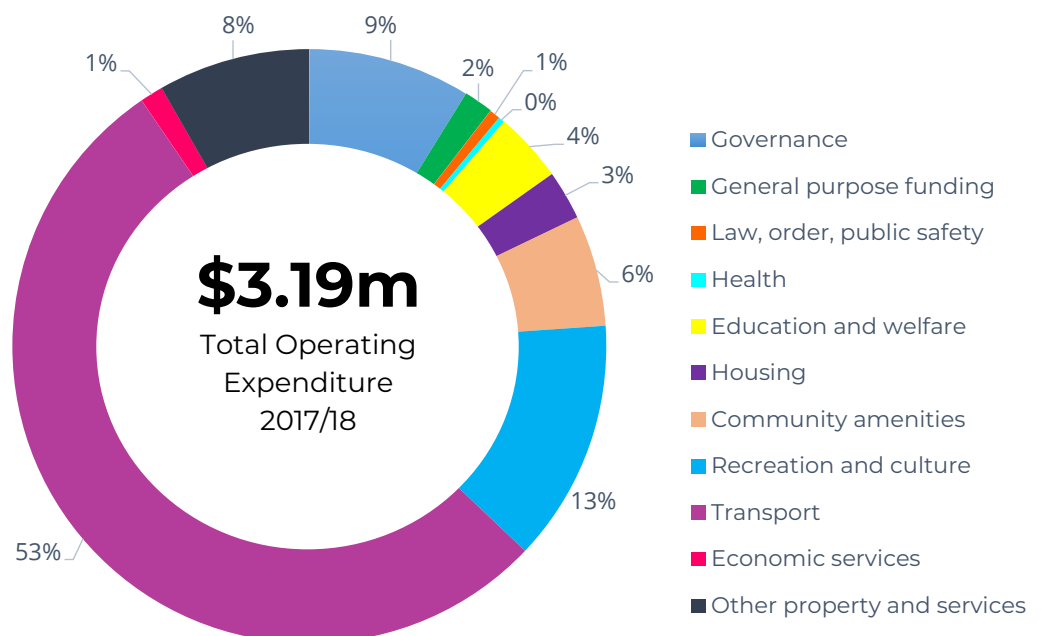


# 2017-2018 FINANCIAL SUMMARY *(CONTINUED)*

Revenue by Program



Expenditure by Program



## 2017-2018 FINANCIAL SUMMARY *(CONTINUED)*

A summary of the Shire of Tammin's key capital expenditure projects in FY 2017-2018 is provided below:

Capital Project	Expenditure (\$)
Multipurpose Courts - Renewal / Upgrades	\$153,000
Tamma Village Building Renewal / Upgrades	\$39,350
Sports Pavilion Building Renovations	\$31,100
Tennis Court Landscaping	\$34,300
Roads - Renewal / Upgrades (excludes road maintenance)	\$636,000
Shire Administrative Office Building Renewal / Upgrades	\$23,300



The Shire of Tammin's tennis court facilities which underwent a major upgrade during FY2017-2018.

# LEGISLATIVE COMPLIANCE

## National Competition Policy

The Shire of Tammin has met its obligations with regard to the National Competition Policy. The Shire has no local laws or policies that contain anti-competitive provisions. No complaints were received by the Shire of Tammin in FY2017-2018 in relation to anti-competitive practices.

## Disability Access and Inclusion Plan

The *Disability Services Act 1993* requires local governments to develop and implement a Disability Access and Inclusion Plans (DAIPs). The Shire of Tammin adopted a DAIP in 2015, with the plan to undergo a full review in 2020. Council is required to report on present activities as they relate to the six desired DAIP outcomes.

1. The Shire of Tammin is continually adapting existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by the Shire.
2. The Shire of Tammin also continues to improve its buildings and footpath infrastructure to assist those with disabilities.
3. Wherever possible, people with disabilities can receive information from the Shire of Tammin in a format that will enable them to access the information as readily as other people are able to access it. This includes a comprehensive website and the ability to change documents to a large font size.
4. Staff at the Shire of Tammin are encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive. We are also working with contractors to ensure they are aware of their responsibilities.
5. People with disabilities have the same opportunities as other people to make complaints to the Shire of Tammin. This can be done via written letters, email, sms or verbally.
6. Council provides many ways for people to participate in public consultation and the Shire of Tammin is more than happy to discuss any grievances community members may have regarding the services available to the disabled.

The Shire has undertaken a Disability Access Audit for the various community facilities and amenities. The Shire has also undertaken a works program to improve the access ramps at various townsite intersections to better cater for the disabled and aged.

# LEGISLATIVE COMPLIANCE *(CONTINUED)*

## Public Interest

The *Public Interest Disclosure Act 2003* (The Act) aims to facilitate and encourage the disclosure of public interest information and to provide protection for those who have made disclosures and for those about whom disclosures are made.

The Shire of Tammin does not tolerate corrupt or other improper conduct, including mismanagement of public resources and the exercise of the public functions of the Shire and its officers, employees and contractors.

The Shire of Tammin is committed to the aims and objectives of the Act and recognises the value and importance of contributions of staff to enhance administrative and management practices and supports disclosures being made by staff as to corrupt or other improper conduct.

During the FY2017-2018 reporting period, there were no disclosure made under the Act and no disclosures were referred to the Ombudsman.

## Annual Salaries

The Local Government Act 1995 requires Council to provide the number of employees who are entitled to an annual salary of \$100,000 or more, and to break those employees into salary bands of \$10,000.

For the current reporting period, one employee of the Shire of Tammin received a salary in excess of \$100,000. That salary was within the band of \$110,000 - \$120,000. The cost of the employee is shared equally with the Shire of Cunderdin.

## Record Keeping Plan

The Shire of Tammin is committed to best practice record keeping and compliance in accordance with the *State Records Act 2000*. The Shire of Tammin's Record Keeping Plan has been approved by the State Record Office and the Shire conducts regular record keeping training for staff.

## Register of Minor Complaints

Section 5.121 of the *Local Government Act 1995* (the Act) requires a local government to maintain a register of complaints that result in action under Section 5.110 (6) (b) or (c) of the Act. The Shire of Tammin received no complaints made under Section 5.121 of the Act during the current reporting period.

# LEGISLATIVE COMPLIANCE *(CONTINUED)*

## Freedom of Information

Part 5 of the *Freedom of Information Act 1992* (The Act) requires an agency such as a Local Government to prepare and publish an Information Statement. The Shire of Tammin has produced an Information Statement for the current reporting period which can be inspected by contacting the Shire Office.

The Information Statement contains information on the type of documents available to the public and how to access those documents.

The Shire of Tammin maintains records relating to the function and administration of the Shire, each property within the Shire and includes such documents as the Minutes of Meetings, Rates Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements and Electoral Rolls. These documents can be inspected free of charge at the Shire of Tammin, 1 Donnan Street Tammin, during office hours.

All Council meetings of the Shire are open to the public and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time shortly after the commencement of each meeting.

The Act gives individuals and organisations a general right of access to information held by the Shire of Tammin. It also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act.

The Shire of Tammin advises that no Freedom of Information requests were received by the Shire during the current reporting period.



# ANNUAL FINANCIAL STATEMENTS FINANCIAL YEAR ENDED 30 JUNE 2018

**SHIRE OF TAMMIN**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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**COMMUNITY VISION**

A place for people, a place for community.

Principal place of business:  
1 Donnan Street  
TAMMIN WA 6409

SHIRE OF TAMMIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Tammin for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Tammin at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the *twenty fifth* day of *January* 2019



Neville Hale  
Chief Executive Officer



**STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	24(a)	1,003,493	996,112	950,941
Operating grants, subsidies and contributions	2(a)	1,096,237	856,774	1,663,953
Fees and charges	2(a)	144,628	141,260	139,794
Interest earnings	2(a)	35,448	33,000	41,179
Other revenue	2(a)	217,883	38,920	39,398
		<u>2,497,689</u>	<u>2,066,066</u>	<u>2,835,265</u>
<b>Expenses</b>				
Employee costs		(677,306)	(748,511)	(524,228)
Materials and contracts		(1,040,727)	(1,465,579)	(1,230,688)
Utility charges		(92,446)	(85,476)	(86,884)
Depreciation on non-current assets	10(b)	(1,255,446)	(1,300,780)	(1,286,514)
Interest expenses	2(b)	(12,569)	(7,713)	(14,826)
Insurance expenses		(61,030)	(69,848)	(61,655)
Other expenditure		(58,200)	(24,975)	(62,223)
		<u>(3,197,724)</u>	<u>(3,702,882)</u>	<u>(3,267,018)</u>
		<u>(700,035)</u>	<u>(1,636,816)</u>	<u>(431,753)</u>
Non-operating grants, subsidies and contributions	2(a)	498,576	527,222	559,637
(Loss) on asset disposals	10(a)	-	-	(154,337)
Net result		<u>(201,459)</u>	<u>(1,109,594)</u>	<u>(26,453)</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	30,934	-	(2,422,538)
<b>Total other comprehensive income</b>		<u>30,934</u>	<u>-</u>	<u>(2,422,538)</u>
<b>Total comprehensive income</b>		<u><u>(170,525)</u></u>	<u><u>(1,109,594)</u></u>	<u><u>(2,448,991)</u></u>

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



**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
General purpose funding		2,062,829	1,582,306	2,585,168
Law, order, public safety		3,303	2,700	3,059
Health		298	650	236
Education and welfare		71,031	57,000	56,589
Housing		32,827	35,080	38,931
Community amenities		29,586	30,430	29,123
Recreation and culture		30,852	9,750	10,643
Transport		49,206	200,300	76,532
Economic services		8,169	1,350	1,006
Other property and services		209,588	146,500	33,978
		<u>2,497,689</u>	<u>2,066,066</u>	<u>2,835,265</u>
Expenses	2(b)			
Governance		(282,742)	(358,491)	(265,726)
General purpose funding		(51,406)	(66,048)	(57,297)
Law, order, public safety		(18,923)	(40,072)	(14,599)
Health		(10,716)	(10,639)	(7,238)
Education and welfare		(121,531)	(162,012)	(103,730)
Housing		(80,359)	(114,355)	(49,290)
Community amenities		(192,978)	(246,787)	(174,760)
Recreation and culture		(418,585)	(505,784)	(450,957)
Transport		(1,703,212)	(1,986,749)	(1,789,851)
Economic services		(40,207)	(55,632)	(46,602)
Other property and services		(264,496)	(148,600)	(292,142)
		<u>(3,185,155)</u>	<u>(3,695,169)</u>	<u>(3,252,192)</u>
Finance Costs	2(b)			
Housing		(5,849)	(3,566)	(6,726)
Recreation and culture		(3,117)	(1,594)	(3,429)
Transport		(3,603)	(2,553)	(4,671)
		<u>(12,569)</u>	<u>(7,713)</u>	<u>(14,826)</u>
		<u>(700,035)</u>	<u>(1,636,816)</u>	<u>(431,753)</u>
Non-operating grants, subsidies and contributions	2(a)	498,576	527,222	559,637
(Loss) on disposal of assets	10(a)	-	-	(154,337)
		<u>498,576</u>	<u>527,222</u>	<u>405,300</u>
Net result		<u>(201,459)</u>	<u>(1,109,594)</u>	<u>(26,453)</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	30,934	-	(2,422,538)
<b>Total other comprehensive income</b>		<u>30,934</u>	<u>-</u>	<u>(2,422,538)</u>
<b>Total comprehensive income</b>		<u><u>(170,525)</u></u>	<u><u>(1,109,594)</u></u>	<u><u>(2,448,991)</u></u>

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



**STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,989,656	1,772,187
Trade and other receivables	6	121,570	232,524
<b>TOTAL CURRENT ASSETS</b>		<b>2,111,226</b>	<b>2,004,711</b>
<b>NON-CURRENT ASSETS</b>			
Investments	4	30,934	-
Other receivables	6	13,073	13,073
Property, plant and equipment	8	7,234,480	7,424,117
Infrastructure	9	62,791,421	62,925,587
<b>TOTAL NON-CURRENT ASSETS</b>		<b>70,069,908</b>	<b>70,362,777</b>
<b>TOTAL ASSETS</b>		<b>72,181,134</b>	<b>72,367,488</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	134,412	81,353
Current portion of long term borrowings	13(a)	50,828	49,537
Provisions	14	84,107	86,347
<b>TOTAL CURRENT LIABILITIES</b>		<b>269,347</b>	<b>217,237</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	13(a)	270,659	302,978
Provisions	14	6,972	42,592
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>277,631</b>	<b>345,570</b>
<b>TOTAL LIABILITIES</b>		<b>546,978</b>	<b>562,807</b>
<b>NET ASSETS</b>		<b>71,634,156</b>	<b>71,804,681</b>
<b>EQUITY</b>			
Retained surplus		3,350,860	3,428,250
Reserves - cash backed	5	1,181,241	1,305,310
Revaluation surplus	11	67,102,055	67,071,121
<b>TOTAL EQUITY</b>		<b>71,634,156</b>	<b>71,804,681</b>

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





**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	RESERVES CASH/INVESTMENT BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		3,934,548	825,465	69,493,659	74,253,672
Comprehensive income					
Net result		(26,453)	-	-	(26,453)
<b>Other Comprehensive income</b>					
Changes on revaluation of assets	11	-	-	(2,422,538)	(2,422,538)
Total comprehensive income		(26,453)	-	(2,422,538)	(2,448,991)
Transfers from/(to) reserves		(479,845)	479,845	-	-
Balance as at 30 June 2017		3,428,250	1,305,310	67,071,121	71,804,681
Comprehensive income					
Net result		(201,459)	-	-	(201,459)
<b>Other Comprehensive income</b>					
Changes on revaluation of Assets	11	-	-	30,934	30,934
Total comprehensive income		(201,459)	-	30,934	(170,525)
Transfers from/(to) reserves		124,069	(124,069)	-	-
Balance as at 30 June 2018		3,350,860	1,181,241	67,102,055	71,634,156

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts				
Rates		1,012,725	996,112	918,983
Operating grants, subsidies and contributions		1,142,676	936,539	1,686,996
Fees and charges		144,628	141,495	139,794
Interest earnings		35,448	33,000	42,397
Goods and services tax		275,886	200,000	99,877
Other revenue		217,883	38,920	39,398
		<u>2,829,246</u>	<u>2,346,066</u>	<u>2,927,445</u>
Payments				
Employee costs		(691,102)	(748,511)	(509,157)
Materials and contracts		(1,016,230)	(1,495,579)	(1,353,050)
Utility charges		(92,446)	(85,476)	(86,884)
Interest expenses		(8,070)	(7,713)	(14,791)
Insurance expenses		(61,030)	(69,848)	(61,655)
Goods and services tax		(220,603)	(200,000)	(156,614)
Other expenditure		(58,200)	25,025	(62,223)
		<u>(2,147,681)</u>	<u>(2,582,102)</u>	<u>(2,244,374)</u>
<b>Net cash provided by (used in) operating activities</b>	15	<u>681,564</u>	<u>(236,036)</u>	<u>683,072</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment				
		(93,712)	(25,000)	(301,317)
Payments for construction of infrastructure				
		(837,930)	(618,825)	(734,512)
Non-operating grants, subsidies and contributions				
		498,576	527,222	559,637
Proceeds from sale of fixed assets				
		-	-	16,543
<b>Net cash provided by (used in) investment activities</b>		<u>(433,066)</u>	<u>(116,603)</u>	<u>(459,649)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings				
		(31,029)	(31,029)	(47,639)
<b>Net cash provided by (used in) financing activities</b>		<u>(31,029)</u>	<u>(31,029)</u>	<u>(47,639)</u>
Net increase (decrease) in cash held				
		217,469	(383,668)	175,784
Cash at beginning of year				
		1,772,187	1,769,227	1,596,403
Cash and cash equivalents at the end of the year				
	15	<u><u>1,989,656</u></u>	<u><u>1,385,559</u></u>	<u><u>1,772,187</u></u>

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)		531,702	549,944	655,348
		<u>531,702</u>	<u>549,944</u>	<u>655,348</u>
Revenue from operating activities (excluding rates)				
General purpose funding		1,066,376	592,794	1,640,869
Law, order, public safety		3,303	2,700	3,059
Health		298	650	236
Education and welfare		71,031	57,000	56,589
Housing		32,827	35,080	38,931
Community amenities		29,586	30,430	29,123
Recreation and culture		30,852	9,750	10,643
Transport		49,206	200,300	76,532
Economic services		8,169	1,350	1,006
Other property and services		209,588	146,500	33,978
		<u>1,501,236</u>	<u>1,076,554</u>	<u>1,890,966</u>
Expenditure from operating activities				
Governance		(282,742)	(358,491)	(265,726)
General purpose funding		(51,406)	(66,048)	(57,297)
Law, order, public safety		(18,923)	(40,072)	(14,599)
Health		(10,716)	(10,639)	(7,238)
Education and welfare		(121,531)	(162,012)	(103,730)
Housing		(86,208)	(117,921)	(210,353)
Community amenities		(192,978)	(246,787)	(174,760)
Recreation and culture		(421,702)	(507,378)	(454,386)
Transport		(1,706,815)	(1,989,302)	(1,794,522)
Economic services		(40,207)	(55,632)	(46,602)
Other property and services		(264,496)	(148,600)	(292,142)
		<u>(3,197,724)</u>	<u>(3,702,882)</u>	<u>(3,421,355)</u>
Operating activities excluded				
Loss on disposal of assets	10(a)	-	-	154,337
Movement in deferred pensioner rates (non-current)		-	-	(13,073)
Movement in employee benefit provisions (non-current)		(35,620)	-	21,797
Depreciation and amortisation on assets	10(b)	1,255,446	1,300,780	1,286,514
<b>Amount attributable to operating activities</b>		<u>55,040</u>	<u>(775,604)</u>	<u>574,534</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		498,576	527,222	559,637
Proceeds from disposal of assets	10(a)	-	-	16,543
Purchase of property, plant and equipment	8(b)	(93,713)	(25,000)	(301,315)
Purchase and construction of infrastructure	9(b)	(837,930)	(618,825)	(734,512)
<b>Amount attributable to investing activities</b>		<u>(433,067)</u>	<u>(116,603)</u>	<u>(459,647)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	13(a)	(31,029)	(31,029)	(47,639)
Transfers to reserves (restricted assets)	5	(25,931)	(233,000)	(714,845)
Transfers from reserves (restricted assets)	5	150,000	175,000	235,000
<b>Amount attributable to financing activities</b>		<u>93,040</u>	<u>(89,029)</u>	<u>(527,484)</u>
<b>Surplus(deficiency) before general rates</b>		<u>(284,987)</u>	<u>(981,236)</u>	<u>(412,597)</u>
<b>Total amount raised from general rates</b>	24	<u>996,453</u>	<u>989,512</u>	<u>944,299</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	25	<u><u>711,466</u></u>	<u><u>8,276</u></u>	<u><u>531,702</u></u>

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



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**1. BASIS OF PREPARATION**

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

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

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

**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 Shire 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.

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**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 Shire.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**2. REVENUE AND EXPENSES**

(a) Revenue	<b>2018 Actual</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>
Other revenue		
Reimbursements and recoveries	217,883	27,579
Other	-	11,819
	<u>217,883</u>	<u>39,398</u>
 Fees and Charges		
Law, order, public safety	3,303	3,059
Health	298	236
Education and welfare	56,222	56,272
Housing	29,910	29,211
Community amenities	28,859	29,123
Recreation and culture	5,120	10,030
Transport	1,300	1,026
Economic services	1,485	597
Other property and services	18,131	10,240
	<u>144,628</u>	<u>139,794</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

(a) Revenue (Continued)

Grant Revenue

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	1,020,092	1,587,012
Community amenities	727	-
Recreation and culture	25,300	108
Transport	42,020	69,737
Economic services	6,684	409
Other property and services	1,414	6,687
	<u>1,096,237</u>	<u>1,663,953</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	15,000	-
Recreation and culture	24,000	34,241
Transport	459,576	525,396
	<u>498,576</u>	<u>559,637</u>
<b>Total grants, subsidies and contributions</b>	<u>1,594,813</u>	<u>2,223,590</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, Donations and Other Contributions**

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

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.

**Grants, Donations and Other Contributions (Continued)**  
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 23. 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.

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest earnings			
- Reserve funds	25,931	17,000	22,099
- Other funds	2,810	10,000	11,088
Other interest revenue (refer note 24(e))	6,707	6,000	7,992
	<u>35,448</u>	<u>33,000</u>	<u>41,179</u>



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

	<u>2018</u>	<u>2017</u>
	\$	\$
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	8,200	19,800
- Other Audit Services	1,000	1,000
	<u>9,200</u>	<u>20,800</u>
Interest expenses (finance costs)		
Long term borrowings (refer Note 13(a))	12,569	14,826
	<u>12,569</u>	<u>14,826</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

3. CASH AND CASH EQUIVALENTS	NOTE	2018	2017
		\$	\$
Unrestricted		803,575	466,877
Restricted		1,186,081	1,305,310
		<u>1,989,656</u>	<u>1,772,187</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Plant Replacement	5	248,449	243,287
Staff Entitlements	5	26,442	25,910
Information & Technology	5	11,663	11,428
Tamma Village Upgrade & Improvements	5	19,690	19,293
Sports, Recreation & Community Facilities Upgrades	5	862,415	993,063
Bowling Green Replacement Reserve	5	12,582	12,329
Unspent grants	23	4,840	-
		<u>1,186,081</u>	<u>1,305,310</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Cash and cash equivalents (Continued)**

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

4. INVESTMENTS	NOTE	2018	2017
		\$	\$
Available for sale financial assets:			
- Local Government House Trust		30,934	-
Financial assets at fair value through profit and loss			
At the beginning of the year		-	-
Revaluation to revaluation reserve	11	30,934	-
Disposals		-	-
At the end of the year		30,934	-

Local Government House Trust

This note discloses the equity the Shire has in the Local Government House Trust as a consequence of the contribution towards the cost of purchasing Local Government House. The total contribution by all Councils towards the cost of the WALGA building was \$582,000. There are 620 units in the Local Government House Unit Trust, two (2) of which are held by the Shire of Tammin. This note discloses the Shire's current share in the Local Government House Trust based on the Trust's 30 June 2017 audited financial statements.

#### **4. INVESTMENTS**

##### **SIGNIFICANT ACCOUNTING POLICIES**

###### **Classification and subsequent measurement**

(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) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire 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 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.

(iii) 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.

###### **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).

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.

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.

##### **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

###### **Impairment (Continued)**

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.

###### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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.

###### **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 Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant Replacement	243,287	5,162	-	248,449	243,240	3,170	(25,000)	221,410	319,916	158,371	(235,000)	243,287
Staff Entitlements	25,910	532	-	26,442	25,897	338	-	26,234	25,240	670	-	25,910
Information & Technology	11,428	235	-	11,663	11,422	149	-	11,571	11,133	295	-	11,428
Tamma Village Upgrade & Improvements	19,293	397	-	19,690	19,284	251	-	19,535	18,795	498	-	19,293
Sports, Recreation & Community Facilities Upgrade:	993,063	19,352	(150,000)	862,415	992,101	216,932	(150,000)	1,059,032	450,382	542,681	-	993,063
Bowling Green Replacement Reserve	12,329	253	-	12,582	12,312	12,160	-	24,473	-	12,330	-	12,329
	1,305,310	25,931	(150,000)	1,181,241	1,304,255	233,000	(175,000)	1,362,255	825,465	714,845	(235,000)	1,305,310

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.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Plant Replacement	Ongoing	- To purchase major plant and machinery
Staff Entitlements	Ongoing	- To fund long service leave requirements
Information & Technology	Ongoing	- To fund IT requirements
Tamma Village Upgrade & Improvements	Ongoing	- For maintenance and upgrades of Tamma Village units
Sports, Recreation & Community Facilities Upgrades	Ongoing	- For improvements of Tammin's sport, recreations & community facilities
Bowling Green Replacement Reserve	Ongoing	- For replacement of the synthetic playing surface at the end of its useful life

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**6. TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current		
Rates outstanding	46,254	55,486
Sundry debtors	56,943	105,657
GST receivable	18,533	73,816
Provision for Doubtful Debts	(160)	(2,435)
	<u>121,570</u>	<u>232,524</u>
Non-current		
Rates outstanding - pensioners	13,073	13,073
	<u>13,073</u>	<u>13,073</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired

46,254

55,486

Sundry debtors

Includes:

Past due and not impaired

56,783

103,222

Impaired

160

2,435

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Classification and subsequent measurement**

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.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**7. INVENTORIES**

<u>2018</u>	<u>2017</u>
<u>\$</u>	<u>\$</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 3	138,800	138,800
- Management valuation 2017 - level 3	240,000	240,000
	<u>378,800</u>	<u>378,800</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	12,000	12,000
	<u>12,000</u>	<u>12,000</u>
Total land	<u>390,800</u>	<u>390,800</u>
Buildings - non specialised at:		
- Independent valuation 2017 - level 3	5,967,950	5,967,950
Additions after valuation - cost	93,713	-
Less: accumulated depreciation	(120,220)	-
	<u>5,941,443</u>	<u>5,967,950</u>
Total buildings	<u>5,941,443</u>	<u>5,967,950</u>
Total land and buildings	<u>6,332,243</u>	<u>6,358,750</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	37,700	37,700
Less: accumulated depreciation	(16,208)	(8,104)
	<u>21,492</u>	<u>29,596</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	874,500	874,500
Additions after valuation - cost	301,315	301,315
Less: accumulated depreciation	(295,070)	(140,044)
	<u>880,745</u>	<u>1,035,771</u>
Total property, plant and equipment	<u>7,234,480</u>	<u>7,424,117</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	502,952	-	502,952	9,878,104	9,878,104	10,381,056	37,700	874,500	11,293,256
Additions	-	-	-	-	-	-	-	301,315	301,315
(Disposals)	(28,000)	-	(28,000)	(142,880)	(142,880)	(170,880)	-	-	(170,880)
Revaluation increments/ (decrements) transferred to Revaluation surplus	(96,152)	12,000	(84,152)	(2,338,386)	(2,338,386)	(2,422,538)	-	-	(2,422,538)
Depreciation (expense)	-	-	-	(221,282)	(221,282)	(221,282)	(8,104)	(140,044)	(369,430)
Transfers	-	-	-	(1,207,606)	(1,207,606)	(1,207,606)	-	-	(1,207,606)
Carrying amount at 30 June 2017	378,800	12,000	390,800	5,967,950	5,967,950	6,358,750	29,596	1,035,771	7,424,117
Additions	-	-	-	93,713	93,713	93,713	-	-	93,713
Depreciation (expense)	-	-	-	(120,220)	(120,220)	(120,220)	(8,104)	(155,026)	(283,350)
Carrying amount at 30 June 2018	378,800	12,000	390,800	5,941,443	5,941,443	6,332,243	21,492	880,745	7,234,480

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items ( Net revaluation method)	Independent Valuation	2017	Price per hectare/market borrowing rate
Land - freehold land	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Management Valuation	2017	Price per square meter adjusted for restricted use
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Independent Valuation	2017	Price per square meter adjusted for restricted use
Buildings - non specialised	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Independent Valuation	2017	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments
Furniture and equipment	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Management Valuation	2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
Plant and equipment	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Independent and Management Valuation	2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9 (a). INFRASTRUCTURE

	<u>2018</u>	<u>2017</u>
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	60,041,257	60,041,257
Additions after valuation - cost	1,999,890	1,364,206
Less: accumulated depreciation	<u>(2,536,858)</u>	<u>(1,670,893)</u>
	59,504,289	59,734,570
Footpaths		
- Management valuation 2015 - level 3	211,456	211,456
Additions after valuation - cost	42,948	42,948
Less: accumulated depreciation	<u>(48,016)</u>	<u>(31,056)</u>
	206,388	223,348
Other Infrastructure		
- Management valuation 2015 - level 3	1,840,000	1,840,000
Additions after valuation - cost	1,534,625	1,332,379
Less: accumulated depreciation	<u>(293,881)</u>	<u>(204,710)</u>
	3,080,744	2,967,669
Total infrastructure	<u>62,791,421</u>	<u>62,925,587</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9. INFRASTRUCTURE (Continued)

(b) 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Other Infrastructure	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2016	59,868,755	240,307	1,791,491	61,900,553
Additions	717,431	-	17,081	734,512
Depreciation (Expense)	(851,616)	(16,959)	(48,509)	(917,084)
Transfers	-	-	1,207,606	1,207,606
Carrying amount at 30 June 2017	59,734,570	223,348	2,967,669	62,925,587
Additions	635,684	-	202,246	837,930
Depreciation (Expense)	(865,965)	(16,960)	(89,171)	(972,096)
Carrying amount at 30 June 2018	59,504,289	206,388	3,080,744	62,791,421



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
Other Infrastructure	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**10. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**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.

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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

**Revaluation**

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

**Land under control**

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

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

**Land under roads**

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**10. FIXED ASSETS (Continued)**

(a) Disposals of Assets

The Shire disposed of no assets during the current reporting period.

(b) Depreciation

	<u>2018</u>	<u>2017</u>
	\$	\$
Buildings - non specialised	120,220	221,282
Furniture and equipment	8,104	8,104
Plant and equipment	155,026	140,044
Infrastructure - Roads	865,965	851,616
Footpaths	16,960	16,959
Other Infrastructure	89,171	48,509
	<u>1,255,446</u>	<u>1,286,514</u>

(c) Depreciation (Continued)

**SIGNIFICANT ACCOUNTING POLICIES**

**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:

- 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
- The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Depreciation rates**

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	Not Depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	Not Depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed) formation	Not Depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	Not Applicable
Water supply piping and drainage systems	Not Applicable
Other Infrastructure	10 to 50 years

**Depreciation (Continued)**

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.

11. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	5,992,673	-	-	-	5,992,673	8,415,211	-	(2,422,538)	(2,422,538)	5,992,673
Revaluation surplus - Furniture and equipment	151,711	-	-	-	151,711	151,711	-	-	-	151,711
Revaluation surplus - Plant and equipment	700,276	-	-	-	700,276	700,276	-	-	-	700,276
Revaluation surplus - Infrastructure - Roads	58,832,713	-	-	-	58,832,713	58,832,713	-	-	-	58,832,713
Revaluation surplus - Other Infrastructure	1,393,748	-	-	-	1,393,748	1,393,748	-	-	-	1,393,748
Revaluation surplus - Local Govt House	-	30,934	-	30,934	30,934	-	-	-	-	-
	67,071,121	30,934	-	30,934	67,102,055	69,493,659	-	(2,422,538)	(2,422,538)	67,071,121

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**12. TRADE AND OTHER PAYABLES**

	<b>2018</b>	<b>2017</b>
	<u>\$</u>	<u>\$</u>
Current		
Sundry creditors	53,137	51,931
Accrued interest on long term borrowings	4,573	75
ATO liabilities	32,392	8,328
Payroll Creditors	-	58
Other Agencies	13,329	13,349
Rates Paid in Advance	30,981	7,612
	<u>134,412</u>	<u>81,353</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

**Trade and other payables (Continued)**

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

13. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>								
Loans 79 & 80	158,073	-	13,597	13,597	144,477	174,564	5,849	3,566
<b>Recreation and culture</b>								
Loan 81	118,507	-	5,863	5,863	112,644	112,644	3,117	1,594
<b>Transport</b>								
Loan 78	75,935	-	11,569	11,569	64,366	109,498	3,603	2,553
	<u>352,515</u>	-	<u>31,029</u>	<u>31,029</u>	<u>321,487</u>	<u>396,706</u>	<u>12,569</u>	<u>7,713</u>

All loan repayments were financed by general purpose revenue.

Borrowings	2018	2017
	\$	\$
Current	50,828	49,537
Non-current	270,659	302,978
	<u>321,487</u>	<u>352,515</u>



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

13. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

The Shire had no new borrowings during the current reporting period.

(c) Unspent Borrowings

The Shire had no unspent borrowings as at the end of the current reporting period.

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

**Total amount of credit unused**

Loan facilities

Loan facilities - current

Loan facilities - non-current

**Total facilities in use at balance date**

Unused loan facilities at balance date

	<b>2018</b>	<b>2017</b>
	\$	\$
	100,000	100,000
	-	-
	20,000	20,000
	<u>(3,069)</u>	<u>(251)</u>
	116,931	119,749
	50,828	49,537
	<u>270,659</u>	<u>302,978</u>
	321,487	352,515
	NIL	NIL

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

14. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	41,737	44,610	86,347
Non-current provisions	-	42,592	42,592
	41,737	87,202	128,939
Additional provision	46,116	(1,412)	44,704
Amounts used	(56,590)	(25,974)	(82,564)
Balance at 30 June 2018	31,263	59,816	91,079
Comprises			
Current	31,263	52,844	84,107
Non-current	-	6,972	6,972
	31,263	59,816	91,079

Annual Leave Liabilities:

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	31,263	41,737
More than 12 months after the end of the reporting period	-	-
	31,263	41,737

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long Service Leave Liabilities:

Unconditional long service leave provisions are classified as current liabilities as the Shire does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Preconditional & conditional long service leave provisions are classified as non-current liabilities because the Shire has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	16,000	44,610
More than 12 months after the end of the reporting period	43,816	42,592
	59,816	87,202

The provision for long service leave are calculated at present value as the Shire does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**14. PROVISIONS (CONTD)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

**Short-term employee benefits**

Provision is made for the Shire'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 Shire'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 Shire'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

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

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

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

**Provisions**

Provisions are recognised when the Shire 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.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	1,989,656	1,385,559	1,772,187
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(201,459)	(1,109,594)	(26,453)
Non-cash flows in Net result:			
Depreciation	1,255,446	1,300,780	1,286,514
(Profit)/loss on sale of asset	-	-	154,337
Changes in assets and liabilities:			
(Increase)/decrease in receivables	110,954	130,000	(46,434)
Increase/(decrease) in payables	53,059	(30,000)	(141,261)
Increase/(decrease) in provisions	(37,860)	-	16,005
Grants contributions for the development of assets	(498,576)	(527,222)	(559,637)
Net cash from operating activities	681,564	(236,036)	683,072

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	25,383	-
General purpose funding	938,218	511,827
Law, order, public safety	-	14,152
Education and welfare	1,302,496	1,272,114
Housing	951,210	988,793
Community amenities	323,190	321,327
Recreation and culture	6,155,940	6,120,501
Transport	60,873,348	61,395,598
Economic services	66,907	72,149
Other property and services	1,460,667	1,433,194
Unallocated	83,775	237,833
	<u>72,181,134</u>	<u>72,367,488</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**17. CONTINGENT LIABILITIES**

There Shire is not aware of any reportable contingent liabilities as at the reporting date.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**18. CAPITAL COMMITMENTS**

There Shire had no capital commitments as at the reporting date.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**19. JOINT VENTURE ARRANGEMENTS**

The Shire has no Joint Venture arrangements as at the reporting date.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**20. Investment in Associates**

The Shire has no investment in associates as at the financial year ended 2017/2018

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	7,005	11,000	6,600
Mayor/President's allowance	2,400	2,400	2,400
Deputy Mayor/President's allowance	600	600	600
Travelling expenses	1,724	2,000	1,501
	<u>11,729</u>	<u>16,000</u>	<u>11,101</u>

Key Management Personnel (KMP) Compensation Disclosure

	<b>2018</b>	<b>2017</b>
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	344,780	335,954
Post-employment benefits	23,462	19,433
Other long-term benefits	5,171	13,188
Termination benefits	-	6,058
	<u>373,413</u>	<u>374,632</u>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent annual leave and long service benefits accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**21. RELATED PARTY TRANSACTIONS (Continued)**

Transactions with related parties

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

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

The following transactions occurred with related parties:	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Purchase of goods from parties related to Key Management Personnel	1,907	-
Purchase of services from parties related to Key Management Personnel	29,428	45,735

Related Parties

The Shire's main related parties are as follows:

- i. Key management personnel*  
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Entities subject to significant influence by the Shire*  
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>							
DLG CEO Sharing Grant	807	-	(807)	-	-	-	-
<b>Law, order, public safety</b>							
Fire Prevention	-	-	-	-	15,000	(10,160)	4,840
<b>Community amenities</b>							
Waste Site Identification Grant	50,000	-	(50,000)	-	-	-	-
<b>Recreation and culture</b>							
Dept. Sport & Recreation - Bowling Grant	-	34,241	(34,241)	-	24,000	(24,000)	-
Lotterywest 2	-	-	-	-	25,300	(25,300)	-
<b>Transport</b>							
MRWA Regional Road Group (RRG) - Specified	-	160,396	(160,396)	-	190,741	(190,741)	-
Roads to Recovery	68,108	365,000	(433,108)	-	268,835	(268,835)	-
<b>Other property and services</b>							
Workforce Plan	60	-	(60)	-	-	-	-
Awake Grant	882	-	(882)	-	-	-	-
Red Card Grant	750	-	(750)	-	-	-	-
<b>Total</b>	<b>120,607</b>	<b>559,637</b>	<b>(680,244)</b>	<b>-</b>	<b>523,876</b>	<b>(519,036)</b>	<b>4,840</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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	2017 Actual Total Revenue \$
Differential general rate / general rate												
<b>Gross rental valuations</b>												
Gross Rental Value	0.1175	86	783,796	92,096	153	-	92,249	92,051	-	-	92,051	84,785
<b>Unimproved valuations</b>												
Unimproved Value	0.0154	168	59,058,500	909,501	-	-	909,501	907,137	-	-	907,137	859,818
Sub-Total		254	59,842,296	1,001,597	153	-	1,001,750	999,187	-	-	999,187	944,603
Minimum payment	Minimum \$											
<b>Gross rental valuations</b>												
Gross Rental Value	525	46	23,707	24,150	-	-	24,150	24,150	-	-	24,150	24,750
<b>Unimproved valuations</b>												
Unimproved Value	525	27	530,200	14,175	-	-	14,175	14,175	-	-	14,175	10,395
Sub-Total		73	553,907	38,325	-	-	38,325	38,325	-	-	38,325	35,145
		327	60,396,203	1,039,922	153	-	1,040,075	1,037,512	-	-	1,037,512	979,748
Discounts/concessions (refer note 24(d))							(43,622)				(48,000)	(35,449)
Total amount raised from general rate							996,453				989,512	944,299
Ex-gratia rates							7,040				6,600	6,642
Totals							1,003,493				996,112	950,941

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not levy a specified area rate during the current reporting period.

(c) Service Charges

The Shire did not impose any service charges during the current reporting period.

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount	Discount	2018 Actual	2018 Budget	2017 Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$		
Rates Discount	5.00	-	43,622	48,000	35,449	Discount for prompt payment of rates if paid in full within 35 days of issue.
			43,622	48,000	35,449	

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	13-Sep-17	-	-	11.00
<b>Option Two</b>				
First instalment	13-Sep-17	4.00	5.50	11.00
Second instalment	13-Nov-17	4.00	5.50	11.00
Third instalment	12-Jan-18	4.00	5.50	11.00
Fourth instalment	13-Mar-18	4.00	5.50	11.00
			<b>2018</b>	<b>2018</b>
			<b>Budget</b>	<b>Actual</b>
			\$	\$
Interest on unpaid rates			5,488	6,570
Interest on instalment plan			1,219	1,422
Charges on instalment plan			1,740	1,080
			<b>8,447</b>	<b>9,072</b>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

25. NET CURRENT ASSETS

Composition of net current assets

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	711,466	531,702	531,702
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	803,575	466,877	466,877
Restricted	1,186,081	1,305,310	1,305,310
Receivables			
Rates outstanding	46,254	55,486	47,874
Sundry debtors	56,943	105,657	105,657
GST receivable	18,533	73,816	73,816
Provision for Doubtful Debts	(160)	(2,435)	(2,435)
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(53,137)	(51,931)	(51,931)
Accrued interest on long term borrowings	(4,573)	(75)	(75)
ATO liabilities	(32,392)	(8,328)	(8,328)
Payroll Creditors	-	(58)	(58)
Other Agencies	(13,329)	(13,349)	(13,349)
GST Payable	-	-	-
Rates Paid in Advance	(30,981)	(7,612)	-
Current portion of long term borrowings	(50,828)	(49,537)	(49,537)
Provisions			
Provision for annual leave	(31,263)	(41,737)	(41,737)
Provision for long service leave	(52,844)	(44,610)	(44,610)
Unadjusted net current assets	1,841,879	1,787,475	1,787,475
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,181,241)	(1,305,310)	(1,305,310)
Add: Current portion of long term borrowings	50,828	49,537	49,537
Adjusted net current assets - surplus/(deficit)	711,466	531,702	531,702

**Difference**

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**26. FINANCIAL RISK MANAGEMENT**

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

The Shire 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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,989,656	1,772,187	1,989,656	1,772,187
Receivables	134,643	245,597	134,643	245,597
	<u>2,155,233</u>	<u>2,017,784</u>	<u>2,124,299</u>	<u>2,017,784</u>
<b>Financial liabilities</b>				
Payables	134,412	81,353	134,412	81,353
Borrowings	321,487	352,515	332,250	352,515
	<u>455,899</u>	<u>433,868</u>	<u>466,662</u>	<u>433,868</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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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 is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	<u>2018</u>	<u>2017</u>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash	\$	\$
- Equity	19,897	17,722
- Statement of Comprehensive Income	19,897	17,722

Notes:

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

(b) Receivables

The Shire'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. The Shire 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 the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire 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.

The Shire 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 Shire's credit risk at balance date was:

	<u>2018</u>	<u>2017</u>
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables*		
- Current	95.47%	99.00%
- Overdue	4.53%	1.00%

*\*The amount of receivables excludes the GST recoverable from the ATO Statutory Receivable).*

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Ageing Analysis of Receivables

	Carrying Amount	Not past due and not impaired	Up to 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Impaired Receivables
<b>2018</b>								
Receivables*	116,110	55,014	86	1,220	1,584	58,365	-	(160)
	116,110	55,014	86	1,220	1,584	58,365	-	(160)
<b>2017</b>								
Receivables*	171,781	103,343	1,190	206	918	68,559	-	(2,435)
	171,781	103,343	1,190	206	918	68,559	-	(2,435)

\* The amount of receivables excludes the gst recoverable for the ATO (statutory receivable)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and 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. The Shire 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 the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables*	103,431	-	-	103,431	134,412
Borrowings	61,846	207,751	75,735	345,332	321,487
	<u>165,277</u>	<u>207,751</u>	<u>75,735</u>	<u>448,763</u>	<u>455,899</u>
<b>2017</b>					
Payables*	73,741	-	-	73,741	81,353
Borrowings	61,846	231,667	106,145	399,658	352,515
	<u>135,587</u>	<u>231,667</u>	<u>106,145</u>	<u>473,399</u>	<u>433,868</u>

\*The amount of payables excludes the GST payable to the ATO (Statutory Payable)



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and borrowings (Continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire 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:

<u>Year ended 30 June 2018</u>	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	56,930	66,666	55,722	42,175	27,590	72,404	321,487	3.60%
Weighted average Effective interest rate	3.79%	3.96%	3.93%	3.67%	3.09%	3.01%		
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Long term borrowings	31,028	56,930	66,666	55,722	42,175	99,994	352,515	3.64%
Weighted average Effective interest rate	4.07%	3.79%	3.96%	3.93%	3.67%	3.03%		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

27. 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:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Licensing	2,796	104,096	(103,228)	3,664
Bonds	2,960	2,560	(3,160)	2,360
Kidsport	3,000	-	(345)	2,655
Unclaimed monies	6,603	-	-	6,603
Building Levy	-	676	(619)	57
Other	11,756	200	-	11,956
	27,115	107,532	(107,353)	27,294

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

28. 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 Shire.

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standard

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i)	AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities		1 January 2017
(ii)	AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities		1 January 2017



## 29. SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

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

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

### b) Current and non-current classification

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 Shire's operational cycle. In the case of liabilities where the Shire 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 Shire's intentions to release for sale.

### c) Rounding off figures

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

### d) Comparative figures

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

When the Shire 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.

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

The Shire 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 Shire are consistent with one or more of the following valuation approaches:

#### Market approach

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

#### Income approach

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

#### Cost approach

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

### i) Impairment of assets

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

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

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

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



30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance to 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	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	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.
HOUSING	To provide housing to staff.	Staff housing, provision of general rental accommodation when buildings not required by staff.
COMMUNITY AMENITIES	To provide services required by the community.	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	To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance of public halls, civic centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycleways and parking facilities.
ECONOMIC SERVICES	To help promote the Shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed
OTHER PROPERTY AND SERVICES	To monitor and control Council's overhead operating accounts.	Private works operation, plant repair and operation costs, housing and engineering operation costs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

31. FINANCIAL RATIOS	2018	2017	2016
Current ratio	3.81	5.61	2.56
Asset consumption ratio	0.93	0.97	0.98
Asset renewal funding ratio	0.47	0.60	1.25
Asset sustainability ratio	0.60	0.35	0.99
Debt service cover ratio	13.03	11.45	(7.80)
Operating surplus ratio	(0.50)	(0.51)	(1.66)
Own source revenue coverage ratio	0.44	0.34	0.34

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

# INDEPENDENT AUDITORS REPORT FINANCIAL YEAR ENDED 30 JUNE 2018



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Tammin

#### Report on the Audit of the Financial Report

##### **Opinion**

I have audited the annual financial report of the Shire of Tammin which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Tammin:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

##### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

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

##### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

***Auditor's Responsibility for the Audit of the Financial Report***

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



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

In accordance with the *Local Government (Audit) Regulations 1996* I report that:

- (i) In my opinion, the following matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years.

The financial ratios are reported in Note 31.

- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law was identified during the course of my audit:
  - a. A review in relation to the appropriateness and effectiveness of the Council's systems and procedures in relation to risk management, internal controls and legislative compliance was not completed at least once every two calendar years as required by Regulation 17 of the *Local Government (Audit) Regulations 1996*
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### **Other Matter**

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 31 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

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

This auditor's report relates to the annual financial report of the Shire of Tammin for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
31 January 2019



**SHIRE OF TAMMIN**  
OUR AIM IS PROGRESS

# ANNUAL REPORT

## 2017-2018

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### Vision

A place for people, a place for community.

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### Shire Info



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