



**SHIRE OF TAMMIN**  
OUR AIM IS PROGRESS

# ANNUAL REPORT

## 2018-2019

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### Vision

A place for people, a place for community.

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### Shire Info



1 Donnan Street,  
TAMMIN WA 6409



(08) 9637 0300



[shire@tammin.wa.gov.au](mailto:shire@tammin.wa.gov.au)



The Tammin Town Hall built circa 1911. The hall is a significant focal point and public venue for residents of the Shire .



**SHIRE OF TAMMIN**  
OUR AIM IS PROGRESS

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## A MESSAGE FROM THE SHIRE PRESIDENT

2018/2019 has been a year of changes for the Shire of Tammin.

The Shared Resource Agreement in place with the neighbouring Shire of Cunderdin has come to an end following cancellation of the Shared CEO agreement by the Shire of Cunderdin as at the end of June 2019 as well as they have also cancelled the Shared Manager of Works & Services Agreement a month later. We are proud to have the former shared CEO Mr. Neville Hale elect to work exclusively with the Shire of Tammin moving forward.

As a Council, we committed ourselves in the 2018/19 Budget to improve the sporting facilities available to the Tammin Community, evidence of which can be seen with the new oval safety bollards, increased seating area inside the pavilion, new stainless steel kitchen facilities, improvements to the ladies change rooms and basketball court fencing. Additional upgrades to these facilities are planned in FY2019/2020.

Investment in roads continues to be a strong focus of Council's with the majority of the Shire's operating and capital investment set aside for this purpose. Roads the subject of significant investment in FY2018/2019 included the Tammin-Wyalkatchen Road, Ralston Road, McLaren Street, Turon Road, Leslie Road and Chappell Wheeldon Road. This investment was delivered consistent with budget forecasts.



**Michael D Greenwood**  
Shire President

A handwritten signature in black ink, appearing to read 'Michael D Greenwood'. The signature is fluid and cursive, written over a light blue horizontal line.

**Michael D Greenwood**



# CHIEF EXECUTIVE OFFICER REPORT

The 2018/19 financial year was one of progress driven by a community seeking improvement to facilities at a manageable cost. In this regard the following projects were undertaken, often with the input of local groups and individuals:

- Renovated the public toilets at the rear of the Town Hall, more works programmed for 2019/20;
- Renovated the Recreation Pavilion, including a new kitchen with stainless steel benches;
- Installed new pumps and pontoon at the Town Dam and Depot;
- Installed new bollards and seating around the Tammin Oval;
- New fencing installed around the Basketball Courts and Kadjinyiny Kep; and,
- Renovations to two Tamma Village Units.

The Shire had previously been provided with a RV waste disposal unit and following assessment of options for its location, it was installed adjacent to the recreation area off Tammin-Wyalkatchem Road with the assistance of a \$14,000 grant from the Commonwealth's Stronger Communities Fund.

Road works are always a major focus of Wheatbelt Shires like ours and in this regard I am pleased to report that with the assistance of the Regional Road Group and Roads to Recovery funding programmes, works to the cost of \$633,031 were completed during the financial year. This included the following road investment:

Leslie Road	2km re-sheeting
Chappell-Wheeldon Road	2km re-sheeting
Turon Road	2km re-sheeting
Tammin – Wyalkatchem Road	8.115km re-seal
McLaren Street	350m Re-seal
Ralston Road	2.8km widened and re-sealed

In addition to the above, the Shire's works crew completed its maintenance grading and drainage improvement programme across the Shire. A number of one-off issues with the delivery of works were identified by the staff and they expect to increase outcomes for the following years.

The role of shared CEO with the Shire of Cunderdin was reviewed in early 2019 and it was agreed by both Councils, that despite the best efforts of all involved, the arrangement be discontinued as from 1 July 2019. Under the contract arrangements in place, the CEO resigned from his contract with the Shire of Cunderdin but continued with the Shire of Tammin under the provisions of his separate contract arrangement with the this Shire. Furthermore, Mr Fabian Houbrechts continued in the position of Shared Manager of Works and Services for the Shires of Cunderdin and Tammin and this arrangement ended on the 31st July 2019. Following the required recruitment procedures being undertaken, Mr Houbrechts has been appointed to the position of Manager of Works & Services for the Shire of Tammin, a position he will take up next financial year as from 1 August 2019.

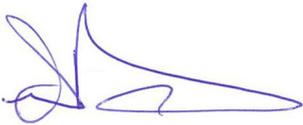


**Neville A Hale**  
**Chief Executive Officer**

# CHIEF EXECUTIVE OFFICER REPORT *(CONTINUED)*

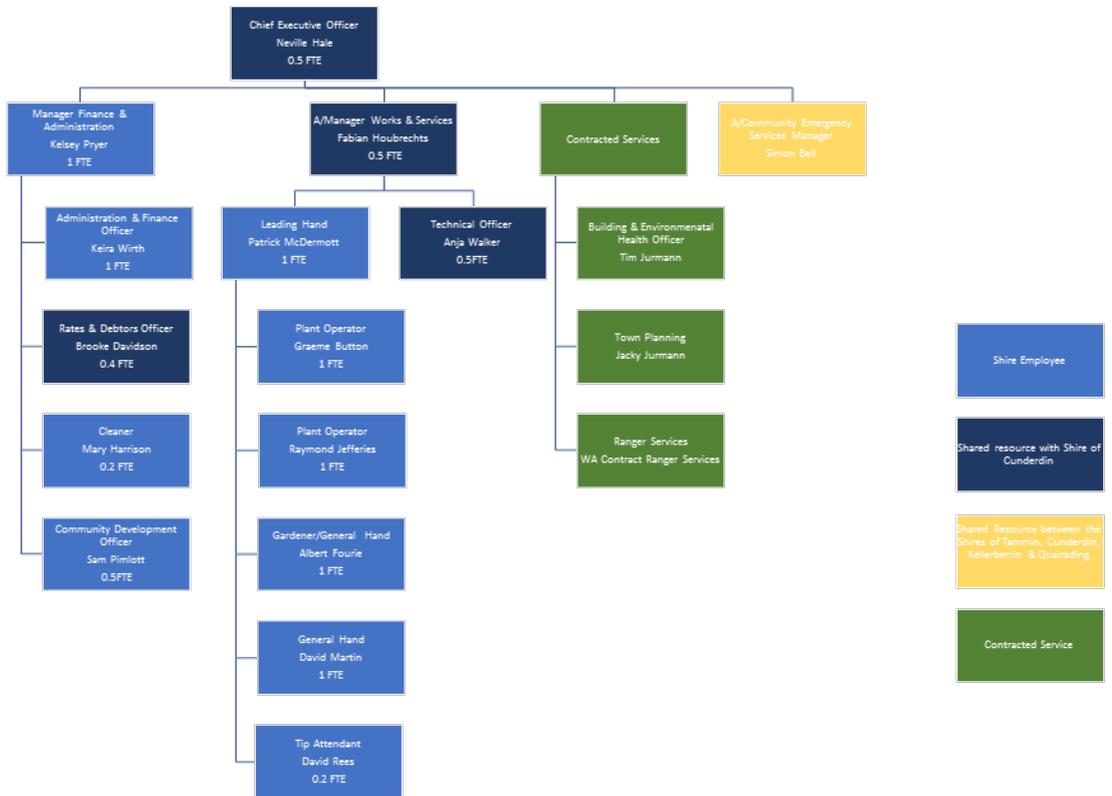
As is often the case with local government, there have been some Staff changes over the past year which saw the appointment of Simon Bell as Acting Shared Community Emergency Services Manager (CESM) whilst Mr Daniel Birleson was away on deployment with other DFES tasks. Other staff members that have left us are Sarah Symons (CDO), Georgie Crane (Admin), Nelia McDonald (Cleaner). We welcomed the following new staff, Sam Pimlott (CDO), Keira Wirth (Admin) and Mary Harrison (Cleaner).

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.



**Neville A Hale**

# ORGANISATION STRUCTURE



The Shire of Tammin presented a 'Musical Luncheon for Seniors' at the Tammin Town Hall in September 2019. 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, Fuse Festival, Seniors Luncheon, Silent Disco 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.

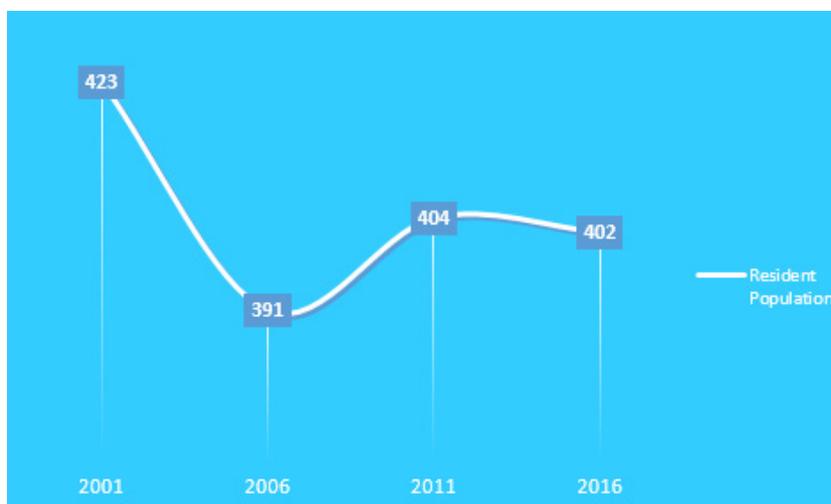
The name 'Tammin' means grandmother or grandfather according to the 'Descriptive Vocabulary of Aboriginies of WA' by G F Moore. Other theories are that Tammin was named after the Tamma, a small animal that once inhabited the area or the Tamma bush which grows throughout the district.

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

## POPULATION

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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 President.



**CR. MICHAEL  
GREENWOOD**

President, Term Expiry 2021

Mobile: 0438 116 044  
Email: [crgreenwood@tammin.wa.gov.au](mailto:crgreenwood@tammin.wa.gov.au)



**CR. DONALD  
THOMSON**

Deputy, Term Expiry 2019

Mobile: 0417 452 005  
Email: [crthomson@tammin.wa.gov.au](mailto:crthomson@tammin.wa.gov.au)



**CR. GLENICE  
BATCHELOR**

Councillor, Term Expiry 2019

Mobile: 0428 371 221  
Email: [crbatchelor@tammin.wa.gov.au](mailto:crbatchelor@tammin.wa.gov.au)



**CR. NICK CAFFELL**

Councillor, Term Expiry 2021

Mobile: 0429 452 035  
Email: [crcaffell@tammin.wa.gov.au](mailto:crcaffell@tammin.wa.gov.au)



**CR. TANIA DANIELS**

Councillor, Term Expiry 2021

Mobile: 0428 741 900  
Email: [crdaniels@tammin.wa.gov.au](mailto:crdaniels@tammin.wa.gov.au)

**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 2019 Council member attendance at all eleven (11) Council meetings and two (2) Special and Council Committee meetings is documented below:

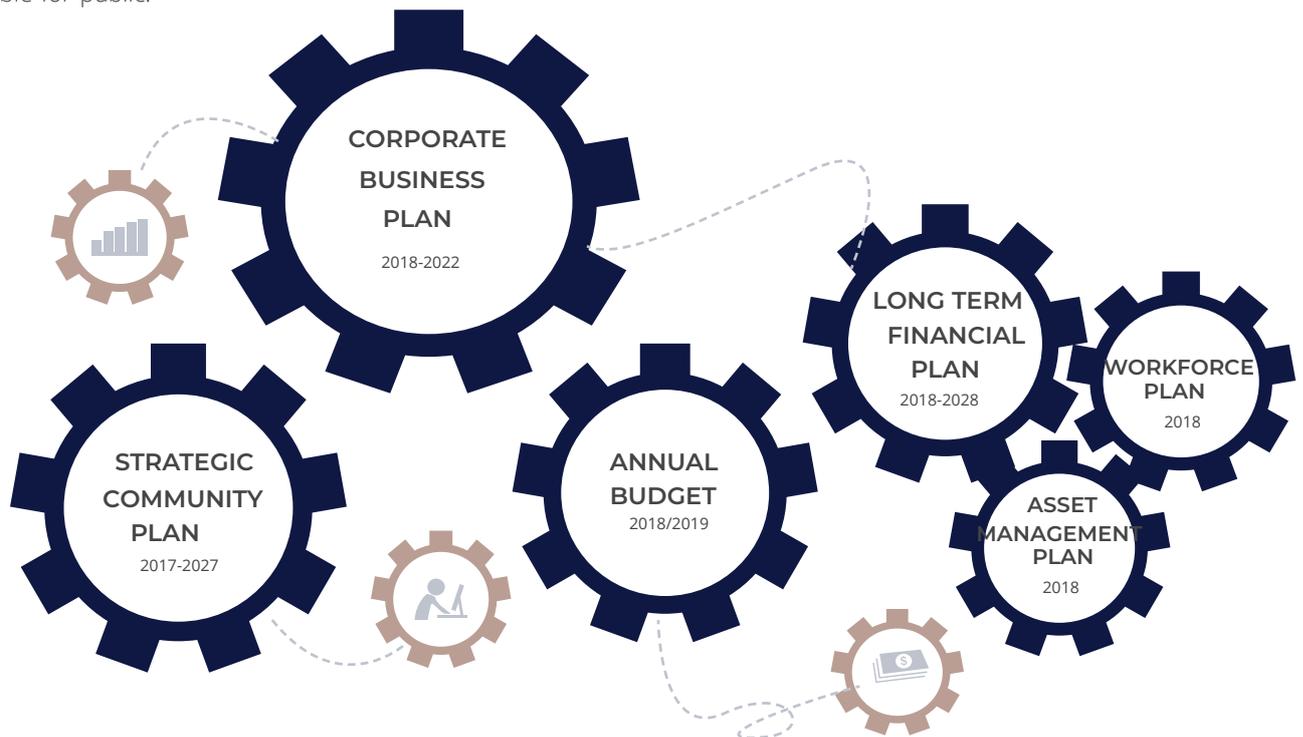
COUNCILLOR	COUNCIL MEETINGS	SPECIAL COUNCIL MEETINGS & GENERAL MEETING OF ELECTORS	OTHER COUNCIL COMMITTEES
Cr. Greenwood	11	2	7
Cr. Thomson	9	2	7
Cr. Batchelor	10	3	3
Cr. Caffell	10	2	4
Cr. Daniels	10	3	-



The Shire of Tammin's Fuse Festival held April 2019 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.

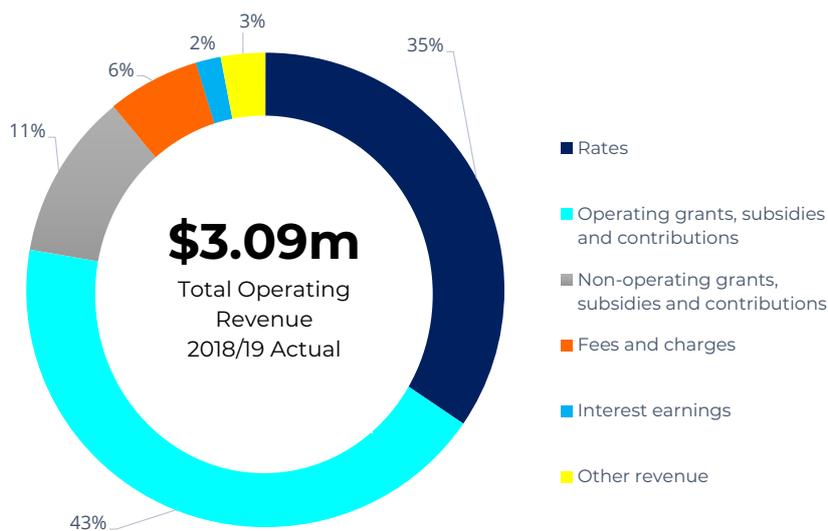
2018-2019

# FINANCIAL SUMMARY

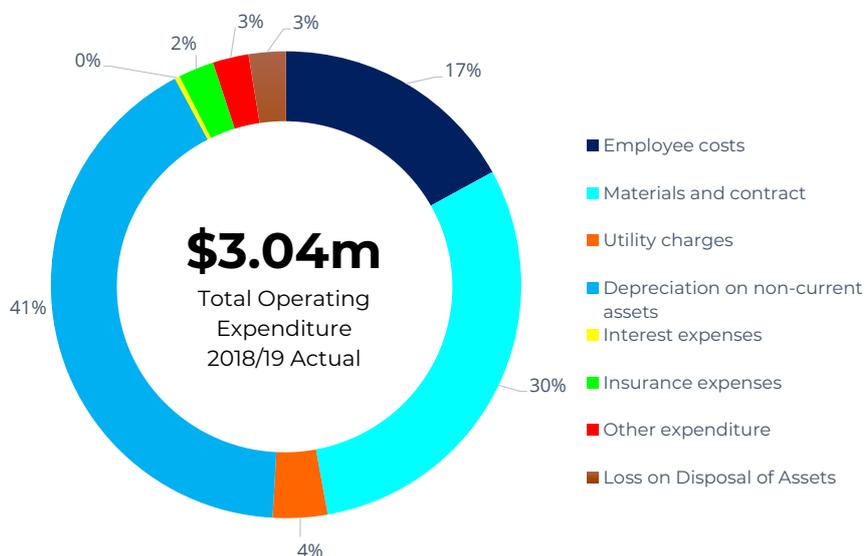
To deliver the objectives of the Strategic Community Plan the Shire requires many resources. These resources require funding, and the Shire derives this funding from different sources including rates, government grants and fees and charges.

The Annual Report presents the Shire's audited Annual Financial Statements for the year ending 30 June 2019 in the later pages of this report. A graphical representation of the Shire of Tammin's financial results for FY 2018-2019 is provided below.

Statement of Comprehensive Income - Revenue by Nature or Type

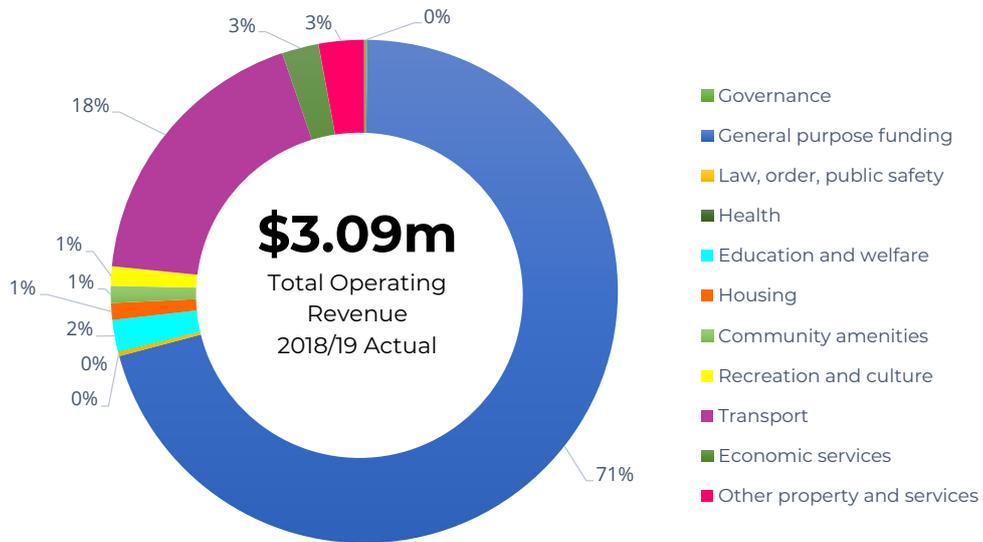


Statement of Comprehensive Income - Expenditure by Nature or Type

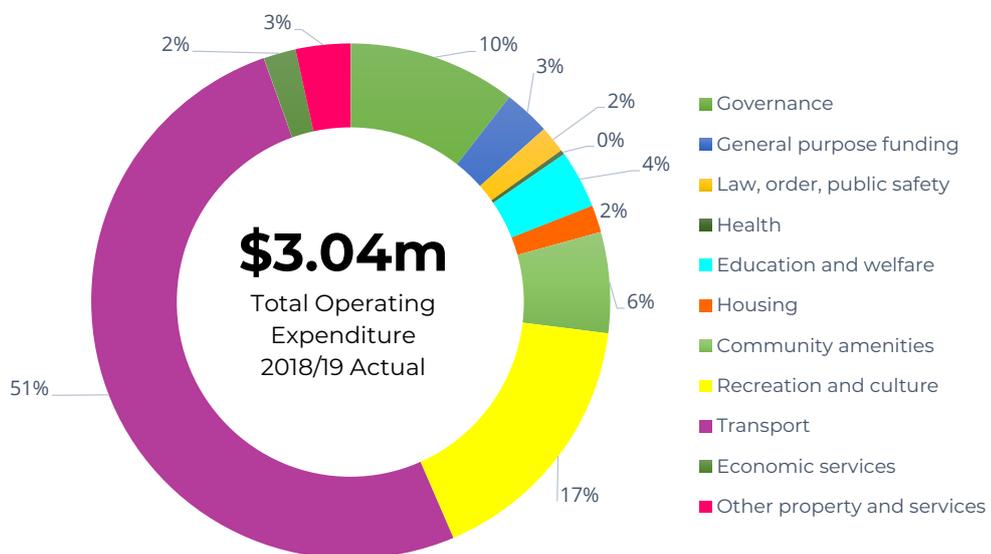


# 2018-2019 FINANCIAL SUMMARY *(CONTINUED)*

## Statement of Comprehensive Income - Revenue by Program



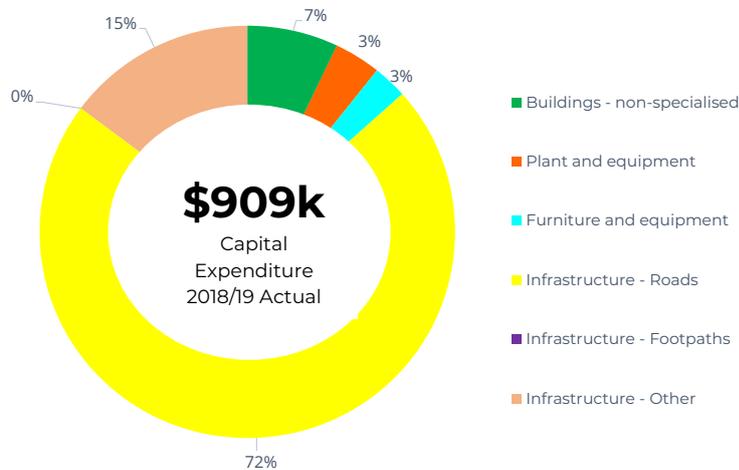
## Statement of Comprehensive Income- Expenditure by Program



# 2018-2019 FINANCIAL SUMMARY *(CONTINUED)*

A summary of the Shire of Tammin's key capital expenditure projects in FY2018-2019 is provided below:

Capital Project	Expenditure (\$)
Tamma Village Building Renewal / Upgrades	\$15,800
Public Toilet Renovations	\$24,600
Donnan Park Sporting Facility Upgrades (Fencing, Lighting, Kitchen Facilities Pavilion Kitchen Renovations)	\$125,400
Multipurpose Courts - Renewal / Upgrades	\$153,000
Roads (excluding road maintenance)	\$651,000



The Shire of Tammin's Donnan Park facility (above) underwent a major upgrade during FY2018-2019 which has seen the installation of new bollards and seating around the oval and installation of new kitchen benchtops, shelving & appliances.

# 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 FY2018-2019 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 FY2018-2019 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 2019

**SHIRE OF TAMMIN**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2019**



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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 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Tammin at 30 June 2019 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 11 day of December 2019



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Chief Executive Officer  
Neville Hale



STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	20(a)	1,068,393	1,064,163	1,003,493
Operating grants, subsidies and contributions	2(a)	1,338,172	585,937	1,096,237
Fees and charges	2(a)	193,884	151,058	144,628
Interest earnings	2(a)	52,357	34,900	35,448
Other revenue	2(a)	92,875	160,630	217,883
		<u>2,745,681</u>	<u>1,996,688</u>	<u>2,497,689</u>
<b>Expenses</b>				
Employee costs		(516,399)	(758,888)	(677,306)
Materials and contracts		(917,386)	(1,132,348)	(1,040,727)
Utility charges		(114,391)	(52,680)	(92,446)
Depreciation on non-current assets	9(b)	(1,254,221)	(1,240,370)	(1,255,446)
Interest expenses	2(b)	(10,273)	(10,965)	(12,569)
Insurance expenses		(74,950)	(62,479)	(61,030)
Other expenditure		(74,952)	(33,850)	(58,200)
		<u>(2,962,572)</u>	<u>(3,291,580)</u>	<u>(3,197,724)</u>
		(216,891)	(1,294,892)	(700,035)
Non-operating grants, subsidies and contributions	2(a)	350,865	351,617	498,576
(Loss) on asset disposals	9(a)	(77,641)	(3,000)	-
		<u>273,224</u>	<u>348,617</u>	<u>498,576</u>
Net result for the period		<u>56,333</u>	<u>(946,275)</u>	<u>(201,459)</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	(37,660,723)	-	30,934
Total other comprehensive income/(loss) for the period		<u>(37,660,723)</u>	<u>-</u>	<u>30,934</u>
Total comprehensive loss for the period		<u>(37,604,390)</u>	<u>(946,275)</u>	<u>(170,525)</u>

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



STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>	2(a)			
Governance		6,000	-	-
General purpose funding		2,188,263	1,580,325	2,062,829
Law, order, public safety		8,639	3,700	3,303
Health		658	948	298
Education and welfare		62,950	79,624	71,031
Housing		33,298	38,400	32,827
Community amenities		33,749	30,176	29,586
Recreation and culture		26,524	34,385	30,852
Transport		223,109	47,400	49,206
Economic services		72,551	42,150	8,169
Other property and services		89,940	139,580	209,588
		<b>2,745,681</b>	<b>1,996,688</b>	<b>2,497,689</b>
<b>Expenses</b>	2(a)			
Governance		(317,951)	(271,757)	(282,742)
General purpose funding		(88,538)	(95,269)	(51,406)
Law, order, public safety		(38,284)	(32,597)	(18,923)
Health		(8,707)	(9,405)	(10,716)
Education and welfare		(110,790)	(130,099)	(121,531)
Housing		(46,673)	(61,439)	(80,359)
Community amenities		(166,274)	(254,309)	(192,978)
Recreation and culture		(479,238)	(526,579)	(418,585)
Transport		(1,544,140)	(1,672,798)	(1,703,212)
Economic services		(57,522)	(78,203)	(40,207)
Other property and services		(94,182)	(148,160)	(264,496)
		<b>(2,952,299)</b>	<b>(3,280,615)</b>	<b>(3,185,155)</b>
<b>Finance Costs</b>	2(b)			
Housing		(4,920)	(5,258)	(5,849)
Recreation and culture		(2,788)	(2,950)	(3,117)
Transport		(2,565)	(2,757)	(3,603)
		<b>(10,273)</b>	<b>(10,965)</b>	<b>(12,569)</b>
		<b>(216,892)</b>	<b>(1,294,892)</b>	<b>(700,035)</b>
Non-operating grants, subsidies and contributions	2(a)	350,865	351,617	498,576
(Loss) on disposal of assets	9(a)	(77,641)	(3,000)	-
		<b>273,224</b>	<b>348,617</b>	<b>498,576</b>
<b>Net result for the period</b>		<b>56,333</b>	<b>(946,275)</b>	<b>(201,459)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	(37,660,723)	-	30,934
<b>Total other comprehensive income/(loss) for the period</b>		<b>(37,660,723)</b>	<b>-</b>	<b>30,934</b>
<b>Total comprehensive loss for the period</b>		<b>(37,604,390)</b>	<b>(946,275)</b>	<b>(170,525)</b>

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



## STATEMENT OF FINANCIAL POSITION

	NOTE	2019	2018
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,034,521	808,416
Trade receivables	5	114,889	121,570
Other financial assets at amortised cost	6(a)	1,388,964	1,181,240
<b>TOTAL CURRENT ASSETS</b>		<b>2,538,374</b>	<b>2,111,226</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	17,670	13,073
Other financial assets	6(b)	30,934	30,934
Property, plant and equipment	7	7,031,164	7,234,480
Infrastructure	8	24,895,375	62,791,421
<b>TOTAL NON-CURRENT ASSETS</b>		<b>31,975,143</b>	<b>70,069,908</b>
<b>TOTAL ASSETS</b>		<b>34,513,517</b>	<b>72,181,134</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	115,820	134,412
Borrowings	12(b)	72,769	50,828
Employee related provisions	13	85,623	84,107
<b>TOTAL CURRENT LIABILITIES</b>		<b>274,212</b>	<b>269,347</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12(b)	197,889	270,659
Employee related provisions	13	11,650	6,972
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>209,539</b>	<b>277,631</b>
<b>TOTAL LIABILITIES</b>		<b>483,751</b>	<b>546,978</b>
<b>NET ASSETS</b>		<b>34,029,766</b>	<b>71,634,156</b>
<b>EQUITY</b>			
Retained surplus		3,203,932	3,350,860
Reserves - cash backed	4	1,384,502	1,181,241
Revaluation surplus	10	29,441,332	67,102,055
<b>TOTAL EQUITY</b>		<b>34,029,766</b>	<b>71,634,156</b>

\* See note 26 for details regarding the restatement as a result of an error

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



## STATEMENT OF CHANGES IN EQUITY

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>		<b>3,428,250</b>	<b>1,305,310</b>	<b>67,071,121</b>	<b>71,804,681</b>
Comprehensive income					
Net result for the period		(201,459)	-	-	(201,459)
Other comprehensive income	10	-	-	30,934	30,934
Total comprehensive income/(loss)		(201,459)	-	30,934	(170,525)
Transfers from/(to) reserves		124,069	(124,069)	-	-
<b>Balance as at 30 June 2018</b>		<b>3,350,860</b>	<b>1,181,241</b>	<b>67,102,055</b>	<b>71,634,156</b>
Comprehensive income					
Net result for the period		56,333	-	-	56,333
Other comprehensive loss	10	-	-	(37,660,723)	(37,660,723)
Total comprehensive income/(loss)		56,333	-	(37,660,723)	(37,604,390)
Transfers from/(to) reserves		(203,261)	203,261	-	-
<b>Balance as at 30 June 2019</b>		<b>3,203,932</b>	<b>1,384,502</b>	<b>29,441,332</b>	<b>34,029,766</b>

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

## STATEMENT OF CASH FLOWS

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,091,600	1,064,163	1,012,725
Operating grants, subsidies and contributions		1,375,646	440,336	1,142,676
Fees and charges		193,884	296,659	144,628
Interest received		52,357	34,900	35,448
Goods and services tax received		(58,596)	200,000	275,886
Other revenue		92,875	160,630	217,883
		<u>2,747,766</u>	<u>2,196,688</u>	<u>2,829,246</u>
<b>Payments</b>				
Employee costs		(518,680)	(758,888)	(691,102)
Materials and contracts		(926,812)	(1,132,348)	(1,016,230)
Utility charges		(114,391)	(52,680)	(92,446)
Interest expenses		(10,965)	(10,965)	(8,070)
Insurance paid		(74,950)	(62,479)	(61,030)
Goods and services tax paid		-	(200,000)	(220,603)
Other expenditure		(79,414)	(33,850)	(58,200)
		<u>(1,725,212)</u>	<u>(2,251,210)</u>	<u>(2,147,681)</u>
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	14	<u>1,022,554</u>	<u>(54,522)</u>	<u>681,564</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Payments for purchase of</b>				
property, plant & equipment		(121,588)	(139,000)	(93,712)
Payments for construction of infrastructure		(788,000)	(859,851)	(837,930)
Non-operating grants, subsidies and contributions		350,865	351,617	498,576
Proceeds from sale of property, plant & equipment		16,364	15,000	-
<b>Net cash provided by (used in)</b>				
<b>investment activities</b>		<u>(542,359)</u>	<u>(632,234)</u>	<u>(433,066)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(50,828)	(50,828)	(31,029)
<b>Net cash provided by (used in)</b>				
<b>financing activities</b>		<u>(50,828)</u>	<u>(50,828)</u>	<u>(31,029)</u>
<b>Net increase (decrease) in cash held</b>		<u>429,367</u>	<u>(737,584)</u>	<u>217,469</u>
Cash at beginning of year		1,989,656	1,991,889	1,772,187
<b>Cash and cash equivalents</b>				
<b>at the end of the year</b>	3	<u><u>2,419,024</u></u>	<u><u>1,254,305</u></u>	<u><u>1,989,656</u></u>

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

RATE SETTING STATEMENT

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	21 (b)	711,465	657,584	531,702
		<u>711,465</u>	<u>657,584</u>	<u>531,702</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		6,000	-	-
General purpose funding		1,127,262	523,624	1,066,376
Law, order, public safety		8,639	3,700	3,303
Health		658	948	298
Education and welfare		62,950	79,624	71,031
Housing		33,298	38,400	32,827
Community amenities		33,749	30,176	29,586
Recreation and culture		26,524	34,385	30,852
Transport		223,109	47,400	49,200
Economic services		72,551	42,150	8,169
Other property and services		89,940	139,580	209,588
		<u>1,684,680</u>	<u>939,987</u>	<u>1,501,236</u>
<b>Expenditure from operating activities</b>				
Governance		(317,951)	(271,757)	(282,742)
General purpose funding		(88,538)	(95,269)	(51,406)
Law, order, public safety		(38,284)	(32,597)	(18,923)
Health		(8,707)	(9,405)	(10,716)
Education and welfare		(110,790)	(130,099)	(121,531)
Housing		(51,593)	(66,697)	(86,208)
Community amenities		(166,274)	(254,309)	(192,978)
Recreation and culture		(482,026)	(529,529)	(421,702)
Transport		(1,546,705)	(1,675,555)	(1,706,815)
Economic services		(57,522)	(78,203)	(40,207)
Other property and services		(171,823)	(151,160)	(264,497)
		<u>(3,040,213)</u>	<u>(3,294,580)</u>	<u>(3,197,725)</u>
Non-cash amounts excluded from operating activities	21(a)	1,331,943	1,243,370	1,219,826
<b>Amount attributable to operating activities</b>		<u>687,875</u>	<u>(453,638)</u>	<u>55,038</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		350,865	351,617	498,576
Proceeds from disposal of assets	9(a)	16,364	15,000	-
Purchase of property, plant and equipment	7(a)	(121,588)	(139,000)	(93,713)
Purchase and construction of infrastructure	8(a)	(788,000)	(859,851)	(837,930)
<b>Amount attributable to investing activities</b>		<u>(542,359)</u>	<u>(632,234)</u>	<u>(433,067)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	12(b)	(50,828)	(50,828)	(31,029)
Transfers to reserves (restricted assets)	4	(203,261)	(38,000)	(25,931)
Transfers from reserves (restricted assets)	4	-	118,000	150,000
<b>Amount attributable to financing activities</b>		<u>(254,089)</u>	<u>29,172</u>	<u>93,040</u>
<b>Surplus/(deficit) before imposition of general rates</b>		<u>(108,572)</u>	<u>(1,056,700)</u>	<u>(284,989)</u>
<b>Total amount raised from general rates</b>	20	<u>1,061,001</u>	<u>1,056,701</u>	<u>996,453</u>
<b>Surplus/(deficit) after imposition of general rates</b>	21(b)	<u><u>952,429</u></u>	<u><u>0</u></u>	<u><u>711,465</u></u>

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

## 1. BASIS OF PREPARATION

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 to these financial statements.

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

**(a) Revenue**

**Grant Revenue**

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	1,052,132	476,912	1,020,092
Law, order, public safety	4,354	500	-
Community amenities	-	200	727
Recreation and culture	2,234	27,425	25,300
Transport	217,386	40,500	42,020
Economic services	57,360	40,400	6,684
Other property and services	4,700	-	1,414
	1,338,172	585,937	1,096,237
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	-	-	15,000
Recreation and culture	12,000	12,000	24,000
Transport	338,865	339,617	459,576
	350,865	351,617	498,576
<b>Total grants, subsidies and contributions</b>	1,689,037	937,554	1,594,813

**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 19. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
<b>Other revenue</b>			
Reimbursements and recoveries	92,875	148,380	217,883
Other	-	12,250	-
	92,875	160,630	217,883
<b>Fees and Charges</b>			
General purpose funding	1,528	-	-
Law, order, public safety	4,285	3,200	3,303
Health	658	948	298
Education and welfare	59,687	59,124	56,222
Housing	32,025	37,700	29,910
Community amenities	33,749	29,976	28,859
Recreation and culture	9,696	6,960	5,120
Transport	700	1,400	1,300
Economic services	15,192	1,750	1,485
Other property and services	36,364	10,000	18,131
	193,884	151,058	144,628
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	40,122	26,000	25,931
Rates instalment and penalty interest	8,414	5,900	6,707
Other interest earnings	3,821	3,000	2,810
	52,357	34,900	35,448
(b) Expenses	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	32,300	26,000	8,200
- Other services	1,000	-	1,000
	33,300	26,000	9,200
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 12(b))	10,273	10,965	12,569
	10,273	10,965	12,569

SHIRE OF TAMMIN  
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FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS	NOTE	2019	2018
		\$	\$
Cash at bank and on hand		1,034,521	808,416
Term deposits		1,384,502	1,181,240
		<u>2,419,023</u>	<u>1,989,656</u>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		965,301	803,575
- Restricted cash and cash equivalents		1,453,722	1,186,081
		<u>2,419,023</u>	<u>1,989,656</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Leave reserve	4	27,238	26,442
Cash in lieu of parking reserve	4	20,283	19,690
Plant Replacement Reserve	4	407,066	248,449
Information & Technology Reserve	4	12,014	11,663
Sport, Recreation Facilities Upgrade Reserve	4	892,940	862,415
Bowling Green Replacement Reserve	4	24,961	12,582
		<u>1,384,502</u>	<u>1,181,241</u>
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	19	44,499	4,840
Unspent loans	23	24,722	-
<b>Total restricted cash and cash equivalents</b>		<u>1,453,722</u>	<u>1,186,081</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 with original maturities of three months or less that are readily convertible to known amounts of cash

**Cash and cash equivalents (Continued)**

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019		2019		2019		2019		2019		2018		2018	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance		
(a) Leave reserve	26,442	786	-	27,228	26,442	582	-	27,024	25,910	532	-	26,442		
(d) Cash in lieu of parking reserve	19,690	593	-	20,283	19,690	433	-	20,123	19,293	397	-	19,690		
(e) Plant Replacement Reserve	248,449	156,617	-	407,066	248,449	5,469	(25,000)	228,918	243,287	5,162	-	248,449		
(f) Information & Technology Reserve	11,663	351	-	12,014	11,663	257	-	11,920	11,428	235	-	11,663		
(g) Sport, Recreation Facilities Upgrade Reserve	862,415	30,525	-	892,940	862,415	18,982	(93,000)	788,397	993,063	19,352	(150,000)	862,415		
(h) Bowling Green Replacement Reserve	12,582	12,379	-	24,961	12,582	12,277	-	24,859	12,329	253	-	12,582		
	1,181,241	203,261	-	1,384,502	1,181,241	38,000	(118,000)	1,101,241	1,305,310	25,931	(150,000)	1,181,241		

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
(a) Leave reserve	Ongoing	- to fund long service leave requirements
(d) Cash in lieu of parking reserve	Ongoing	- for maintenance and upgrades of Tamma Village units
(e) Plant Replacement Reserve	Ongoing	- to purchase major plant and machinery
(f) Information & Technology Reserve	Ongoing	- to fund IT requirements
(g) Sport, Recreation Facilities Upgrade Reserve	Ongoing	- for improvement of Tammin's sport, recreation & community facilities
(h) Bowling Green Replacement Reserve	Ongoing	- for replacement of the synthetic playing surface at the end of its useful life

**5. TRADE RECEIVABLES**

**Current**

Rates receivable  
 Sundry receivables  
 GST receivable  
 Expected Credit Loss Allowance

**Non-current**

Pensioner's rates and ESL deferred

	2019	2018
	\$	\$
	18,450	46,254
	19,470	56,943
	77,129	18,533
	(160)	(160)
	114,889	121,570
	17,670	13,073
	17,670	13,073

**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.

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

**Previous accounting policy: Impairment of trade receivables**

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

**Classification and subsequent measurement**

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

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

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

SHIRE OF TAMMIN  
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**6. OTHER FINANCIAL ASSETS**

	2019	2018
	\$	\$
<b>(a) Current assets</b>		
Other financial assets at amortised cost	1,388,984	1,181,240
	<u>1,388,984</u>	<u>1,181,240</u>
<b>Other financial assets at amortised cost</b>		
Other financial assets at amortised cost - Term Deposits	1,384,502	1,181,240
Other financial assets at amortised cost - Prepayments	4,462	-
	<u>1,388,964</u>	<u>1,181,240</u>
<b>(b) Non-current assets</b>		
Financial assets at fair value through profit and loss	30,934	30,934
	<u>30,934</u>	<u>30,934</u>
<b>Financial assets at fair value through profit and loss</b>		
Unlisted equity investments		
Units in Local Government House Trust	30,934	30,934
	<u>30,934</u>	<u>30,934</u>

Changes in the fair value of Units in Local Government House recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these Statements

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

The Shire classifies the following financial assets at fair value through profit and loss:

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Previous accounting policy: Loans and receivables**

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

Refer to Note 25 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	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 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
Comprises:									
Gross carrying amount at 30 June 2018	378,800	12,000	390,800	5,941,443	5,941,443	6,332,243	37,699	1,175,815	7,545,757
Accumulated depreciation at 30 June 2018	-	-	-	-	-	-	(16,207)	(295,070)	(311,277)
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
Additions	-	-	-	64,407	64,407	64,407	24,181	33,000	121,588
(Disposals)	-	-	-	(25,923)	(25,923)	(25,923)	(10,873)	(37,223)	(74,019)
Depreciation (expense)	-	-	-	(120,728)	(120,728)	(120,728)	(3,540)	(126,616)	(250,884)
Carrying amount at 30 June 2019	378,800	12,000	390,800	5,859,197	5,859,197	6,249,997	31,261	749,906	7,031,164
Comprises:									
Gross carrying amount at 30 June 2019	378,800	12,000	390,800	6,099,119	6,099,119	6,489,919	41,881	1,156,165	7,687,965
Accumulated depreciation at 30 June 2019	-	-	-	(239,922)	(239,922)	(239,922)	(10,620)	(406,259)	(656,801)
Carrying amount at 30 June 2019	378,800	12,000	390,800	5,859,197	5,859,197	6,249,997	31,261	749,906	7,031,164

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

**(b) Fair Value Measurements**

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

## 8. INFRASTRUCTURE

### (a) 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	Infrastructure - Other Infrastructure	Total Infrastructure
<b>Balance at 1 July 2017</b>	\$ 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)
<b>Carrying amount at 30 June 2018</b>	<b>59,504,289</b>	<b>206,388</b>	<b>3,080,744</b>	<b>62,791,421</b>
<b>Comprises:</b>				
Gross carrying amount at 30 June 2018	62,041,147	254,404	3,374,625	65,670,176
Accumulated depreciation at 30 June 2018	(2,536,858)	(48,016)	(293,881)	(2,878,755)
<b>Carrying amount at 30 June 2018</b>	<b>59,504,289</b>	<b>206,388</b>	<b>3,080,744</b>	<b>62,791,421</b>
<b>Additions</b>	<b>653,656</b>	<b>-</b>	<b>134,344</b>	<b>788,000</b>
<b>(Disposals)</b>	<b>-</b>	<b>-</b>	<b>(19,986)</b>	<b>(19,986)</b>
Revaluation increments / (decrements) transferred to revaluation surplus	(37,617,820)	-	(42,903)	(37,660,723)
Depreciation (expense)	(878,678)	(16,960)	(107,699)	(1,003,337)
<b>Carrying amount at 30 June 2019</b>	<b>21,661,446</b>	<b>189,429</b>	<b>3,044,500</b>	<b>24,895,375</b>
<b>Comprises:</b>				
Gross carrying amount at 30 June 2019	28,563,053	254,404	4,960,100	33,777,557
Accumulated depreciation at 30 June 2019	(6,901,607)	(64,975)	(1,915,600)	(8,882,182)
<b>Carrying amount at 30 June 2019</b>	<b>21,661,446</b>	<b>189,429</b>	<b>3,044,500</b>	<b>24,895,375</b>

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8. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Registered Valuers	2019	Construction costs (Level 2) and current condition residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Registered Valuers	2015	Construction costs (Level 2) and current condition residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other Infrastructure	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Registered Valuers	2019	Construction costs (Level 2) and current condition 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.

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

By Class	2019		2019		2019		2019		2019		2018		2018	
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Budget Net Book Value	Budget Sale Proceeds	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
Plant and equipment	18,000	16,364	-	(1,636)	18,000	15,000	-	(3,000)	18,000	15,000	-	-	-	-
Furniture and equipment - Assets Under \$5000 Written off	10,873	-	-	(10,873)	-	-	-	-	-	-	-	-	-	-
Plant and equipment - Assets Under \$5000 Written Off	19,223	-	-	(19,223)	-	-	-	-	-	-	-	-	-	-
Buildings - non-specialised - Assets Under \$5000 Written Off	25,923	-	-	(25,923)	-	-	-	-	-	-	-	-	-	-
Other Infrastructure - Assets Under \$5000 Written Off	19,986	-	-	(19,986)	-	-	-	-	-	-	-	-	-	-
	94,005	16,364	-	(77,641)	18,000	15,000	-	(3,000)	18,000	15,000	-	-	-	-

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By Program	2019		2019		2019	
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	Actual Net Book Value	Actual Sale Proceeds
Law, order, public safety	13,033	-	-	(13,033)	-	-
Community amenities	25,890	-	-	(25,890)	-	-
Recreation and culture	20,668	-	-	(20,668)	-	-
Transport	4,590	-	-	(4,590)	-	-
Economic services	3,870	-	-	(3,870)	-	-
Other property and services	25,952	16,364	-	(9,589)	16,364	16,364
	94,005	16,364	-	(77,641)	-	-

**9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	120,728	120,370	120,220
Furniture and equipment	3,540	8,110	8,104
Plant and equipment	126,616	138,580	155,027
Infrastructure - Roads	878,678	867,040	865,965
Infrastructure - Footpaths	16,960	16,980	16,960
Infrastructure - Other Infrastructure	107,699	89,290	89,171
	<b>1,254,221</b>	<b>1,240,370</b>	<b>1,255,446</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
Buildings	20 - 90 years
Furniture and Equipment	5 years
Plant and Equipment	4 - 50 years
Footpaths	15 years
Other Infrastructure	10 - 90 years
Sealed roads and streets	
- clearing and earthworks	not depreciated
- construction/road base	24 years
- kerbing	60 years
original surfacing and major re-surfacing	
- bituminous seals	14 years
- asphalt surfaces	14 years
Gravel roads	
- clearing and earthworks	not depreciated
- construction/road base	24 years
- gravel sheet	12 years
Formed roads (unsealed)	
- clearing and earthworks	not depreciated
- construction/road base	24 years

**Depreciation (Continued)**

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

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

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10. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	5,992,673	-	-	-	5,992,673	5,992,673	-	-	-	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 - Local Government House Trust	30,934	-	-	-	30,934	-	30,934	-	30,934	30,934
Revaluation surplus - Infrastructure - Roads	58,832,713	-	(37,617,820)	(37,617,820)	21,214,893	58,832,713	-	-	-	58,832,713
Revaluation surplus - Infrastructure - Other Infrastructure	1,393,748	-	(42,903)	(42,903)	1,350,845	1,393,748	-	-	-	1,393,748
	67,102,055	-	(37,660,723)	(37,660,723)	29,441,332	67,071,121	30,934	-	30,934	67,102,055

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

The decrease in the revaluation surplus is due to the revaluation of Road Infrastructure and Other Infrastructure asset classes in the year ended 30 June 2019. The significant decrease in Road Infrastructure valuation during the period is due to lower replacement cost per unit of measure inputs in the current valuation compared to the valuation carried out in the year ended 30 June 2015.

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11. TRADE AND OTHER PAYABLES

Current

Sundry creditors	51,999	53,137
Bonds & Deposits Held (old Trust account)	22,248	-
Accrued salaries and wages	5,418	-
ATO liabilities	18,499	32,392
GST Payable	13,775	-
Accrued Interest on Loans	3,881	4,573
Rates Paid in Advance	-	30,981
Other Agencies	-	13,329

	2019	2018
	\$	\$
	51,999	53,137
	22,248	-
	5,418	-
	18,499	32,392
	13,775	-
	3,881	4,573
	-	30,981
	-	13,329
	<u>115,820</u>	<u>134,412</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.



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12. INFORMATION ON BORROWINGS (Continued)

	2019	2018
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	100,000	100,000
Credit card limit	20,000	20,000
Credit card balance at balance date	(1,234)	(3,069)
<b>Total amount of credit unused</b>	<b>118,766</b>	<b>116,931</b>
Loan facilities		
Loan facilities - current	72,769	50,828
Loan facilities - non-current	197,889	270,658
<b>Total facilities in use at balance date</b>	<b>270,659</b>	<b>321,486</b>

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.

Risk

Information regarding exposure to risk can be found at Note 22

### 13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for	Provision for	Total
	Annual	Long Service	
	Leave	Leave	
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	31,263	52,844	84,107
Non-current provisions	-	6,972	6,972
	31,263	59,816	91,079
Additional provision	41,932	37,270	79,202
Amounts used	(42,995)	(30,013)	(73,008)
Balance at 30 June 2019	30,200	67,073	97,273
<b>Comprises</b>			
Current	30,200	55,423	85,623
Non-current	-	11,650	11,650
	30,200	67,073	97,273

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

	2019	2018
	\$	\$
Less than 12 months after the reporting date	85,623	84,107
More than 12 months from reporting date	11,650	6,972
	97,273	91,079

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

#### SIGNIFICANT ACCOUNTING POLICIES

##### Employee benefits

##### Short-term employee benefits

Provision is made for the 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.

##### Other long-term employee benefits

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

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

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

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.

**14. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Cash and cash equivalents</b>			
Cash at bank and on hand	1,034,521	1,254,305	808,416
Term deposits	1,384,502	-	1,181,240
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	56,333	(946,275)	(201,459)
Non-cash flows in Net result:			
Depreciation	1,254,221	1,240,370	1,255,446
(Profit)/loss on sale of asset	77,641	3,000	-
Fair value adjustments to financial assets	(4,462)		
Changes in assets and liabilities:			
(Increase)/decrease in receivables	2,085	-	110,954
Increase/(decrease) in payables	(18,592)	-	53,059
Increase/(decrease) in provisions	6,193	-	(37,860)
Grants contributions for the development of assets	(350,865)	(351,617)	(498,576)
<b>Net cash from operating activities</b>	<b>1,022,554</b>	<b>(54,522)</b>	<b>681,564</b>

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	-	25,383
General purpose funding	(313,861)	938,218
Law, order, public safety	13,440	-
Education and welfare	1,266,865	1,302,496
Housing	968,920	951,210
Community amenities	282,946	323,190
Recreation and culture	7,495,555	6,155,940
Transport	24,086,285	60,873,348
Economic services	97,200	66,907
Other property and services	488,792	1,460,667
Unallocated	127,375	83,775
	<u>34,513,517</u>	<u>72,181,134</u>

**16. CONTINGENT LIABILITIES**

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

**17. CAPITAL AND LEASING COMMITMENTS**

	2019	2018
	\$	\$
<b>(a) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	71,610	-
	<u>71,610</u>	<u>-</u>
Payable:		
- not later than one year	71,610	-

**(b) Operating Lease Commitments**

The Shire had no operating lease commitments as at the reporting date.

## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	7,000	8,400	7,005
President's allowance	2,400	2,400	2,400
Deputy President's allowance	600	600	600
Travelling expenses	1,284	1,500	1,724
	<u>11,284</u>	<u>12,900</u>	<u>11,729</u>

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows.

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	206,796	344,780
Post-employment benefits	7,075	23,462
Other long-term benefits	968	5,171
	<u>214,838</u>	<u>373,413</u>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

These amounts are the current-year's estimated cost of providing for the 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.

**18. 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:	2019 Actual	2018 Actual
	\$	\$
Purchase of goods and services	2,868	31,335

**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. Other Related Parties*

The associate person of KMP was engaged by the Shire under normal operating terms and conditions.

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**19. CONDITIONS OVER GRANTS/CONTRIBUTIONS**

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance (1) 1/07/17	2017/18	2017/18	Balance (1) 30/06/18	2018/19	2018/19	Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
Fire Prevention	-	15,000	(10,160)	4,840	2,250	-	7,090
AWARE DFES	-	-	-	-	4,354	-	4,354
<b>Recreation and culture</b>							
Dept. Sport & Recreation - Bowling Grant	-	24,000	(24,000)	-	12,000	(12,000)	-
Lotterywest 2	-	25,300	(25,300)	-	-	-	-
<b>Transport</b>							
MRWA Regional Road Group (RRG)	-	190,741	(190,741)	-	260,088	(260,088)	-
Roads to Recovery	-	268,835	(268,835)	-	78,777	(78,777)	-
WANDRRRA	-	-	-	-	147,944	(147,944)	-
<b>Economic services</b>							
Connecting Corridors	-	-	-	-	40,000	(6,945)	33,055
<b>Total</b>	-	<b>523,876</b>	<b>(519,036)</b>	<b>4,840</b>	<b>545,413</b>	<b>(505,754)</b>	<b>44,499</b>

Notes:

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

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019

20. RATING INFORMATION

RATE TYPE	Number of Properties	Rate in \$	2018/19 Actual		2018/19 Interim		2018/19 Actual		2018/19 Budget		2018/19 Budget		2017/18 Actual	
			Rateable Value	Revenue	Rate	Revenue	Back Rates	Total Revenue	Rate	Revenue	Back Rate	Total Revenue	Revenue	Total Revenue
Differential general rate / general rate														
<b>Gross rental valuations</b>														
Gross Rental Value	89	0.119647	807,924	96,666	-	-	-	-	96,666	-	-	-	-	92,249
<b>Unimproved valuations</b>														
Unimproved Value	166	0.016111	59,086,500	952,010	-	-	-	-	951,943	-	-	-	-	909,501
<b>Sub-Total</b>	255	Minimum	59,894,424	1,048,676	-	-	-	-	1,048,609	-	-	-	-	1,001,750
Minimum payment		\$												
<b>Gross rental valuations</b>														
Gross Rental Value	46	551	23,662	25,346	-	-	-	-	25,346	-	-	-	-	24,150
<b>Unimproved valuations</b>														
Unimproved Value	28	551	542,000	15,428	-	-	-	-	15,428	-	-	-	-	14,175
<b>Sub-Total</b>	74		565,662	40,774	-	-	-	-	40,774	-	-	-	-	38,325
Discounts/concessions (refer Note 20(b))	329		60,460,086	1,089,450	-	-	-	-	1,089,383	-	-	-	-	1,040,075
<b>Total amount raised from general rate</b>														(43,622)
Ex-gratia rates														996,453
<b>Totals</b>														7,040
														1,003,493

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.

SHIRE OF TAMMIM  
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**20. RATING INFORMATION (Continued)**

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

Rates Discounts		2019		2019		2018		Circumstances in which Discount is Granted
Rate or Fee Discount Granted	Discount	Actual	Budget	Actual	Budget	Actual		
Rates Discount	% 3.00%	\$ 28,449	\$ 32,681	\$ 43,622	\$ 32,681	\$ 43,622		If all rates and charges appearing on the rates notice, including arrears are paid in full within 35 days of issue of the rates assessment notice.
		<u>28,449</u>	<u>32,681</u>	<u>43,622</u>	<u>32,681</u>	<u>43,622</u>		

**20. RATING INFORMATION (Continued)**

**(c) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
<b>Option One</b>				
Payment in Full	13 Sep 2018	-	-	11.00%
<b>Option Two</b>				
Instalment 1	13 Sep 2018	4.00	5.50%	11.00%
Instalment 2	13 Nov 2018	4.00	5.50%	11.00%
Instalment 3	12 Jan 2019	4.00	5.50%	11.00%
Instalment 4	13 Mar 2019	4.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	6,985	4,500	5,488
Interest on instalment plan	1,429	1,400	1,219
Charges on instalment plan	1,080	1,750	1,740
	<u>9,494</u>	<u>7,650</u>	<u>8,447</u>

## 21. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19
	(30 June 2019 Carried Forward) \$	Budget (30 June 2019 Carried Forward) \$	(1 July 2018 Brought Forward) \$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
	81	-	(35,620)
Movement in employee benefit provisions (non-current)			
Add: Loss on disposal of assets	9(a) 77,641	3,000	-
Add: Depreciation on assets	9(b) 1,254,221	1,240,370	1,255,446
<b>Non cash amounts excluded from operating activities</b>	<b>1,331,943</b>	<b>1,243,370</b>	<b>1,219,826</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	3 (1,384,502)	(1,101,241)	(1,181,241)
Add: Borrowings	12(a) 72,769	-	50,828
<b>Total adjustments to net current assets</b>	<b>(1,311,733)</b>	<b>(1,101,241)</b>	<b>(1,130,413)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	2,538,374	1,310,786	2,111,226
Less: Total current liabilities	(274,212)	(209,545)	(269,347)
Less: Total adjustments to net current assets	(1,311,733)	(1,101,241)	(1,130,413)
<b>Net current assets used in the Rate Setting Statement</b>	<b>952,429</b>	<b>-</b>	<b>711,465</b>

## 22. FINANCIAL RISK MANAGEMENT

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	0.07%	1,034,521	-	1,034,521	-
Financial assets at amortised cost	2.05%	1,384,502	1,384,502	-	-
<b>2018</b>					
Cash and cash equivalents	0.11%	808,416	-	808,416	-
Financial assets at amortised cost - term deposits	2.45%	1,181,240	1,181,240	-	-

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	10,345	19,897

\* Holding all other variables constant

#### Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 12(b).

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	812	475	11,961	22,872	36,120
Loss allowance	-	-	-	-	-
<b>01 July 2018</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	16,959	10,336	(148)	962	28,109
Loss allowance	-	-	-	-	-

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	1.94%	
Gross carrying amount	10,113	1,074	15	8,268	19,470
Loss allowance	-	-	-	160	160
<b>01 July 2018</b>					
Sundry Receivables					
Expected credit loss	0.02%	0.00%	0.00%	56.85%	
Gross carrying amount	22,615	86	1,220	623	24,544
Loss allowance	5	-	-	354	359

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### 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 and disclosed in Note 12(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	115,820	-	-	115,820	115,820
Borrowings	84,843	199,125	14,914	298,882	270,659
	200,663	199,125	14,914	414,702	386,479
<b>2018</b>					
Payables	103,431	-	-	103,431	134,412
Borrowings	61,846	207,751	75,735	345,332	321,487
	165,277	207,751	75,735	448,763	455,899

**23. TRUST FUNDS**

There are no funds held at the balance date which are required to be held in the trust fund.

In previous years, bonds and deposits were held as trust monies. They are now included in restricted cash and cash equivalents within Note 3.

	1 July 2018	Amounts Received	Amounts Paid	Total Transferred	Balance at 30 June 2019
Licensing	3,664	71,943	(75,439)	157	-
Bonds	2,360	21,380	(17,631)	6,109	-
Kidsport	2,655	-	(2,625)	30	-
Unclaimed monies	6,603	-	-	6,603	-
Building Levy	57	-	-	57	-
Other	11,956	-	(200)	11,756	-
	27,294	93,323	(95,895)	24,722	-

## **24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire did not have any events occurring after the end of the reporting period.

## 25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

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

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

There were no material adjustments as a result of adopting AASB 9.

#### (a) Classification and measurement

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

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

## 25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire recognised no additional impairment on the Shire's Trade receivables at 1 July 2018.

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

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

### (a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary adoption of AASB15 is expected to increase contract liabilities recognised in the balance sheet at the date of initial application (1 July 2019).

### (b) Leases

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

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

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

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard. The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application. The Shire has assessed that, based on the number of operating leases held by the Shire, the impact is not expected to be material.

SHIRE OF TAMMIN

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26. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS  
(Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 the impact of which is being assessed.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Volunteer Services in relation to Volunteer Bush Fire Services will be recognised in budgeted revenue and expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

SHIRE OF TAMMIN  
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**27. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**b) Current and non-current classification**

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 or 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 statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**e) Budget comparative figures**

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

**f) Superannuation**

The 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 the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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 that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

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**28. ACTIVITIES/PROGRAMS**

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

**PROGRAM NAME AND OBJECTIVES**

**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 accomodation 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 control, vermin control and standpipes. Building control.

**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

**29. FINANCIAL RATIOS**

	2019 Actual	2018 Actual	2017 Actual
Current ratio	4.39	3.81	5.61
Asset consumption ratio	0.77	0.93	0.97
Asset renewal funding ratio	0.38	0.47	0.60
Asset sustainability ratio	0.64	0.60	0.35
Debt service cover ratio	15.88	13.03	11.45
Operating surplus ratio	(0.21)	(0.50)	(0.51)
Own source revenue coverage ratio	0.46	0.44	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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

# INDEPENDENT AUDITORS REPORT FINANCIAL YEAR ENDED 30 JUNE 2019



**RSM Australia Pty Ltd**

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100  
F +61(0) 8 92619111

## INDEPENDENT CONTRACT AUDITOR'S REPORT

To the Auditor General in relation to the Shire of Tammin

### **Report on the financial report**

#### **Opinion**

We have audited the annual financial report of the Shire of Tammin (**Shire**), which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In our opinion, the annual financial report of the Shire:

- (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 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995 (Act)* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for opinion**

We conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Shire in accordance with the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that we have complied with the conflict of interest requirements contained in the Agreement for Audit Services between the Auditor General and RSM Australia Pty Ltd dated 14 March 2019.

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

#### **Emphasis of matter – basis of accounting**

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

### **THE POWER OF BEING UNDERSTOOD** AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

### **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 Financial Management 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 our 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 our 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, we exercise professional judgment and maintain professional scepticism throughout the audit. we 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of Our auditor's report, 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.

We 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 we identify during our audit.

### **Report on other legal and regulatory requirements**

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

- (i) The following material matter indicates non-compliance with Part 6 of the Act, the Financial Management Regulations or applicable financial controls of any other written law:
  - (a) For approximately 57% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations was obtained to test the market and no documentation was available to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement.
- (ii) In our opinion, the following financial ratios, which are disclosed in the notes to the financial report, indicate significant adverse trends in the financial position or the financial management practices of the Shire:
  - (a) The Asset Renewal Funding Ratio has been below the Department of Local Government, Sport and Cultural Industries (**DLGSCI**) standard for the last three years; and
  - (b) The Operating Surplus Ratio has been below the DLGSCI standard for the last three years.
- (iii) All required information and explanations were obtained by us.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our opinion, the Asset Consumption Ratio and the Asset Renewal Ratio, disclosed in the notes to the financial report, were supported by verifiable information and reasonable assumptions.

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the annual financial report of the Shire for the year ended 30 June 2019 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.



DAVID WALL  
Director  
RSM AUSTRALIA PTY LTD

Perth, Western Australia  
12 December 2019



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Tammin

Report on the Audit of the Annual 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 2019, 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 2019 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 annual 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 annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, 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 Annual 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 an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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 Annual financial report***

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 annual 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 annual financial report, including the disclosures, and whether the annual 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 material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past three years.
  - b. The Asset Renewal Funding Ratio has been below the DLGSCI standard for the past two years.The financial ratios are reported in Note 34 of the annual financial report.
- (ii) The following material matter indicates a 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 were identified during the course of my audit:

- a. For approximately 57% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations was obtained to test the market and no documentation was available to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement.
- (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 ratios for 2017 in Note 34 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

**Matters Relating to the Electronic Publication of the Audited Annual financial report**

This auditor's report relates to the annual financial report of the Shire of Tammin for the year ended 30 June 2019 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



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



**SHIRE OF TAMMIN**  
OUR AIM IS PROGRESS

# ANNUAL REPORT

## 2018-2019

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### Vision

A place for people, a place for community.

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### Shire Info



1 Donnan Street,  
TAMMIN WA 6409



(08) 9637 0300



[shire@tammin.wa.gov.au](mailto:shire@tammin.wa.gov.au)