



SHIRE OF TAMMIN
OUR AIM IS PROGRESS



ANNUAL REPORT

2019-2020

Vision A place for people, a place for community

Shire Info

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SHIRE OF TAMMIN
OUR AIM IS PROGRESS



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



Left: The Tammin Fire Station building constructed circa 1926. Right: Aerial view of the CBH grain receival facility located within the Tammin townsite, circa 2019.

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A MESSAGE FROM THE SHIRE PRESIDENT

Given the circumstances we faced in the latter half of the 2019/20 financial year, my Presidents Report appropriately starts by saying to all Residents of Tammin and Shire Staff, well done and congratulations on the way we, as individuals and as working staff members, stood up and took care of everybody during this COVID 19 crisis.

As a community, we stood together and showed true Aussie grit and determination as we worked to look after those who needed it as we kept everything moving forward with a positive mindset as it should have done.

Following an extraordinary election process, in November 2019 we welcomed two new faces, namely Charmaine Thomson and Tanya Nicholls as new councillors and I was delighted when Glenice Batchelor stood for a second term and was duly voted in as Deputy President for the next 2 years, our congratulations to all. All three of these councillors have completed their Council Training and are an inspiration to those of us who will undertake their training following the 2021 elections.

In the midst of the COVID 19 outbreak, we had to cancel the Fuse festival for 2020 but it will be reinstated in 2021. The postponed Achievement Awards Evening will eventually be held in September 2020 to honour those Tammin citizens for their achievements during 2019/2020. Well done to Nick Taylor as Youth Citizen, Margaret Wheeldon as Senior Citizen and David Rees on his award of Citizen of the Year.

We also had the pleasure in granting citizenship to a Tammin resident on Australia Day 2020 and it was wonderful to enjoy the morning with such a large group of family friends and residents. Congrats to Richard Daniels.

During the crisis, thanks to the initiative of the office staff we provided help to those who needed it thanks to volunteers picking up groceries on a weekly basis from Kellerberrin IGA and delivering the boxes to the door of those who used this community shopping service. Thanks to Morgan Ware, Jenny Gemund and Samara Wheeldon for volunteering and handling the collection and delivery of these essential supplies. A similar service was also offered by the Administrative Staff when the State Government closed the Libraries, we ensured that those who wanted books had them delivered and collected. Thanks Keira and Samantha.

During FY2019/20, Council has undertaken to improve facilities for the community and all would have noticed the upgrades in and around the Donnan Pavilion and Grounds as well as increasing safety for the Tamma residents.



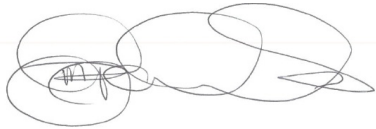
Michael D Greenwood
Shire President

A MESSAGE FROM THE **SHIRE PRESIDENT**

More work on the upgrading of facilities in and around the Hall especially the installation of subsurface drainage, and thanks to members of the Local RSL, Memorial Park improvements have been made and modernisation of public facilities have been completed.

As most will have noticed, Council is pursuing a road program with vigour and for the second year in a row we had all our works completed as planned and this is largely due to the hard work put in by our outside crew and staff, thank you.

May 2021 bring health and happiness to all Tammin residents and may we continue to improve our community infrastructure, our roads, town facilities and community wellbeing. With our usual Aussie tenacity we look forward to putting COVID 19 behind us.



Michael D Greenwood



L-R: Shire of Tammin CEO Mr. Neville Hale, Cr C. Thomson, Cr T. Nicholls, Cr G. Batchelor (Deputy), Cr M. Greenwood (Shire President), Cr T. Daniels, Cr N. Caffell.

CHIEF EXECUTIVE OFFICER REPORT

I wish to welcome new Councillors Tanya Nicholls and Charmaine Thomson following their appointment in November 2019 and acknowledge the good works of retired Deputy President Don Thomson. I wish to also thank Shire President Michael Greenwood and his fellow Councillors for their support over these past 12 months and congratulate staff on their efforts to deliver the many services they provide, especially during these difficult COVID 19 times

I am pleased to report that FY2019/20 was one of continued progress in response to the priorities established within the Shire's Strategic Community Plan 2018 to 2027. As reported last year, the Plan reflects the community's desire for progress driven by improvement to facilities at a manageable cost.

The commencement of the FY2020/21 financial year saw the end of the Shared Services with the Shire of Cunderdin in respect to the CEO and Manager Works and Services. Whilst this has resulted in additional administration costs for Tammin, it has provided greater focus on local projects as evidenced by the outcomes associated with the Town Hall sub-surface drainage project.

COVID 19

The first half of year 2020 saw the outbreak of COVID 19 which required all staff to direct their attention on the legislative and community requirements to manage the impact of this pandemic. Staff resources were re-focused onto the implementation of COVID 19 health and safety requirements which saw at first the closure of some Shire facilities then the introduction of COVID Safety Plans to manage the re-opening of those facilities. I am pleased to acknowledge the efforts of our Administrative staff and the local community volunteers that stepped up to provide a weekly shopping service for the seniors in our community and an on-line library book service for those in outlying locations.

Town Hall Improvements

One of the major projects undertaken that is of significant importance has been the sub-surface drainage works to address the ground water impact on the Town Hall. During these works, improvements were made to the western side entry points, sub-floor ventilation and pathway. Congratulations must go to Fabian Houbrechts, Manager Works & Services, who designed and managed the project and his Works team for their efforts in bringing the project to such a successful completion.

Making use of space available within the existing Ladies facility, a new Uni-Sex toilet for disabled has been installed within the Town Hall, including hands-free taps and hand dryer. The works will be completed in July 2020 when work will also commence on improvements to existing facilities with funding in the FY2020/21 Budget.

Other Building Improvements

Notwithstanding the commitment to the Town Hall project, the following projects were also undertaken, often with the input of local groups and individuals:



Neville A Hale
Chief Executive Officer

CHIEF EXECUTIVE OFFICER REPORT *(CONTINUED)*

1. New ceilings installed in the public toilets at the rear of the Town Hall, finishing off the renovations and tiling of walls undertaken in FY2019/20. Improved paving to external areas was also completed;
2. Further improvements to the Recreation Pavilion, including enclosed ablution facilities, air-conditioning and security cameras;
3. Improvements and internal painting of the Coinda Building, with further works planned for FY 2020/21 installed new pumps and pontoon at the Town Dam and Depot;
4. New seating installed at Memorial Park;
5. New fencing installed at Tamma Village and at 12 Russell Street; and,
6. Renovations to Unit 9 Tamma Village Unit – with new stoves fitted to Units 5 and 9.

Infrastructure

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 State funding and the Commonwealths Roads to Recovery funding programmes, works to the cost of \$854,295 were completed during the financial year:

Wyola Road Nth	2km re-sheeting
Wyola South Road	2.6km re-sheeting
Nelson Road	1km re-sheeting
Chappell-Wheeldon Road	2km re-sheeting & new concrete floodway installed
Cubbine Road	1km re-sheeting
Uphill Street	0.3km construct & seal
Tammin – Wyalkatchem Road	1.2km widened and re-sealed
Tammin South Road	2.8km widened and re-sealed

The Shire also installed a new footpath adjacent to the Primary School at a cost of \$17,732, giving residents of Tamma Village improved access to the Train Station and Post Office and improved, safer access for school children. Pram Ramps were also installed at the intersection of Walston and McLaren, improving access to the Post Office.

In addition to the above the Shire's works crew completed a limited maintenance grading and drainage improvement programme across the Shire. However, the FY2020/21 budget is to place greater focus on these requirements. A number of one-off issues impacted the delivery of maintenance works during this financial year, e.g. parts supplies for the grader delayed caused by COVID 19 impact to supply lines.

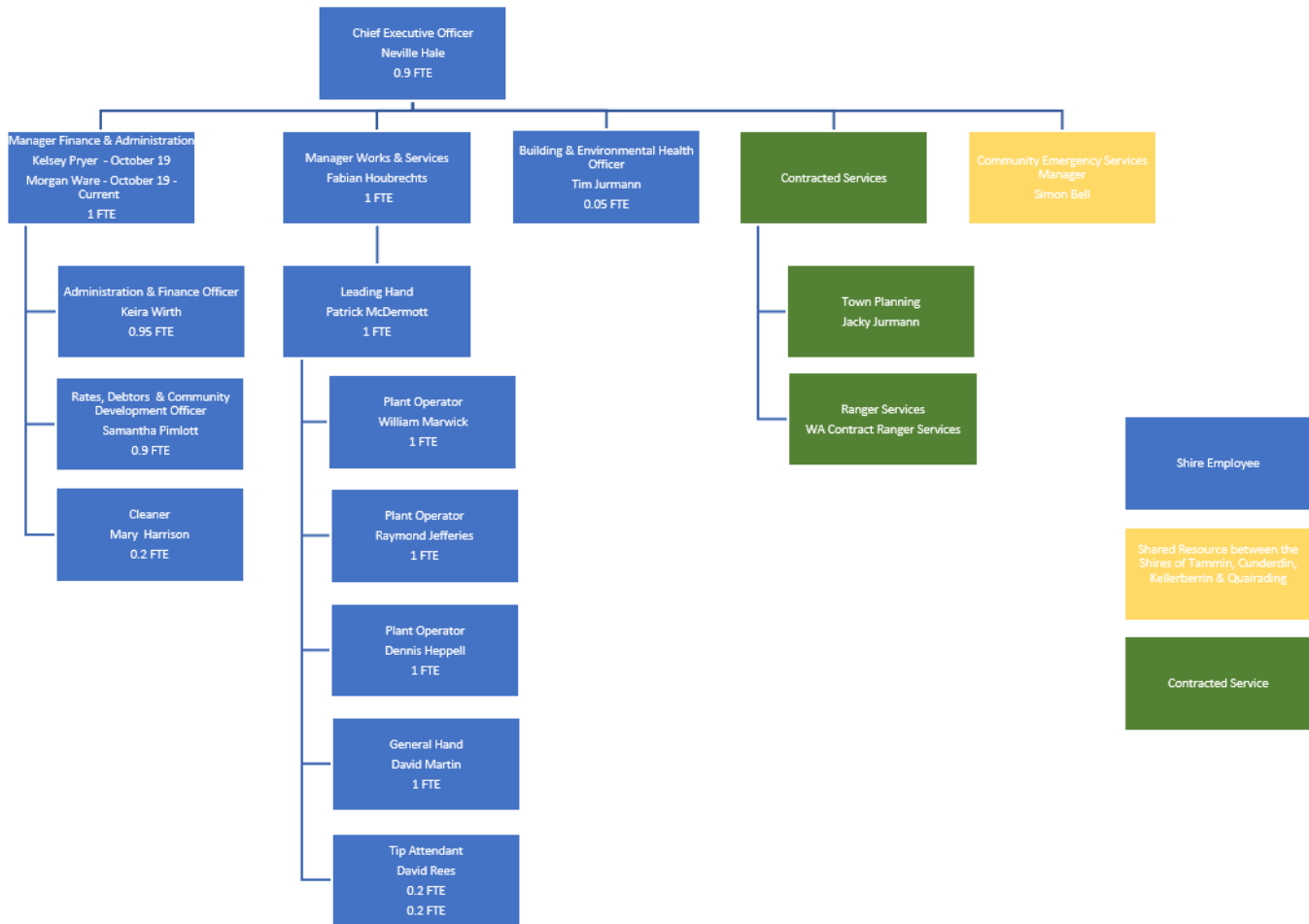
Staff - they come and they go

As is often the case with local government, there have been some Staff changes over the past year. Kelsey Pryer took maternity leave in November 2019 and we pass on our congratulations to her on the birth of daughter Harper. In her absence we welcomed Morgan Ware who has taken up the challenge admirably. During the year other staff members that have left us are Albert Fourie, due to declining health and Graeme Button, retirement, both having provided long and dedicated service to the Shire. On 1 July 2020, Mr William Marwick will join us as the replacement Grader Operator .



Neville A Hale

ORGANISATION STRUCTURE



The Shire of Tammin in conjunction with a number of supporting bodies presented numerous events during the course of the financial year including 'Earth's Dinosaur Zoo', a 'Musical Luncheon for Seniors' and the 'Comedy Gold' stand up show. These events were all well supported by the local Tammin community and visitors alike.

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 include 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. In response to the Covid-19 global pandemic, it has been necessary for the Shire to postpone a number of these events during the FY19/20 financial year.

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.

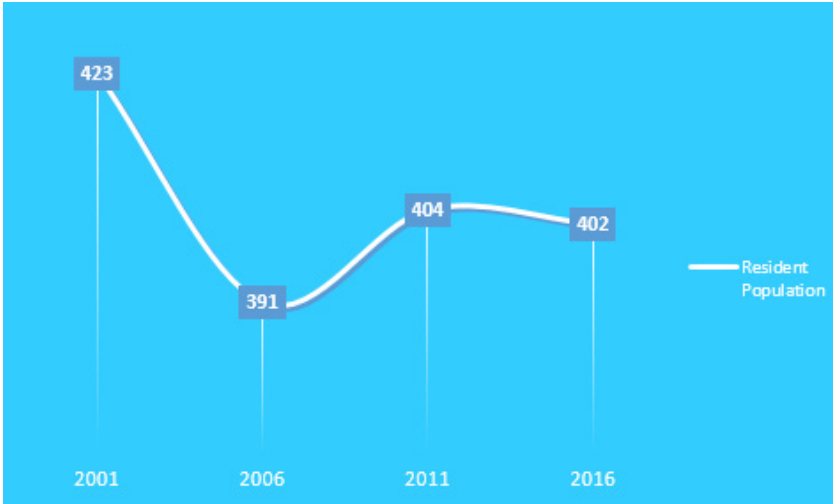
Tammin was first settled in 1893 by Mr John Packham with more settlers arriving in the 1900's. The town of Tammin was gazetted in 1899 and in 1948 became a Road Board in its own right having previously been part of the Meckering Road Board and later Cunderdin-Meckering-Tammin Road Boards. With changes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

POPULATION

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



ELECTED REPRESENTATIVES

The Tammin Shire Council currently has six (6) 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

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**CR. GLENICE
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Deputy, Term Expiry 2023

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CR. NICK CAFFELL

Councillor, Term Expiry 2021

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Councillor, Term Expiry 2021

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CR. TANYA NICHOLLS

Councillor, Term Expiry 2023

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**CR. CHARMINE
THOMSON**

Councillor, Term Expiry 2023

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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 2020 Council member attendance at all eleven (11) Council meetings and four (4) Special and Other Council Committee meetings is documented below:

COUNCILLOR	COUNCIL MEETINGS	SPECIAL COUNCIL MEETINGS & GENERAL MEETING OF ELECTORS	OTHER COUNCIL COMMITTEES
Cr. M Greenwood	9	1	3
Cr. D Thomson (Outgoing)	3	0	1
Cr. G Batchelor	10	1	3
Cr. T Daniels	11	1	2
Cr. N Caffell	11	1	3
Cr. T Nicholls	7	0	2
Cr. C Thomson	6	0	2

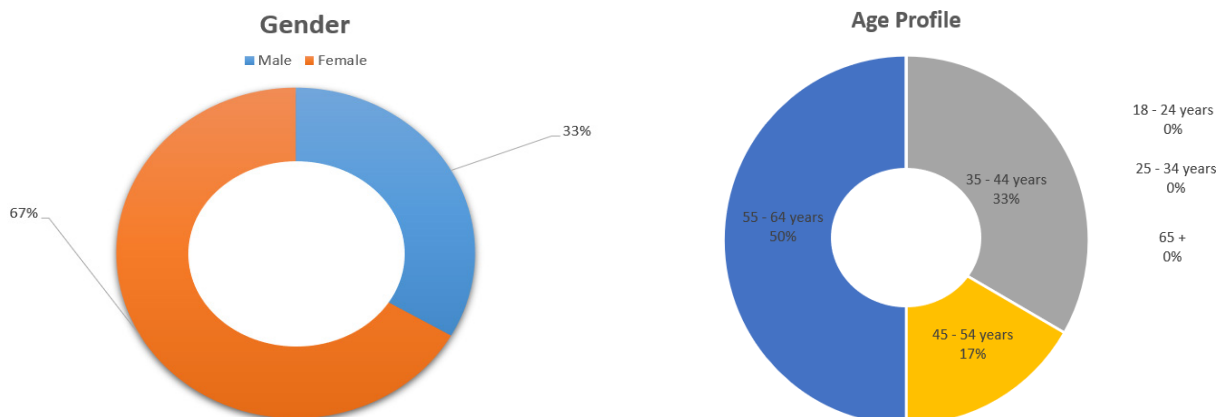
REMUNERATION

Councillor remuneration and travel reimbursements for meeting attendance during FY2019/20 are outlined in the table below:

COUNCILLOR	COUNCIL MEETINGS	OTHER MEETINGS	PRESIDENTS FEE	DEPUTY PRESIDENTS FEE	TRAVEL
Cr. M Greenwood	\$1,800.00	\$180.00	\$2,400.00	-	\$359.55
Cr. D Thomson (Outgoing)	\$300.00	\$45.00	-	\$150.00	\$74.52
Cr. G Batchelor	\$1,100.00	\$180.00	-	\$600.00	\$50.00
Cr. T Daniels	\$1,100.00	\$135.00	-	-	\$305.66
Cr. N.Caffell	\$1,100.00	\$180.00	-	-	\$243.54
Cr. T Nicholls	\$700.00	\$90.00	-	-	\$149.00
Cr. C Thomson	\$600.00	\$90.00-	-	-	\$198.72
Total	\$6,700.00	\$900.00	\$2,400.00	\$750.00	\$1,380.99

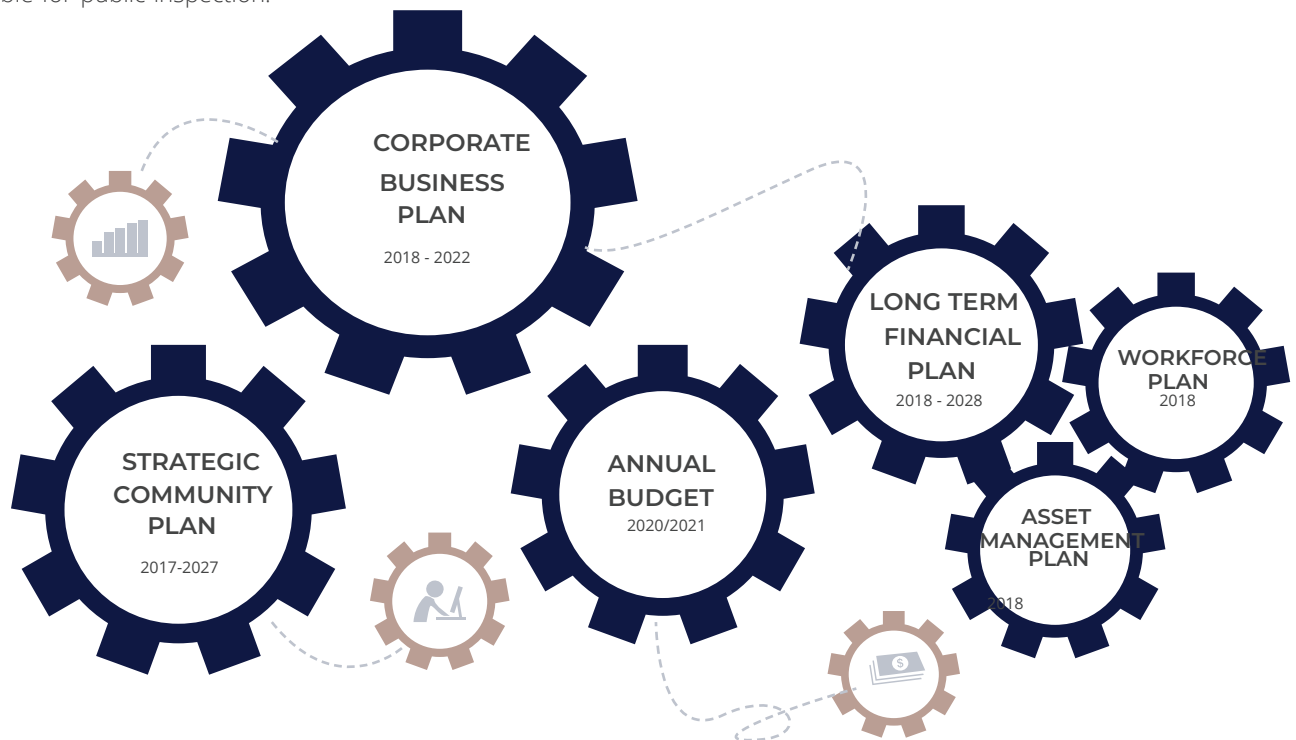
DEMOGRAPHIC PROFILE

A summary of the demographic profile of the Shire's elected members is provided below:



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 inspection.



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 2020/21-2024/25 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.

During the FY2019/20, the Shire commenced community consultation for its comprehensive review of these plans. A revised Strategic Community Plan and Corporate Business Plan will be put forward for adoption in FY2020/21.





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.

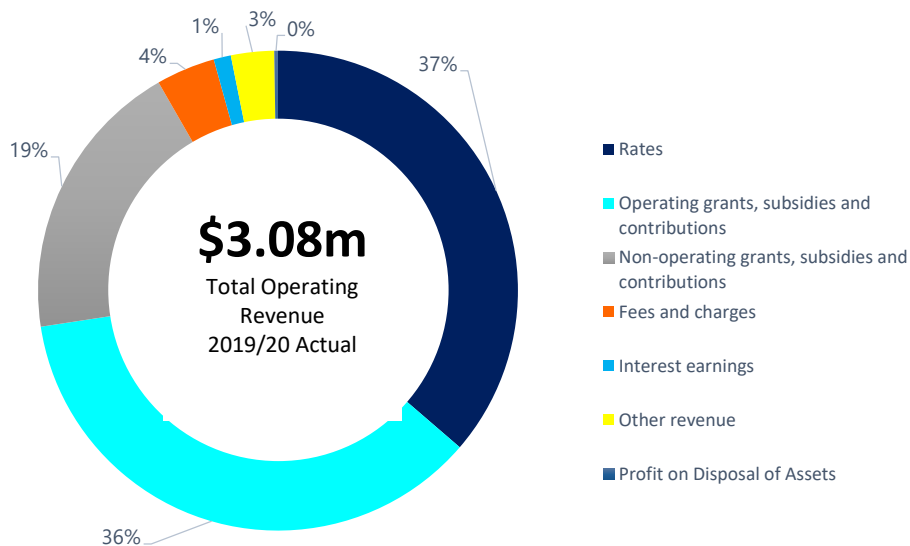
2019-2020

FINANCIAL SUMMARY

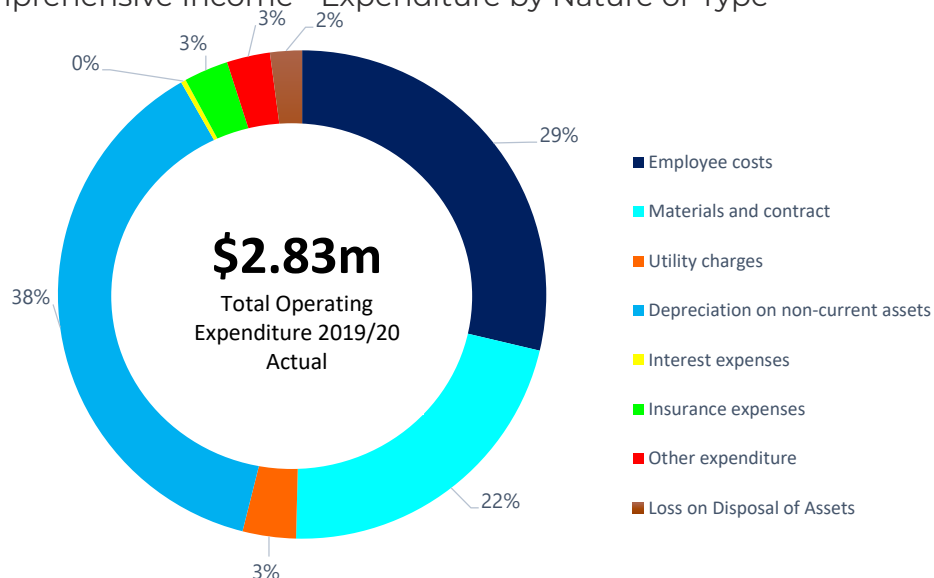
To deliver the objectives of the Strategic Community Plan the Shire requires many resources. These resources require funding, and the Shire derives this funding from different sources including rates, government grants and fees and charges.

The Annual Report presents the Shire's audited Annual Financial Statements for the year ending 30 June 2020 in the later pages of this report. A graphical representation of the Shire of Tammin's financial results for FY 2019-2020 is provided below.

Statement of Comprehensive Income - Revenue by Nature or Type



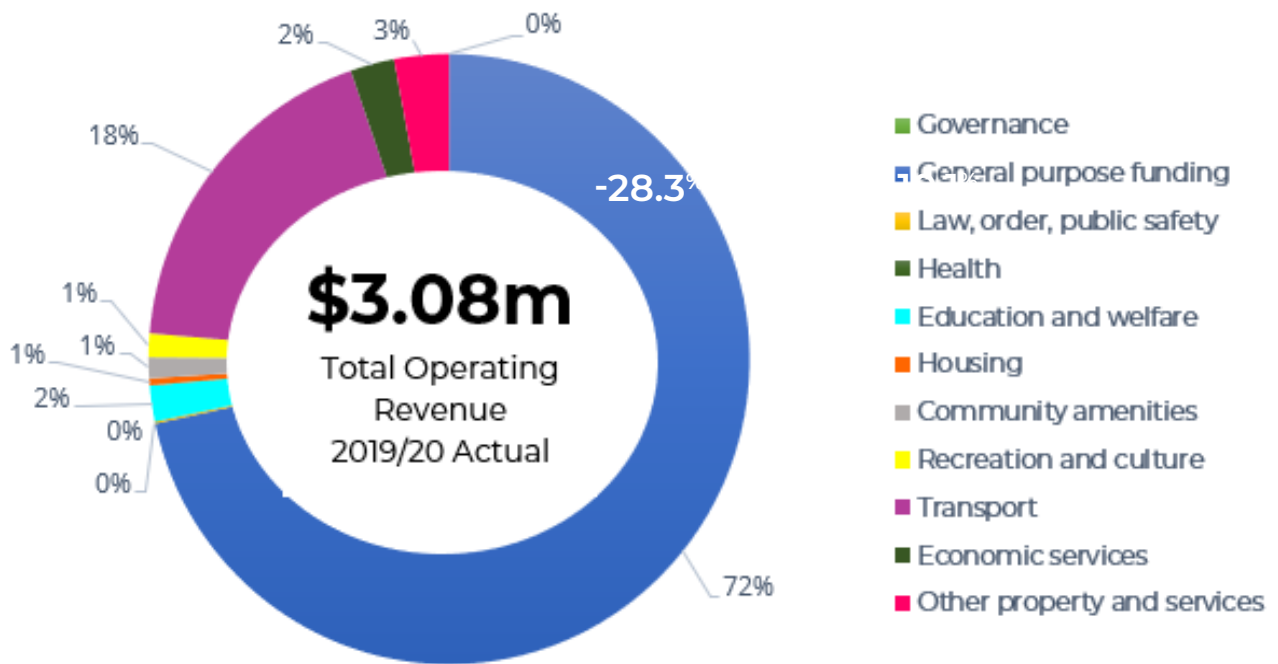
Statement of Comprehensive Income - Expenditure by Nature or Type



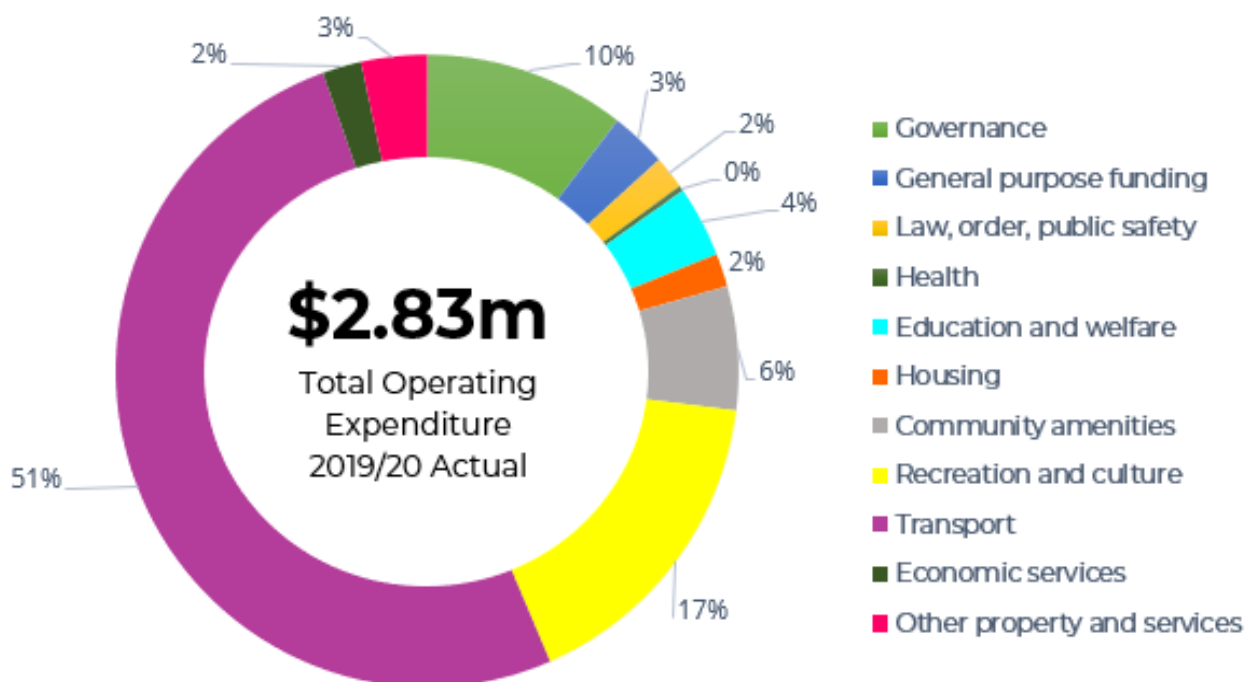
2019-2020

FINANCIAL SUMMARY *(CONTINUED)*

Statement of Comprehensive Income - Revenue by Program



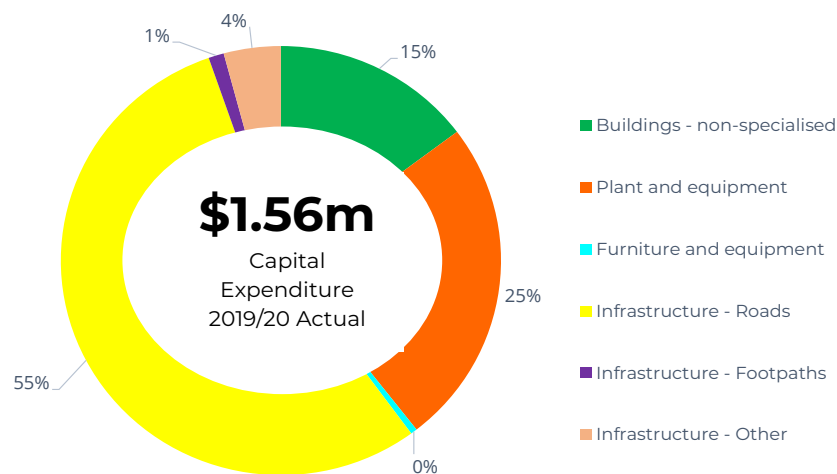
Statement of Comprehensive Income- Expenditure by Program



2019-2020

FINANCIAL SUMMARY (CONTINUED)

During the FY2019/2020 financial year, the Shire of Tammin outlayed funds of \$1.56m in capital projects across the Shire. A summary of this investment by asset class is provided below:



Key capital projects undertaken by the Shire of Tammin in FY2019-2020 included:

Capital Project	Expenditure (\$)
Tammin Hall Upgrades - Pathways, Lighting, Ablutions & Flooring	\$100,588
Bowling Club Playing Surface Renewal	\$117,129
Community Bus Vehicle Purchase	\$103,181
Roads (excluding road maintenance)	\$858,999
Liugong Loader	\$178,000



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 FY2019-2020 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 FY2019-2020 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 \$130,000 - \$140,000.

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, following a comprehensive review in December 2019, 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 2020

SHIRE OF TAMMIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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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 30 JUNE 2020**

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

Signed on the

22 day of December

2020



Chief Executive Officer

Neville Hale

Name of Chief Executive Officer



SHIRE OF TAMMIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	22(a)	1,121,590	1,118,062	1,068,393
Operating grants, subsidies and contributions	2(a)	1,120,243	650,983	1,338,172
Fees and charges	2(a)	122,702	154,752	193,884
Interest earnings	2(a)	35,889	53,350	52,357
Other revenue	2(a)	89,679	59,992	92,875
		<u>2,490,103</u>	<u>2,037,139</u>	<u>2,745,681</u>
Expenses				
Employee costs		(812,758)	(854,746)	(516,399)
Materials and contracts		(614,784)	(956,320)	(917,386)
Utility charges		(99,964)	(119,541)	(114,391)
Depreciation on non-current assets	10(b)	(1,071,386)	(1,255,065)	(1,254,221)
Interest expenses	2(b)	(9,313)	(8,194)	(10,273)
Insurance expenses		(83,421)	(65,987)	(74,950)
Other expenditure	2(b)	(81,074)	(112,899)	(74,952)
		<u>(2,772,700)</u>	<u>(3,372,753)</u>	<u>(2,962,572)</u>
		<u>(282,597)</u>	<u>(1,335,614)</u>	<u>(216,891)</u>
Non-operating grants, subsidies and contributions	2(a)	590,310	579,656	350,865
Profit on asset disposals	10(a)	7,727	18,069	0
(Loss) on asset disposals	10(a)	(59,823)	(51,127)	(77,641)
		<u>538,214</u>	<u>546,598</u>	<u>273,224</u>
Net result for the period		255,617	(789,016)	56,333
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	20,361	0	(37,660,723)
Total other comprehensive income for the period		20,361	0	(37,660,723)
Total comprehensive income for the period		275,978	(789,016)	(37,604,390)

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



SHIRE OF TAMMIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020



	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		0	0	6,000
General purpose funding		2,194,128	1,697,314	2,188,263
Law, order, public safety		2,916	8,754	8,639
Health		693	1,044	658
Education and welfare		58,130	63,637	62,950
Housing		11,430	27,417	33,298
Community amenities		28,089	35,020	33,749
Recreation and culture		20,932	51,100	26,524
Transport		79,739	78,277	223,109
Economic services		3,356	26,950	72,551
Other property and services		90,691	47,626	89,940
		2,490,103	2,037,139	2,745,681
Expenses				
	2(b)			
Governance		(325,717)	(349,159)	(317,951)
General purpose funding		(80,191)	(96,223)	(88,538)
Law, order, public safety		(31,524)	(31,751)	(38,284)
Health		(8,788)	(9,670)	(8,707)
Education and welfare		(93,695)	(112,901)	(110,790)
Housing		(44,103)	(50,588)	(46,673)
Community amenities		(161,474)	(241,913)	(166,274)
Recreation and culture		(510,440)	(593,635)	(479,238)
Transport		(1,350,160)	(1,784,162)	(1,544,140)
Economic services		(70,227)	(76,039)	(57,522)
Other property and services		(87,067)	(18,517)	(94,182)
		(2,763,387)	(3,364,559)	(2,952,299)
Finance Costs				
	2(b)			
Housing		(4,212)	(3,960)	(4,920)
Recreation and culture		(3,118)	(2,454)	(2,788)
Transport		(1,983)	(1,780)	(2,565)
		(9,313)	(8,194)	(10,273)
		(282,597)	(1,335,614)	(216,891)
Non-operating grants, subsidies and contributions	2(a)	590,310	579,656	350,865
Profit on disposal of assets	10(a)	7,727	18,069	0
(Loss) on disposal of assets	10(a)	(59,823)	(51,127)	(77,641)
		538,214	546,598	273,224
Net result for the period		255,617	(789,016)	56,333
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	20,361	0	(37,660,723)
Total other comprehensive income for the period		20,361	0	(37,660,723)
Total comprehensive income for the period		275,978	(789,016)	(37,604,390)

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

SHIRE OF TAMMIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,135,610	1,034,521
Trade and other receivables	6	63,043	114,889
Other financial assets	5(a)	1,342,463	1,388,964
Other assets	7	908	0
TOTAL CURRENT ASSETS		2,542,024	2,538,374
NON-CURRENT ASSETS			
Trade and other receivables	6	17,668	17,670
Other financial assets	5(b)	80,419	30,934
Property, plant and equipment	8	7,150,959	7,031,164
Infrastructure	9	25,016,486	24,895,375
TOTAL NON-CURRENT ASSETS		32,265,532	31,975,143
TOTAL ASSETS		34,807,555	34,513,517
CURRENT LIABILITIES			
Trade and other payables	13	132,737	115,820
Contract liabilities	14	94,259	0
Borrowings	15(a)	69,970	72,769
Employee related provisions	16	75,350	85,623
TOTAL CURRENT LIABILITIES		372,316	274,212
NON-CURRENT LIABILITIES			
Borrowings	15(a)	191,653	197,889
Employee related provisions	16	9,560	11,650
TOTAL NON-CURRENT LIABILITIES		201,213	209,539
TOTAL LIABILITIES		573,529	483,751
NET ASSETS		34,234,026	34,029,766
EQUITY			
Retained surplus		3,455,592	3,203,932
Reserves - cash/financial asset backed	4	1,328,741	1,384,502
Revaluation surplus	12	29,449,693	29,441,332
TOTAL EQUITY		34,234,026	34,029,766

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



SHIRE OF TAMMIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
				\$	
Balance as at 1 July 2018		3,350,860	1,181,242	67,102,055	71,634,157
Comprehensive income					
Net result for the period		56,333	0	0	56,333
Other comprehensive income	12	0	0	(37,660,723)	(37,660,723)
Total comprehensive income		56,333	0	(37,660,723)	(37,604,390)
Transfers to reserves	4	(203,261)	203,261	0	0
Balance as at 30 June 2019		3,203,932	1,384,502	29,441,332	34,029,766
Initial application of accounting standards	27(b)	(59,718)	0	0	(59,718)
Adjustment due to change in legislation	27(b)	0	0	(12,000)	(12,000)
Restated total equity at 1 July 2019		3,144,214	1,384,502	29,429,332	33,958,048
Comprehensive income					
Net result for the period		255,617	0	0	255,617
Other comprehensive income	12	0	0	20,361	20,361
Total comprehensive income		255,617	0	20,361	275,978
Transfers from reserves	4	261,729	(261,729)	0	0
Transfers to reserves	4	(205,968)	205,968	0	0
Balance as at 30 June 2020		3,455,592	1,328,741	29,449,693	34,234,026

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

SHIRE OF TAMMIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,108,551	1,128,724	1,091,600
Operating grants, subsidies and contributions		1,265,152	640,321	1,375,646
Fees and charges		122,702	154,752	193,884
Interest received		35,889	53,350	52,357
Goods and services tax received		14,238	200,000	(58,596)
Other revenue		89,679	59,992	92,875
		2,636,211	2,237,139	2,747,766
Payments				
Employee costs		(819,427)	(856,196)	(518,680)
Materials and contracts		(659,724)	(945,659)	(926,812)
Utility charges		(99,964)	(119,541)	(114,391)
Interest expenses		(9,313)	(12,075)	(10,965)
Insurance paid		(83,421)	(65,987)	(74,950)
Goods and services tax paid		0	(210,661)	0
Other expenditure		(81,074)	(112,899)	(79,414)
		(1,752,924)	(2,323,018)	(1,725,212)
Net cash provided by (used in) operating activities	17	883,287	(85,880)	1,022,554
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts for financial assets at amortised cost - self supporting loans		(1,398,740)	0	0
Payments for purchase of property, plant & equipment	8(a)	(626,056)	(782,400)	(121,588)
Payments for construction of infrastructure	9(a)	(942,457)	(949,746)	(788,000)
Non-operating grants, subsidies and contributions	2(a)	590,310	579,656	350,865
Proceeds from financial assets at amortised cost - self supporting loans		6,793	0	0
Proceeds from sale of property, plant & equipment	10(a)	212,486	194,191	16,364
Net cash provided by (used in) investment activities		(2,157,664)	(958,299)	(542,359)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(79,036)	(72,769)	(50,828)
Proceeds from new borrowings	15(b)	70,000	0	0
Net cash provided by (used in) financing activities		(9,036)	(72,769)	(50,828)
Net increase (decrease) in cash held		(1,283,414)	(1,116,947)	429,367
Cash at beginning of year		2,419,023	2,394,299	1,989,656
Cash and cash equivalents at the end of the year	3	1,135,612	1,277,352	2,419,024

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

SHIRE OF TAMMIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	892,711	956,397	711,465
		892,711	956,397	711,465
Revenue from operating activities (excluding rates)				
Governance		0	0	6,000
General purpose funding		1,072,538	587,014	1,127,262
Law, order, public safety		2,916	8,754	8,639
Health		693	1,044	658
Education and welfare		58,130	63,637	62,950
Housing		11,430	45,486	33,298
Community amenities		28,089	35,020	33,749
Recreation and culture		20,932	51,100	26,524
Transport		79,739	78,277	223,109
Economic services		3,356	26,950	72,551
Other property and services		98,420	47,626	89,940
		1,376,242	944,907	1,684,680
Expenditure from operating activities				
Governance		(325,717)	(349,159)	(317,951)
General purpose funding		(80,191)	(96,223)	(88,538)
Law, order, public safety		(31,524)	(31,751)	(38,284)
Health		(8,788)	(9,670)	(8,707)
Education and welfare		(93,695)	(112,901)	(110,790)
Housing		(98,080)	(105,675)	(51,593)
Community amenities		(161,474)	(241,913)	(166,274)
Recreation and culture		(513,562)	(596,089)	(482,026)
Transport		(1,352,143)	(1,785,942)	(1,546,705)
Economic services		(70,227)	(76,039)	(57,522)
Other property and services		(97,125)	(18,517)	(171,823)
		(2,832,526)	(3,423,880)	(3,040,213)
Non-cash amounts excluded from operating activities	23(a)	1,070,401	1,288,123	1,331,943
Amount attributable to operating activities		506,828	(234,454)	687,875
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	590,310	579,656	350,865
Proceeds from disposal of assets	10(a)	212,486	194,191	16,364
Proceeds from financial assets at amortised cost - self supporting loans		6,793	0	0
Payments for financial assets at amortised cost - self supporting loans		(70,000)	0	0
Purchase of property, plant and equipment	8(a)	(626,056)	(782,400)	(121,588)
Purchase and construction of infrastructure	9(a)	(942,457)	(949,746)	(788,000)
Amount attributable to investing activities		(828,924)	(958,299)	(542,359)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(79,036)	(72,769)	(50,828)
Proceeds from borrowings	15(c)	70,000	0	0
New lease arrangements		0	0	0
Transfers to reserves (restricted assets)	4	(205,968)	(168,000)	(203,261)
Transfers from reserves (restricted assets)	4	261,729	327,100	0
Amount attributable to financing activities		46,725	86,332	(254,089)
Surplus/(deficit) before imposition of general rates		(275,371)	(1,106,421)	(108,572)
Total amount raised from general rates	22(a)	1,121,590	1,110,301	1,061,001
Surplus/(deficit) after imposition of general rates	23(b)	846,220	3,880	952,429

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

SHIRE OF TAMMIN
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FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE OF TAMMIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. 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 pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the 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 13 to these financial statements.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, rental income, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	On- charge of expenses & Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,034,189	509,302	1,052,132
Law, order, public safety	0	4,354	4,354
Community amenities	0	200	0
Recreation and culture	11,890	40,200	2,234
Transport	74,164	71,277	217,386
Economic services	0	25,650	57,360
Other property and services	0	0	4,706
	1,120,243	650,983	1,338,172
Non-operating grants, subsidies and contributions			
Recreation and culture	87,500	76,850	12,000
Transport	502,810	502,806	338,865
	590,310	579,656	350,865
	1,710,553	1,230,639	1,689,037
Fees and charges			
General purpose funding	0	0	1,528
Law, order, public safety	1,452	4,200	4,285
Health	693	1,044	658
Education and welfare	57,830	63,437	59,687
Housing	11,163	26,102	32,025
Community amenities	28,089	31,320	33,749
Recreation and culture	8,261	10,900	9,696
Transport	200	1,450	700
Economic services	3,356	1,300	15,192
Other property and services	11,659	15,000	36,364
	122,702	154,752	193,884

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Non-operating grants, subsidies and contributions	590,310	579,656	350,865
	<u>590,310</u>	<u>579,656</u>	<u>350,865</u>
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Revenue from contracts with customers included as a contract liability at start of the period	59,719	0	0
Other revenue from performance obligations satisfied during the year	530,591	579,656	350,865
	<u>590,310</u>	<u>579,656</u>	<u>350,865</u>
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	26,480	0	0
Contract liabilities from contracts with customers	(94,259)	0	0

Assets associated with contracts with customers were not subject to an impairment charge. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates	1,121,590	1,118,062	1,068,393
Statutory permits and licences	3,388	2,194	658
Fines	200	2,350	2,159
	1,125,178	1,122,606	1,071,210

Other revenue

Reimbursements and recoveries	77,874	45,242	92,875
Other	11,805	14,750	0
	89,679	59,992	92,875

Interest earnings

Interest on reserve funds	23,968	41,000	40,122
Rates instalment and penalty interest (refer Note 22(d))	8,388	8,550	8,414
Other interest earnings	3,533	3,800	3,821
	35,889	53,350	52,357

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	30,000	28,000	32,300
- Other services	0	0	1,000
	30,000	28,000	33,300

Interest expenses (finance costs)

Borrowings	8,737	8,194	10,273
Interest expense [Other]	576	0	0
	9,313	8,194	10,273

Other expenditure

Impairment loss on trade and other receivables from contracts with customers	160	0	0
Sundry expenses	80,914	112,899	74,952
	81,074	112,899	74,952

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	30,000	28,000	32,300
	0	0	1,000
	30,000	28,000	33,300
	8,737	8,194	10,273
15(b)	576	0	0
	9,313	8,194	10,273
	160	0	0
	80,914	112,899	74,952
	81,074	112,899	74,952

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

NOTE	2020 \$	2019 \$
Cash at bank and on hand	1,135,610	1,034,521
Term deposits	0	1,384,502
Total cash and cash equivalents	1,135,610	2,419,023

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	1,444,766	69,220
- Financial assets at amortised cost	0	1,384,502
	1,444,766	1,453,722

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

Reserves - cash/financial asset backed	4	1,328,741	1,384,502
Contract liabilities from contracts with customers	14	94,259	0
Unspent grants, subsidies and contributions		0	44,499
Bonds & deposits held	13	21,766	24,722
Total restricted assets		1,444,766	1,453,722

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	1,342,463	1,388,964
	1,342,463	1,388,964
Other financial assets at amortised cost		
Term deposits	1,328,741	1,384,502
Self supporting loans	13,722	0
Prepayments	0	4,462
	1,342,463	1,388,964
(b) Non-current assets		
Financial assets at amortised cost	49,485	0
Financial assets at fair values through other comprehensive income	30,934	30,934
	80,419	30,934
Financial assets at amortised cost		
Self supporting loans	49,485	0
	49,485	0
Financial assets at fair values through other comprehensive income		
Units in Local Government House Trust	30,934	30,934
	30,934	30,934

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 24.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
GST receivable	
Sundry receivables	
Allowance for impairment of receivables	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2020	2019
	\$	\$
	31,492	18,450
	26,480	77,129
	5,231	19,470
	(160)	(160)
	63,043	114,889
	17,668	17,670
	17,668	17,670

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 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

**SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

7. OTHER ASSETS

Other assets - current

Prepayments

	2020	2019
	\$	\$
	908	0
	908	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Total buildings	Total land and buildings	Furniture & Equipment	Plant & Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	378,800	12,000	390,800	5,974,644	5,974,644	6,365,444	56,095	1,487,812	7,909,351
Additions	0	0	0	64,407	64,407	64,407	24,181	33,000	121,588
(Disposals)	0	0	0	(25,923)	(25,923)	(25,923)	(10,873)	(37,223)	(74,019)
Depreciation (expense)	0	0	0	(33,203)	(33,203)	(33,203)	(34,602)	(607,067)	(674,872)
Transfers	0	0	0	(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	0	0	0	(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
Adjustment due to change in legislation	0	(12,000)	(12,000)	0	0	(12,000)	0	0	(12,000)
Adjusted carrying amount at 1 July 2019	378,800	0	378,800	5,859,197	5,859,197	6,237,997	31,261	749,906	7,019,164
Additions	0	0	0	231,487	231,487	231,487	7,525	387,044	626,056
(Disposals)	(8,000)	0	(8,000)	(156,737)	(156,737)	(164,737)	0	(99,846)	(264,583)
Depreciation (expense)	0	0	0	(120,380)	(120,380)	(120,380)	(8,376)	(100,922)	(229,678)
Carrying amount at 30 June 2020	370,800	0	370,800	5,813,567	5,813,567	6,184,367	30,410	936,182	7,150,959
Comprises:									
Gross carrying amount at 30 June 2020	370,800	0	370,800	6,165,606	6,165,606	6,536,406	49,405	1,335,942	7,921,753
Accumulated depreciation at 30 June 2020	0	0	0	(352,038)	(352,038)	(352,038)	(18,996)	(399,760)	(770,794)
Carrying amount at 30 June 2020	370,800	0	370,800	5,813,567	5,813,567	6,184,368	30,410	936,182	7,150,959

SHIRE OF TAMMIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent or estimated observable market data for similar properties	Independent Valuation	2017	Price per hectare/market borrowing rate
Land - freehold land	3	Cost approach using current replacement cost (Net Revaluation method)	Management 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

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.

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. 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
Balance at 1 July 2018	\$ 59,504,288	\$ 206,389	\$ 2,973,045	\$ 62,683,722
Additions	653,656	0	134,344	788,000
(Disposals)	0	0	(19,986)	(19,986)
Revaluation increments / (decrements) transferred to revaluation surplus	(37,617,820)	0	(42,903)	(37,660,723)
Depreciation (expense)	(878,678)	(16,960)		(895,638)
Carrying amount at 30 June 2019	21,661,446	189,429	3,044,500	24,895,375
Comprises:				
Gross carrying amount at 30 June 2019	28,563,053	254,404	4,960,100	33,777,558
Accumulated depreciation at 30 June 2019	(6,901,607)	(64,975)	(1,915,600)	(8,882,182)
Carrying amount at 30 June 2019	21,661,446	189,429	3,044,500	24,895,375
Additions	858,999	17,732	65,726	942,457
(Disposals)	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	0	20,361	0	20,361
Depreciation (expense)	(668,871)	(16,960)	(155,877)	(841,708)
Carrying amount at 30 June 2020	21,851,574	210,562	2,954,349	25,016,486
Comprises:				
Gross carrying amount at 30 June 2020	29,422,053	719,950	5,025,826	35,167,829
Accumulated depreciation at 30 June 2020	(7,570,478)	(509,388)	(2,071,477)	(10,151,343)
Carrying amount at 30 June 2020	21,851,574	210,562	2,954,349	25,016,486

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. 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 current replacement cost (Gross Revaluation method)	Independent Valuation	2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Footpaths	3	Cost approach using current replacement cost (Gross Revaluation method)	Independent Valuation	2020	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
Other Infrastructure	3	Cost approach using current replacement cost (Gross Revaluation method)	Independent Valuation	2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties 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 land, buildings and infrastructure properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

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 land, buildings and infrastructure and vested improvements 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 prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 5 that details the significant accounting policies applying to leases (including right of use assets).

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(a) Disposals of Assets

	2020		2020		2020		2020		2020		2019		2019	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Net Book	Actual	Actual	Actual	Actual	Actual
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Value	Proceeds	Loss
Land - freehold land	8,000	8,000	0	0	8,000	8,000	0	0	0	0	0	0	0	0
Buildings - non-specialised	156,737	106,970	0	(49,766)	158,127	107,000	0	(51,127)	25,923	0	0	25,923	0	(25,923)
Furniture & Equipment	0	0	0	0	0	0	0	0	10,873	0	0	10,873	0	(10,873)
Plant & Equipment	99,846	97,516	7,727	(10,057)	61,122	79,191	0	18,069	37,223	16,364	0	37,223	16,364	(20,859)
Other infrastructure	0	0	0	0	0	0	0	0	19,986	0	0	19,986	0	(19,986)
	264,583	212,486	7,727	(59,823)	227,249	194,191	0	(33,058)	94,005	16,364	0	94,005	16,364	(77,641)

The following assets were disposed of during the year.

	2020		2020		2020	
	Actual	Actual	Actual	Actual	Actual	Actual
	Value	Proceeds	Profit	Loss	Value	Loss
Plant and Motor Vehicles						
Other property and services						
TN Ford Ranger 2015	15,750	18,750	3,000	0		
TN 478 Toyota Coaster Bus	8,000	12,727	4,727	0		
TN 251 Liugong Loader	35,000	30,000	0	(5,000)		
TN1 Toyota SR5 Hilux	41,096	36,039	0	(5,057)		
	99,846	97,516	7,727	(10,057)		
Land						
Housing						
20 Ridley Street, Tammin	8,000	8,000	0	0		
	8,000	8,000	0	0		
Buildings						
Housing						
20 Ridley Street, Tammin	156,737	106,970	0	(49,766)		
	156,737	106,970	0	(49,766)		
	264,583	212,486	7,727	(59,823)		

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	120,380	121,907	120,728
Furniture & Equipment	8,376	8,114	3,540
Plant & Equipment	100,922	120,137	126,616
Infrastructure - Roads	668,871	879,773	878,678
Infrastructure - Footpaths	16,960	16,981	16,960
Infrastructure - Other Infrastructure	155,877	108,154	107,699
	1,071,386	1,255,066	1,254,221

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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	40 - 80 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 on revaluation

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

11. LEASES

The Shire had no leases in the current reporting period ended 30 June 2020.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All leases that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

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

Right-of-use assets - valuation

Right-of-use assets are measured at cost.

This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at cost (i.e. not included in the statement of financial position). The exception is vested improvements concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance
Revaluation surplus - Land - vested in and under the control of Council	\$ 12,000	(12,000)	0	0	0	0	\$ 12,000	0	0	0	\$ 12,000
Revaluation surplus - Buildings - non-specialised	5,980,673	0	0	0	0	5,980,673	5,980,673	0	0	0	5,980,673
Revaluation surplus - Furniture & Equipment	151,711	0	0	0	0	151,711	151,711	0	0	0	151,711
Revaluation surplus - Plant & Equipment	700,276	0	0	0	0	700,276	700,276	0	0	0	700,276
Revaluation surplus - Infrastructure - Roads	21,214,893	0	0	0	0	21,214,893	58,832,713	0	(37,617,820)	(37,617,820)	21,214,893
Revaluation surplus - Other Infrastructure	1,350,845	0	20,361	0	20,361	1,371,206	1,393,748	0	(42,903)	(42,903)	1,350,845
Revaluation surplus - Infrastructure - Local Government House	30,934	0	0	0	0	30,934	30,934	0	0	0	30,934
	29,441,332	(12,000)	20,361	0	20,361	29,449,693	67,102,055	0	(37,660,723)	(37,660,723)	29,441,332

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.

Vested land no longer required to be recognised at fair value. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional, significance should be recognised at zero cost.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 ATO Liabilities
 Accrued interest on debentures
 GST Payable
 Bonds & deposits held

	2020	2019
	\$	\$
Sundry creditors	79,080	51,999
Accrued salaries and wages	8,604	5,418
ATO Liabilities	21,007	18,499
Accrued interest on debentures	128	3,881
GST Payable	2,152	13,775
Bonds & deposits held	21,766	22,248
	132,737	115,820

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 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

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded. The Shire of Tammin does not have any prepaid rates.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

14. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

	2020	2019
	\$	\$
	94,259	0
	94,259	0

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

94,259
94,259

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

The Shire had no new borrowings for the financial year ended 30 June 2020.

(d) Unspent Borrowings

The Shire had no unspent borrowings for the financial year ended 30 June 2020.

	2020	2019
	\$	\$
(e) 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	(1,410)	(1,234)
Total amount of credit unused	118,590	118,766
Loan facilities		
Loan facilities - current	69,970	72,769
Loan facilities - non-current	191,653	197,889
Total facilities in use at balance date	261,623	270,658
Unused loan facilities at balance date	0	0

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 24.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	30,200	55,423	85,623
Non-current provisions	0	11,650	11,650
	30,200	67,073	97,273
Additional provision	67,107	(26,651)	40,456
Amounts used	(50,286)	(2,533)	(52,819)
Balance at 30 June 2020	47,021	37,889	84,910
Comprises			
Current	47,021	28,329	75,350
Non-current	0	9,560	9,560
	47,021	37,889	84,910
Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	75,350	85,623	
More than 12 months from reporting date	9,560	11,650	
Expected reimbursements from other WA local governments	0	0	
	84,910	97,273	

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.

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	2,464,351	1,277,352	2,419,024

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	255,617	(789,016)	56,333
Non-cash flows in Net result:			
Depreciation on non-current assets	1,071,386	1,255,065	1,254,221
(Profit)/loss on sale of asset	52,096	33,058	77,641
Fair value adjustments to financial assets			(4,462)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	51,844	0	2,085
(Increase)/decrease in other assets	3,556	0	0
(Increase)/decrease in contract assets	(59,718)	0	0
Increase/(decrease) in payables	16,918	(3,881)	(18,592)
Increase/(decrease) in provisions	(12,363)	(1,450)	6,193
Increase/(decrease) in contract liabilities	94,259	0	0
Change in accounting policies transferred to retained surplus	0	0	0
Non-operating grants, subsidies and contributions	(590,310)	(579,656)	(350,865)
Net cash from operating activities	883,285	(85,880)	1,022,554

SHIRE OF TAMMIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
General purpose funding	49,160	(313,861)
Law, order, public safety	13,160	13,440
Education and welfare	1,257,152	1,266,865
Housing	766,531	968,920
Community amenities	499,364	282,946
Recreation and culture	6,205,214	7,495,555
Transport	24,146,461	24,086,285
Economic services	90,171	97,200
Other property and services	581,339	488,792
Unallocated	1,199,003	127,375
	<u>34,807,555</u>	<u>34,513,517</u>

19. CONTINGENT LIABILITIES

The Shire of Tammin has, in compliance with the Contaminated Sites Act 2003 s 11, listed the Tammin Refuse Disposal Site to be possible source of contamination.

The Shire is currently not aware of any potential contamination on the above site and therefore; has not identified any need to undertake investigation. Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the Department of Water and Environmental Regulation (DWER) the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated site.

The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the DWER guidelines.

SHIRE OF TAMMIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

20. CAPITAL AND LEASING COMMITMENTS

	2020	2019
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	45,403	71,610
	45,403	71,610
Payable:		
- not later than one year	45,403	71,610

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2020 Actual	2020 Budget	2019 Actual
The following fees, expenses and allowances were paid to council members and/or the President.	\$	\$	\$
Meeting fees	7,635	8,060	7,000
President's allowance	2,400	2,400	2,400
Deputy President's allowance	750	600	600
Travelling expenses	1,381	1,500	1,284
	12,166	12,560	11,284

Key Management Personnel (KMP) Compensation Disclosure

	2020 Actual	2019 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	343,851	206,796
Post-employment benefits	34,214	7,075
Other long-term benefits	497	968
	378,562	214,838

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 long service benefits accruing during the year.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

21. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	33,055	0
Purchase of goods and services	3,597	2,868
Short term employee benefits	1,065	0

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 employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

22. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
		Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Actual Total Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	Actual Total Revenue \$	Budget Total Revenue \$	Actual Total Revenue \$	
0.124434	89	807,924	101,315	0	0	101,315		100,533	0	0	100,533		96,666
0.015720	158	62,723,500	986,013	0	0	986,013		986,013	0	0	986,013		952,010
	247	63,531,424	1,087,328	0	0	1,087,328		1,086,546	0	0	1,086,546		1,048,676
Minimum \$													
573	46	23,662	26,358	0	0	26,358		26,358	0	0	26,358		25,346
573	35	739,000	20,055	0	0	20,055		20,055	0	0	20,055		15,428
	81	762,662	46,413	0	0	46,413		46,413	0	0	46,413		40,774
	328	64,294,086	1,133,741	0	0	1,133,741		1,132,959	0	0	1,132,959		1,089,450
						(19,839)		(22,659)			(28,449)		(28,449)
						7,688		7,762			7,392		7,392
						1,121,590		1,118,062			1,068,393		1,068,393

Discounts & Write-offs (Note 22(d))

Ex-gratia rates

Total amount raised from general rate

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

**SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

22. RATING INFORMATION (Continued)

(b) **Specified Area Rate**
The Shire did not raise specified area rates for the year ended 30 June 2020.

(c) **Service Charges**
The Shire did not raise service charges for the year ended 30 June 2020.

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
General Rates	2.00%	19,839	19,839	22,659	28,449	If all rates and charges appearing on the rates notice (including arrears) are paid in full within 35 days of issue of the rate assessment notice.
Total discounts/concessions (Note 22(a))			19,839	22,659	28,449	

SHIRE OF TAMMIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

22. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	9/09/2019	0.00	0.00%	11.00%
Option Two				
First instalment	9/09/2019	4.00	5.50%	11.00%
Second instalment	11/11/2019	4.00	5.50%	11.00%
Third instalment	13/01/2020	4.00	5.50%	11.00%
Fourth instalment	16/03/2020	4.00	5.00%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	7,346	7,000	6,985
Interest on instalment plan	1,042	1,550	1,429
Charges on instalment plan	1,260	1,100	1,080
	9,648	9,650	9,494

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19		
	(30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)		
Note	\$	\$	\$	\$		
(a) Non-cash amounts excluded from operating activities						
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> .						
Adjustments to operating activities						
	Less: Profit on asset disposals	10(a)	(7,727)	(18,069)	0	0
	Movement in employee benefit provisions (non-current)		(2,090)	0	81	81
	Movement in other provisions (non-current)		(991)	0	0	0
	Revenue restatement - unspent grants		(50,000)	0	0	0
	Add: Loss on disposal of assets	10(a)	59,823	51,127	77,641	77,641
	Add: Depreciation on non-current assets	10(b)	1,071,386	1,255,065	1,254,221	1,254,221
	Non cash amounts excluded from operating activities		1,070,401	1,288,123	1,331,943	1,331,943
(b) Surplus/(deficit) after imposition of general rates						
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.						
Adjustments to net current assets						
	Less: Reserves - cash/financial asset backed	4	(1,328,741)	(1,225,402)	(1,384,502)	(1,384,502)
	Less: Financial assets at amortised cost - self supporting loans	5(a)	(13,722)	0	0	0
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	15(a)	69,970	0	72,769	72,769
	- Employee benefit provisions		75,349	0	0	0
	- Bonds and deposit held		(126,343)	0	0	0
	Total adjustments to net current assets		(1,323,488)	(1,225,402)	(1,311,733)	(1,311,733)
Net current assets used in the Rate Setting Statement						
	Total current assets		2,542,024	1,396,704	2,478,656	2,538,374
	Less: Total current liabilities		(372,316)	(167,423)	(274,212)	(274,212)
	Less: Total adjustments to net current assets		(1,323,488)	(1,225,402)	(1,311,733)	(1,311,733)
	Net current assets used in the Rate Setting Statement		846,220	3,880	892,711	952,429
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards						
	Total current assets at 30 June 2019					2,538,374
	- Contract liabilities	26(a)				(59,718)
	Total current assets at 1 July 2019					2,478,656
	Total current liabilities at 30 June 2019					(274,212)
	Total current liabilities at 1 July 2019					(274,212)

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

24. 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	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

(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
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.38%	1,135,610	0	1,135,610	0
Financial assets at amortised cost - term deposits	1.00%	1,328,741	1,328,741	0	0
2019					
Cash and cash equivalents	0.07%	1,034,521	0	1,034,521	0
Financial assets at amortised cost	2.05%	1,384,502	1,384,502	0	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	11,356	10,345

* 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 15(b).

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other 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 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	13,222	0	18,270	31,492
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	812	475	11,961	5,202	18,450
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	8.23%	
Gross carrying amount	2,639	641	6	1,945	5,231
Loss allowance	0	0	0	(160)	(160)
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	10,113	1,074	15	8,268	19,470
Loss allowance	0	0	0	(160)	(160)

24. 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 15(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 \$
<u>2020</u>					
Payables	132,738	0	0	132,738	132,738
Borrowings	76,309	203,056	0	279,365	261,623
	253,306	253,056	0	506,361	488,619
<u>2019</u>					
Payables	115,820	0	0	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

25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

26. 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.

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted 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 adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
		\$	\$	\$
Contract liabilities - current	14	0	(59,718)	(59,718)
Adjustment to retained surplus from adoption of AASB 15	27(b)		(59,718)	

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

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

In summary, there were no adjustments made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

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 gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were 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 occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$
	Note	As reported under AASB 15 and AASB 1058		Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	22(a)	1,121,590	0	1,121,590
Operating grants, subsidies and contributions	2(a)	1,120,243	94,259	1,214,502
Fees and charges	2(a)	122,702	0	122,702
Non-operating grants, subsidies and contributions	2(a)	590,310	0	590,310
Net result		255,617	94,259	349,876
Statement of Financial Position				
Trade and other payables	13	132,737	0	132,737
Contract liabilities	14	94,259	(94,259)	0
Net assets		34,234,026	94,259	34,328,285
Statement of Changes in Equity				
Net result		255,617	94,259	349,876
Retained surplus		3,455,592	94,259	3,549,851

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. The Shire had no leases in placed which required recognition on application of AASB16.

27 CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, Local Government (Financial Management) Regulation 16 was deleted and Local Government (Financial Management) Regulation 17A was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 8.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019	Reclassification	Carrying amount 01 July 2019
		\$	\$	\$
Property, plant and equipment		7,031,164	(12,000)	7,019,164
Revaluation surplus		29,441,332	(12,000)	29,429,332

Also, following changes to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

AASB 108.28(b),(f),(g) The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019
		\$	\$
Retained surplus - 30 June 2019			3,203,932
Adjustment to retained surplus from adoption of AASB 15	32(a)	(59,718)	
Adjustment to retained surplus from adoption of AASB 1058	32(b)	0	(59,718)
Retained surplus - 1 July 2019			3,144,214

The impact on the Shire's opening revaluation surplus resulting from Local Government (Financial Management) Regulation 16 being deleted and the amendments to Local Government (Financial Management) Regulation 17A as at 1 July 2019 was as follows:

	Note	Adjustments	2019
		\$	\$
Revaluation surplus - 30 June			29,441,332
Adjustment to revaluation surplus from deletion of FM Reg 16		(12,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17			(12,000)
Revaluation surplus - 1 July 2019			29,429,332

SHIRE OF TAMMIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

28 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.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>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.</p>
<p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH</p> <p>To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>EDUCATION AND WELFARE</p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>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.</p>
<p>HOUSING</p> <p>To provide housing to staff.</p>	<p>Staff housing, provision of general rental accomodation when buildings not required by staff.</p>
<p>COMMUNITY AMENITIES</p> <p>To provide services required by the community.</p>	<p>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.</p>
<p>RECREATION AND CULTURE</p> <p>To establish and effectively manage infrastructure and resources which help the social well being of the community.</p>	<p>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.</p>
<p>TRANSPORT</p> <p>To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, streets, footpaths, depots, cycleways and parking facilities.</p>
<p>ECONOMIC SERVICES</p> <p>To help promote the Shire and its economic wellbeing.</p>	<p>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</p>
<p>OTHER PROPERTY AND SERVICES</p> <p>To monitor and control Council's overhead operating accounts.</p>	<p>Private works operation, plant repair and operation costs, housing and engineering operation costs.</p>

SHIRE OF TAMMIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	3.31	4.39	3.81
Asset consumption ratio	0.75	0.77	0.93
Asset renewal funding ratio	0.91	0.38	0.47
Asset sustainability ratio	1.27	0.64	0.60
Debt service cover ratio	8.50	15.88	13.03
Operating surplus ratio	(0.25)	(0.21)	(0.50)
Own source revenue coverage ratio	0.48	0.46	0.44

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 2020



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Tammin

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Tammin which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as 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 2020 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 Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 Leases which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

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 as reported in Note 30 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard of 0.01 for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) 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.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Tammin for the year ended 30 June 2020 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.



SUBHA GUNALAN
ACTING SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
23 December 2020



SHIRE OF TAMMIN
OUR AIM IS PROGRESS


ANNUAL REPORT 2019-2020

Vision

A place for people, a place for community.

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