



**Shire of Tammin**

**ANNUAL REPORT**

**2012 - 2013**

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# VISION, AIM, GOALS AND VALUES

## OUR VISION - A PLACE FOR PEOPLE, A PLACE FOR COMMUNITY

- Tammin has a community that cares and is a place where community matters.
- Tammin will be a great place to live and visit because we take pride in our local area, with enhanced local natural areas or open spaces.
- Our community is vibrant and active, inclusive and welcoming, a community for young and old, a community where people are treated equally and feel safe.

## OUR AIM

- To sustain and build our local area capacity through local employment and strengthened community development.

## OUR GOALS

### Social

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

### Environmental

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

### Economic

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

## OUR VALUES

The Shire of Tammin has a clear strength in the bond and affinity between Councillors, the community and staff. Staff supports the community leadership and governance role of Councillors and work together to achieve the commitments of the Council Plan. Having all of the Shire's Council staff practice the following values enhances the quality of this partnership:

- **Service** - Our citizens, community and service users are the focus of all our actions
- **Accountability** - We are responsible for our actions, which are open to review
- **Innovation** - We encourage and seek new ideas in finding solutions
- **Teamwork** - We share our skills, knowledge and experience as part of a team and work together towards achieving Council's goals
- **Recognition** - We promote the achievements and efforts of others
- **Safety** - We look after our environment and the welfare of others
- **Integrity** - We are open and honest and work to the best ability
- **Respect** - We acknowledge the opinions of others and their rights and differences

# OBJECTIVES AND ACHIEVEMENTS

The Shire of Tammin's Strategic Community Plan for the next ten years details the following outcomes:

Vision	Outcomes	Objectives
<b>SOCIAL: BUILDING A SENSE OF COMMUNITY</b>		
<ul style="list-style-type: none"> <li>Our community will be inclusive and inviting; a place where all people, young and old, are accepted and valued.</li> <li>Community leadership and involvement will ensure our different communities recreate, network and interact, building strong relationships and support.</li> <li>Our diverse community has access to services within their local area.</li> </ul>	<ul style="list-style-type: none"> <li>Strong and inclusive community.</li> <li>An active community.</li> <li>Community service enhancement.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen community groups and networks.</li> <li>Improve recreation for all ages.</li> <li>Improve local access to services.</li> </ul>
<b>ENVIRONMENT: PRESERVING AND SUSTAINING OUR NATURAL ENVIRONMENT</b>		
<ul style="list-style-type: none"> <li>We will live sustainably in our natural environment.</li> <li>Our local bush spaces will be enjoyed by our community and we will ensure our local environment is protected and enhanced.</li> <li>We will provide leadership and be recognised for sustainable practices through our active support in regional recycling and resource recovery.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable waste management.</li> <li>Sustainable living.</li> <li>Enhanced local environment.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure waste management.</li> <li>Promote and strengthen the efficient use of natural resources.</li> <li>Protect, maintain and enhance</li> </ul>
<b>BUILT ENVIRONMENT: ENHANCED LIFESTYLE CHOICES</b>		
<ul style="list-style-type: none"> <li>Our local area will be maintained through the provision of housing and employment choices for all ages, whilst protecting our viable farmland.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Improved quality and maintenance of our infrastructure.</li> <li>Housing needs met.</li> <li>Improved business capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade and maintain our infrastructure.</li> <li>To ensure transport routes are safe.</li> <li>Facilitate affordable diverse housing requirements.</li> <li>Create land use capacity for industry.</li> </ul>
<b>ECONOMIC DEVELOPMENT: MAXIMISE DEVELOPMENT</b>		
<ul style="list-style-type: none"> <li>We will build and sustain our community through facilitating employment opportunities.</li> <li>Our economy will thrive, support sustainable businesses and facilitate the growth of industry.</li> </ul>	<ul style="list-style-type: none"> <li>Industry and employment growth.</li> <li>Increased economic capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate local industry growth.</li> <li>Support and facilitate sustainable businesses.</li> <li>Promote Tammin as a place to visit, live and work</li> </ul>

GOVERNANCE: STRENGTHEN SHIRE LEADERSHIP		
<ul style="list-style-type: none"> <li>• We will provide leadership and make informed decisions for the benefit of the community.</li> <li>• We will provide good governance to ensure our local area is sustainable and advocate and lobby on behalf of our community for the provision of services and infrastructure.</li> <li>• We will work in partnership with our community and support our community as leaders.</li> </ul>	<ul style="list-style-type: none"> <li>• Accountable governance.</li> <li>• Partnership with community.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure responsible management of resources.</li> <li>• Provide opportunities for community leadership.</li> </ul>

The Councils' annual budget has identified a number of initiatives in order to achieve the above mentioned objectives.

## **ACHIEVEMENTS AND HIGHLIGHTS FOR 2012/2013**

### **ACHIEVEMENTS**

1. The new Depot has progressed almost to completion
2. The community wheat crop will yield perhaps the best outcome for a long time.
3. The Barracks building has been sold.
4. 22 Ridley Street has been sold with proceeds from it and the barracks being used for toilets and other staff housing.
5. A new website has been completed
6. Solar panels for the Tamma Village have been installed
7. Three new blocks have been purchased in Nottage Way.
8. Housing inspections have commenced on Councils assets.

#### **Integrated Planning still in progress:**

Long Term Financial Plan has been completed by the consultant and will be dealt with by Council.

Asset management, the consultants completed the asset management plan for buildings and structures during the year and are in the process of completing the transport asset management plan.

Corporate Plan is still outstanding from the Consultant.

### **HIGHLIGHTS**

During the 2012/2013 financial year, the Shire achieved the following:

(1) Rate increases were contained as follows:

Unimproved values	4.52%
Gross rental values	4.55%
Minimum unimproved values	5.19%
Minimum gross rental values	5.19%

(2) \$2.48M was spent in maintaining services at current levels.

(3) Expenditure on capital works is summarised as follows:

- Land and buildings	\$0.34m
- Road infrastructure	\$0.56m
- Plant and equipment	\$ 0.19m
- Furniture and equipment	\$ 0.02m

### **STRATEGIC OBJECTIVES FOR 2012/2013**

- (1) Caravan Park and Short Stay Accommodation
- (2) Community and visitor toilets
- (3) Staff housing

## STATEMENT BY SHIRE PRESIDENT



For the Shire of Tammin 2012/2013 has been an interesting year with a lot happening in and around us.

The year was dominated once again by activity relating to amalgamations with the Shires of Quairading, York and Cunderdin. All four shires moved to amalgamate subject to the Local Government Advisory Board's approval and as well as approval from respective communities. During the course of this financial year, Council was engaging with its community trying to encourage and provide an understanding to all of how important it was to change with the times and needs of the Shire.

Council made decisions to rationalise its assets and in doing so resolved to sell the building known as the Barracks as well as 22 Ridley Street and 6 Russell Road. Council purchased 5 and 7 Nottage way with the view to build further staff accommodation on the two blocks.

Regarding Royalties for Regions funding, Council commenced work on its new Depot. At the time of writing, the building was heading well towards completion.

Council is still awaiting results of its application for funding towards the proposed Caravan Park.

It is hoped that a similar fate that befell us with the scrapping of funding which was destined to pay for staff housing does not happen with the application for these funds.

I would like to thank my fellow Councillors for their contribution towards a stable and well-run Council during this period. In doing so I would especially like to thank those members who departed at the end of last calendar year, namely Councillor Steve Jefferies and Councillor Rodney Stokes. They were ably replaced by Cr Pat Bell and Cr Don Thomson who have filled big shoes admirably. Thank you especially to my Deputy Shire President for her valuable contributions.

I would also like to thank all staff for their hard efforts over the last twelve months. There have been trying times but you have pulled through with flying colours. In particular I would like to thank previous CEO Graham Stanley for his tireless efforts.

Finally I would like to thank you, the community for your contribution and involvement. We are moving through uncertain but positive times but I know that we can do it together and as one. Thank you for your trust and participation in what may go down as an historic start towards a solid and bright future.

Scott Uppill  
**President**



## THE COUNCIL



### **Your Council**

Front (L to R): Cr Carol Crane (Deputy President) Cr Scott Uppil (President)  
Cr Pat Bell

Back (L to R): Ian Bodill (CEO), Cr Michael Greenwood, Cr Donald Thomson,  
Cr Dustin McCreery.

# CHIEF EXECUTIVE OFFICER'S REPORT



The year has been one of continuous outcomes and I have been very comfortable with what has been achieved.

Without a doubt, a lot of time and angst has been spent on trying to complete the depot within a specific time frame. At the time of writing, this has not occurred. But, one hopes that it will be completed in the near future.

I wish to reiterate some of the achievements already mentioned above:

The community wheat crop will yield perhaps the best outcome for a long time.

The Barracks building has been sold.

22 Ridley Street has been sold with proceeds from it and the Barracks being used for toilets and other staff housing.

A new website has been completed

Solar panels for the Tamma Village have been installed

Three new blocks have been purchased in Nottage Way.

Housing inspections have commenced on Councils assets.

I would not have achieved the outcomes for the 12 months in question without the able assistance of Myra and her capable

staff. Myra has left no question as to her capabilities and she has taken charge of Councils finances to the satisfaction of our auditor.

The construction and maintenance crew have persevered and succeeded in completing the construction programme in an acceptable and very timely way.

I would also like to thank the Shire of York specialist staff for their involvement in bringing various items to a conclusion at Tammin.

We had a few people leave the shire during the course of the year in question. They are Gabby Cook, Hayley Burns, Dave Goulden, Kelli Millet, Scott Goodin and Mitchell Smith. Their contribution has been valued.

We welcomed Carol Greenwood (Finance Officer), Carissa Lawrence (Admin Officer), Cody Smith (Apprentice Electrician) and Lewis Henry (Parks and Gardens) during the year.,

Finally, I have enjoyed working for the Tammin shire, President Uppill, Councillors and the community and thank all for the opportunity.

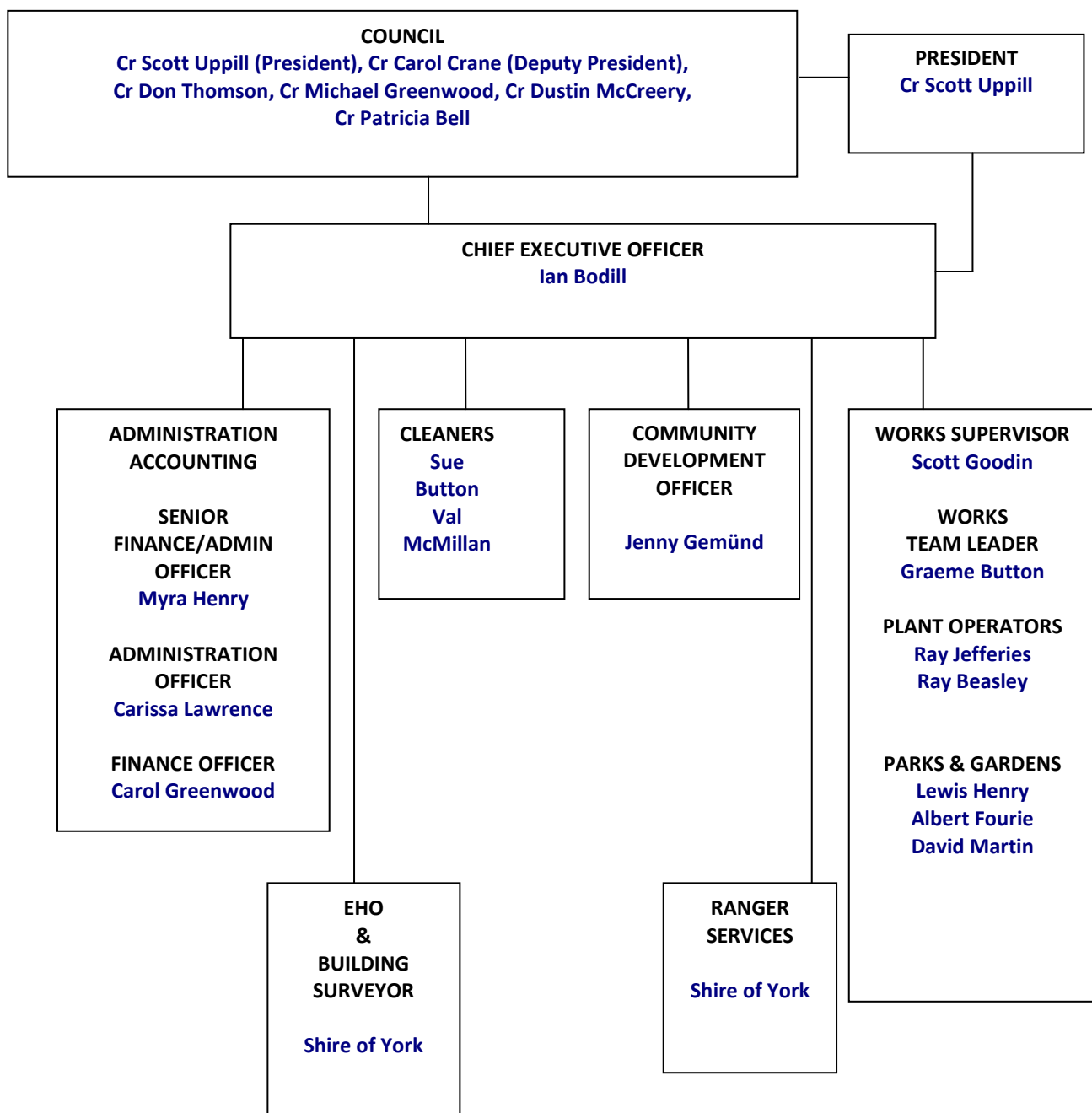
Ian Bodill  
**Chief Executive Officer**

# ORGANISATIONAL STRUCTURE

(At 30<sup>th</sup> June 2013)

The Shire of Tammin staff members are part of the corporate structure headed by the Chief Executive Officer. This corporate approach ensures that staff members work towards achieving common goals.

The staff is organised across a number of sections. The Chief Executive Officer is responsible for the overall management of the organisation. The Corporate Management Team implements and administers the policies of the Elected Members.



# LEGISLATIVE COMPLIANCE

## National Competition Policy

The introduction of the National Competition Policy requires all Local Governments to include in the Annual Report, Statements relating to the following:

### The Structural Reform of Public Monopolies

The intention of the structural reform of Public Monopolies is that:

- ➔ There is a separation of regulatory and commercial functions of Public Monopolies.
- ➔ There is a separation of natural monopolistic operations and potentially competitive activities of Public Monopolies.
- ➔ There is a separation of potential competitive activities into a number of smaller, essentially independent business units.

The Shire of Tammin is not considered a natural monopoly, nor does it conduct any business activity that can be considered a Public Monopoly. Therefore the principle of structural reform of Public Monopolies does not apply to the Shire of Tammin.

### Competitive Neutrality

For significant Local Government business enterprises, which are classified as “Public Financial Enterprises”, Local Government will, where appropriate:

- ➔ Adopt a corporatisation model for those Local Government business enterprises.
- ➔ Impose on significant business enterprises:
  - ⇒ Full Commonwealth, State and Territory taxes on tax equivalent systems;
  - ⇒ Debt guarantee fees directed towards off-setting the competitive advantages provided by government guarantees; and
  - ⇒ Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

These principles have been designed to ensure that a local government has no unfair advantage over any competitor in the market place.

These principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Tammin has none, and therefore do not apply to the Shire of Tammin.

Council has not received any allegations of non-compliance with Competitive Neutrality Principles from the private sector.

## Legislation Review

In accordance with the National Competition Policy all Local Laws have been reviewed and will be adopted in the 2012/13 financial year.

## Disability Access and Inclusion Plan

The Disability Services Act 1993 was amended in December 2004, creating a requirement of public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

Council adopted a DAIP in November 2007 for implementation. Council is required to report on our present activities as they relate to the six desired DAIP outcomes.

1. Council is continually adapting our 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. Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access.
3. Wherever possible people with disabilities can receive information from the Shire 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 large font size.
4. The staff are always 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 staff, this can be via written letters, e-mail, SMS or verbally.
6. Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

## Public Interest Disclosure & Disclosure of Annual Salaries

### 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 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 2012/13 there were no disclosures made under the Act.

## Annual Salaries

One employee of the Shire of Tammin received a salary in excess of \$100,000 for the year ended 30<sup>th</sup> June 2013.

<u>No. Employees</u>	<u>Salary Range</u>
1	\$140,000 - \$150,000

## Record Keeping Plan

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Principal 6 – Compliance: Government organisations ensure their employees comply with the Record-Keeping Plan.

Rationale:

An organisation and its employees must comply with the organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The Record-Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record-keeping program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee role and responsibilities in regards to their compliance with the organisation's record keeping plan.

The Shire of Tammin has complied with items 1 to 4.

## Register of Minor Complaints

Section 5.121 of the Local Government Act 1995 (Register of certain complaints of minor breaches) requires the complaints officer for each local government to maintain a register of complaints which records all complaints that result in action under section 5.110(6) (b) or (c) of the Act. (Conduct of Certain Officials)

Section 5.53 (2) (hb) of the Local Government Act 1995 requires disclosure in the Annual Report of details of entries made under section 5.121 during the financial year in the register of complaints, including:

- (i) the number of complaints recorded on the register of complaints;
- (ii) how the recorded complaints were dealt with; and
- (iii) any other details that the regulations may require.

In Accordance with these requirements, it is advised that no complaints of minor breaches under the Local Government Act 1995 were received during 2012/13.

## Freedom of Information

Section 96 of the *Freedom of Information Act* requires local governments to publish an Information Statement.

In summary, the Shire of Tammin's Statement indicates that the Shire of Tammin is responsible for the good governance of the Shire and carries out functions as required including statutory compliance and provision of services and facilities.

All Council meetings 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 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, Rate 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 Office, 1 Donnan Street, Tammin during office hours.

Where ever possible and practical and in line with privacy laws, the Shire of Tammin makes personal information readily available free of charge.

No Freedom of Information requests were received during the reporting period.

## Councillor Meeting Attendance

Council Policy provides that Councillors' attendance at all Council meetings and Committee meetings which they have been appointed a member, be reported in the Annual Report.

	<b>Council</b>		<b>Committee</b>	
	<b><u>Eligible</u></b>	<b><u>Attended</u></b>	<b><u>Eligible</u></b>	<b><u>Attended</u></b>
Cr S. Uppill	15	15	3	3
Cr C. Crane	15	14	6	6
Cr M. Greenwood	15	12	7	7
Cr D. McCreery	15	15	6	6
Cr P. Bell	6	6	0	0
Cr D. Thomson	6	5	1	1
Cr R. Stokes	4	4	1	1
Cr S. Jefferies	9	8	0	0





**Shire of Tammin**

**ANNUAL FINANCIAL STATEMENT**

**2012 - 2013**



**SHIRE OF TAMMIN**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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**SHIRE OF TAMMIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Tammin being the annual financial report and supporting notes and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Tammin at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 16th day of December 2013

  
\_\_\_\_\_  
Brian Jones  
Chief Executive Officer

**SHIRE OF TAMMIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
Rates	22	723,831	723,457	698,020
Operating Grants, Subsidies and Contributions	28	1,054,540	507,616	1,151,465
Fees and Charges	27	370,909	361,296	285,842
Service Charges	24	0	0	0
Interest Earnings	2(a)	62,955	52,000	54,831
Other Revenue		144,459	181,615	165,265
		<u>2,356,694</u>	<u>1,825,984</u>	<u>2,355,423</u>
<b>Expenses</b>				
Employee Costs		(925,377)	(1,001,972)	(901,338)
Materials and Contracts		(720,693)	(703,340)	(329,389)
Utility Charges		(103,087)	(106,867)	(94,655)
Depreciation on Non-Current Assets	2(a)	(572,506)	(481,691)	(491,246)
Interest Expenses	2(a)	(20,345)	(20,888)	(18,234)
Insurance Expenses		(88,678)	(76,843)	(75,166)
Other Expenditure		(58,758)	(106,358)	(59,407)
		<u>(2,489,444)</u>	<u>(2,497,959)</u>	<u>(1,969,434)</u>
		(132,750)	(671,975)	385,989
 Non-Operating Grants, Subsidies and Contributions	28	1,031,899	2,206,462	265,748
Profit on Asset Disposals	20	17,137	303,000	240,928
Loss on Asset Disposal	20	0	0	(4,631)
 <b>Net Result</b>		<b>916,286</b>	<b>1,837,487</b>	<b>888,034</b>
 <b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	6,349,306	0	0
 <b>Total Other Comprehensive Income</b>		<b>6,349,306</b>	<b>0</b>	<b>0</b>
 <b>Total Comprehensive Income</b>		<b><u>7,265,592</u></b>	<b><u>1,837,487</u></b>	<b><u>888,034</u></b>

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

**SHIRE OF TAMMIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
Governance		18,916	10,533	13,085
General Purpose Funding		1,405,371	3,119,488	1,849,139
Law, Order, Public Safety		9,679	910	1,422
Health		65,301	82,120	77,400
Education and Welfare		55,756	60,994	67,900
Housing		0	0	0
Community Amenities		74,929	72,028	64,966
Recreation and Culture		34,415	46,438	38,123
Transport		428,056	378,272	321,239
Economic Services		73	755	5,443
Other Property and Services		264,198	245,920	182,457
	2(a)	2,356,694	4,017,458	2,621,174
<b>Expenses</b>				
Governance		(281,160)	(257,764)	(183,813)
General Purpose Funding		(80,226)	(97,429)	(85,877)
Law, Order, Public Safety		(18,209)	(13,794)	(7,108)
Health		(93,995)	(113,534)	(102,849)
Education and Welfare		(167,440)	(176,949)	(100,457)
Housing		0	0	0
Community Amenities		(122,028)	(147,947)	(104,974)
Recreation and Culture		(438,555)	(509,777)	(412,467)
Transport		(931,007)	(790,813)	(678,612)
Economic Services		(124,592)	(129,526)	(104,522)
Other Property and Services		(211,419)	(224,625)	(173,010)
	2(a)	(2,468,631)	(2,462,158)	(1,953,689)
<b>Finance Costs</b>				
Recreation and Culture		(4,642)	(4,642)	(7,280)
Transport		(11,650)	(11,650)	(7,676)
Other Property and Services		(4,521)	(4,521)	(792)
	2(a)	(20,813)	(20,813)	(15,748)
<b>Non-Operating Grants, Subsidies and Contributions</b>				
		1,031,899	0	0
		1,031,899	0	0
<b>Profit/(Loss) on Disposal of Assets</b>				
Land and Buildings			250,000	130,000
Plant and Equipment		17,137	53,000	106,297
		17,137	303,000	236,297
<b>Net Result</b>		<b>916,286</b>	<b>1,837,487</b>	<b>888,034</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	6,349,306	0	0
<b>Total Other Comprehensive Income</b>		<b>6,349,306</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b>7,265,592</b>	<b>1,837,487</b>	<b>888,034</b>

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

**SHIRE OF TAMMIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,484,322	1,150,958
Trade and Other Receivables	4	204,752	134,908
<b>TOTAL CURRENT ASSETS</b>		<u>1,689,074</u>	<u>1,285,866</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	6,790	5,340
Property, Plant and Equipment	6	8,713,330	3,364,588
Infrastructure	7	23,544,615	22,071,124
<b>TOTAL NON-CURRENT ASSETS</b>		<u>32,264,735</u>	<u>25,441,052</u>
<b>TOTAL ASSETS</b>		<u>33,953,809</u>	<u>26,726,918</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	168,388	119,912
Long Term Borrowings	9	103,693	92,745
Provisions	10	76,885	75,541
<b>TOTAL CURRENT LIABILITIES</b>		<u>348,966</u>	<u>288,198</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	229,316	333,009
Provisions	10	30,834	26,610
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>260,150</u>	<u>359,619</u>
<b>TOTAL LIABILITIES</b>		<u>609,116</u>	<u>647,817</u>
<b>NET ASSETS</b>		<u>33,344,693</u>	<u>26,079,101</u>
<b>EQUITY</b>			
Retained Surplus		6,765,520	5,802,015
Reserves - Cash Backed	11	190,051	237,270
Revaluation Surplus	12	26,389,122	20,039,816
<b>TOTAL EQUITY</b>		<u>33,344,693</u>	<u>26,079,101</u>

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

**SHIRE OF TAMMIN**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

		RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		4,759,967	391,284	20,039,816	25,191,067
		4,759,967	391,284	20,039,816	25,191,067
Comprehensive Income					
Net Result		888,034	0	0	888,034
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		888,034	0	0	888,034
Reserve Transfers		154,014	(154,014)	0	0
<b>Balance as at 30 June 2012</b>		<b>5,802,015</b>	<b>237,270</b>	<b>20,039,816</b>	<b>26,079,101</b>
Comprehensive Income					
Net Result		916,286	0	0	916,286
Changes on Revaluation of Non-Current Assets	12	0	0	6,349,306	6,349,306
Total Other Comprehensive Income		916,286	0	6,349,306	7,265,592
Reserve Transfers		47,219	(47,219)	0	0
<b>Balance as at 30 June 2013</b>		<b>6,765,520</b>	<b>190,051</b>	<b>26,389,122</b>	<b>33,344,693</b>

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

**SHIRE OF TAMMIN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>NOTE</b>	<b>2013</b> <b>\$</b>	<b>2013</b> <b>Budget</b> <b>\$</b>	<b>2012</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		711,743	723,457	686,217
Operating Grants, Subsidies and Contributions		995,334	169,567	150,799
Fees and Charges		370,909	361,296	247,752
Interest Earnings		62,955	52,000	54,830
Goods and Services Tax		52,877	0	0
Other Revenue		144,457	15,000	14,468
		<u>2,338,275</u>	<u>1,321,320</u>	<u>1,154,066</u>
<b>Payments</b>				
Employee Costs		(897,265)	(1,001,972)	(865,718)
Materials and Contracts		(694,292)	(703,340)	(321,461)
Utility Charges		(103,087)	(106,867)	(94,655)
Insurance Expenses		(88,678)	(76,843)	(75,165)
Interest expenses		(20,814)	(20,888)	(15,802)
Goods and Services Tax		(52,877)	0	0
Other Expenditure		(58,758)	(106,358)	(51,125)
		<u>(1,915,771)</u>	<u>(2,016,268)</u>	<u>(1,423,926)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>422,504</u>	<u>(694,948)</u>	<u>(269,860)</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(549,053)	(2,226,160)	(1,033,946)
Payments for Construction of Infrastructure		(593,261)	(747,152)	(477,495)
Advances to Community Groups				
Payments for Purchase of Investments				
Non-Operating Grants, Subsidies and Contributions		1,031,899	2,714,078	1,417,213
Proceeds from Sale of Plant & Equipment		114,020	373,500	384,876
<b>Net Cash Provided By (Used In) Investing Activities</b>		3,605	114,266	290,648
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(92,745)	(92,745)	(74,173)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures		0	0	250,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		(92,745)	(92,745)	175,827
<b>Net Increase (Decrease) in Cash Held</b>		333,364	(673,427)	196,615
Cash at Beginning of Year		1,150,958	1,150,958	954,341
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u>1,484,322</u>	<u>477,531</u>	<u>1,150,958</u>

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

**SHIRE OF TAMMIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
<b>Revenue</b>				
Governance		20,588	10,533	13,085
General Purpose Funding		1,713,439	2,396,031	1,151,119
Law, Order, Public Safety		9,679	910	1,422
Health		65,301	82,120	77,400
Education and Welfare		55,756	60,994	67,900
Housing		0	0	0
Community Amenities		74,929	72,028	64,966
Recreation and Culture		34,414	46,438	38,123
Transport		443,520	378,272	321,239
Economic Services		73	755	5,443
Other Property and Services		264,198	245,920	182,455
		<u>2,681,897</u>	<u>3,294,001</u>	<u>1,923,152</u>
<b>Expenses</b>				
Governance		(281,160)	(257,764)	(183,813)
General Purpose Funding		(80,226)	(97,429)	(85,877)
Law, Order, Public Safety		(18,209)	(13,794)	(7,108)
Health		(93,995)	(113,534)	(102,849)
Education and Welfare		(167,440)	(176,949)	(100,457)
Housing		0	0	0
Community Amenities		(122,028)	(147,947)	(104,974)
Recreation and Culture		(443,197)	(514,419)	(419,747)
Transport		(942,657)	(802,463)	(686,288)
Economic Services		(124,592)	(129,526)	(104,522)
Other Property and Services		(215,938)	(229,146)	(173,802)
		<u>(2,489,442)</u>	<u>(2,482,971)</u>	<u>(1,969,437)</u>
<b>Net Result Excluding Rates</b>		192,455	811,030	(46,285)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	20	(17,137)	303,000	236,297
Movement in Employee Benefit Provisions (Non-Current)		4,775	0	5,175
Depreciation and Amortisation on Assets	2(a)	572,506	481,691	491,245
<b>Capital Expenditure and Revenue</b>				
Purchase Tools		(3,599)	(7,800)	0
Purchase Land and Buildings		(336,732)	(1,986,810)	(475,369)
Purchase Infrastructure Assets - Roads		(584,781)	(721,952)	(473,710)
Purchase Infrastructure Assets - Recreation Facilities		(356)	(5,400)	(3,785)
Purchase Infrastructure Assets - Other		(8,126)	(19,800)	0
Purchase Plant and Equipment		(191,144)	(211,950)	(547,000)
Purchase Furniture and Equipment		(17,577)	(19,600)	(11,577)
Proceeds from Disposal of Assets	20	114,020	70,500	148,579
Repayment of Debentures	21	(92,745)	(92,745)	(74,173)
Proceeds from New Debentures	21	0	0	250,000
Transfers to Reserves (Restricted Assets)	11	(12,781)	(261,000)	(39,135)
Transfers from Reserves (Restricted Assets)	11	60,000	60,000	193,150
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	872,135	877,379	525,366
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,274,744	0	876,798
<b>Total Amount Raised from General Rate</b>	22(a)	<u>(723,831)</u>	<u>(723,457)</u>	<u>(698,020)</u>

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

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

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

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

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

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, 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 shown as short term borrowings in current liabilities in the statement of financial position.

**(e) Trade and Other Receivables**

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

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

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

Land purchased for development and/or resale is valued at the lower of cost and net realisable

value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets**

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

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

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

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

***Land Under Control***

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

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

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

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Initial Recognition***

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

***Revaluation***

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

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Transitional Arrangement***

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

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

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

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

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

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

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

***Land under Roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets***

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period.

Major depreciation periods are:

Buildings	10 to 100 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	3 to 15 years
Tools	1 to 10 years
Landcare Equipment	1 to 10 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - hot mix	15 years
Parks and Ovals	not depreciated

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(h) Intangible Assets**

**Easements**

Due to legislative changes, Easements are required to be recognised as assets. If significant, they are initially recognised at cost and have an indefinite useful life.

**(i) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount in which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and

(d) less any reduction for impairment.

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(i) Financial Instruments (Continued)**

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**Financial Instruments**

**(i) (Continued)**

***Derecognition***

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

**(j) Impairment**

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

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

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

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

**(k) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**(l) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(m) 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.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result;  
and
- c) 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.

**(o) Leases**

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

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

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

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

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

**(p) Investments in Associates**

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(q) Joint Venture**

Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

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

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

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

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

**(s) Superannuation**

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

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

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

**(u) Rounding Off Figures**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(v) Comparative Figures**

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

**(w) Budget Comparative Figures**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009  September 2012	01 January 2013  Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(iii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 -Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(v)	AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii)	AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

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

These new and revised standards were:

AASB 2010 – 8  
AASB 2011 - 3  
AASB 2011 - 13

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

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**2. REVENUE AND EXPENSES**

**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Auditors Remuneration</b>		
- Audit	9,030	7,715
<b>Depreciation</b>		
Buildings	74,407	73,684
Furniture and Equipment	14,314	13,273
Plant and Equipment	172,364	123,498
Roads	205,000	190,000
Footpaths	40,546	40,546
Infrastructure - Other	65,875	50,244
	<u>572,506</u>	<u>491,246</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures ( <i>refer Note 21(a)</i> )	20,345	18,234
	<u>20,345</u>	<u>18,234</u>
<b>Rental Charges</b>		
- Operating Leases	0	0
	<u>0</u>	<u>0</u>
	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	10,741	11,000
- Other Funds	46,837	35,000
Other Interest Revenue ( <i>refer note 26</i> )	5,377	6,333
	<u>62,955</u>	<u>54,831</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(b) Statement of Objective**

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

**GOVERNANCE**

Member of council allowances and reimbursements; civic functions; election expenses and administration expenses.

**GENERAL PURPOSE FUNDING**

Rates and their collection; General Purpose grants and interest received on investments.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various local laws; fire prevention; and animal control.

**HEALTH**

Food and water quality control; meat inspection and septic system inspection.

**EDUCATION AND WELFARE**

Support of school activities and seniors activities. Provision of senior's accommodation.

**HOUSING**

Provision of general rental accommodation when buildings not required by Staff.

**COMMUNITY AMENITIES**

Rubbish collection services; operation of tip; administration of the town planning scheme; landcare; maintenance of cemeteries; and public conveniences

**RECREATION AND CULTURE**

Maintenance of halls; tennis/netball courts; oval and reserves; operation of library; heritage and history.

**TRANSPORT**

Construction and maintenance of streets, roads, street lighting; traffic and directional signs depot maintenance; motor vehicle licence agency.

**ECONOMIC SERVICES**

Tourism; implementation of building controls; Community Development Officer; noxious weeds and vermin

**OTHER PROPERTY & SERVICES**

Private works operations; Electrical private works; plant repairs and operation costs; Salaries and Wages controls and other unclassified activities.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening	Received	Expended	Closing	Received	Expended	Closing
		Balance (*) 1-Jul-11 \$	(+) 2011/12 \$	(#) 2011/12 \$	Balance (*) 30-Jun-12 \$	(+) 2012/13 \$	(#) 2012/13 \$	Balance 30-Jun-13 \$
Royalties for Regions CLGF - 10/11		0	0	0	0	356,698	(290,250)	66,448
Royalties for Regions CLGF - 12/13		0	0	0	0	313,556	0	313,556
Workforce Plan		0	0	0	0	25,000	(5,000)	20,000
Aware Grant		0	0	0	0	8,614	(8,173)	441
Red Card Grant		0	750	0	750	0	0	750
Roads to Recovery Grant		0	0	0	0	163,008	(122,868)	40,140
<b>Total</b>		<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>866,876</b>	<b>(426,291)</b>	<b>441,335</b>

**Notes:**

(\*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		851,959	883,035
Restricted		632,363	267,923
		<u>1,484,322</u>	<u>1,150,958</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Information and Technology Reserve	11	5,337	14,742
Plant Reserve	11	125,075	138,219
Long Service Leave Reserve	11	14,204	13,652
Aged Pensioners Units Reserve	11	19,671	47,745
Entitlements Reserve	11	5,918	5,689
Building Reserve	11	17,807	17,223
Community Development Reserve	11	2,040	0
Funds held on behalf of Department of Transport		977	13,045
Unexpended Grants	2(c)	441,335	17,608
		<u>632,363</u>	<u>267,923</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		45,691	35,427
Sundry Debtors		183,308	109,000
Less Provisions for Doubtful Debts		(24,247)	(9,519)
		<u>204,752</u>	<u>134,908</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		6,790	5,340
		<u>6,790</u>	<u>5,340</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Nil		0	0
		<u>0</u>	<u>0</u>
<b>Non-Current</b>			
Nil		0	0
		<u>0</u>	<u>0</u>

Shire of Tammin does not have any inventory stock as at 30 June 2013

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Freehold Land at:		
- Management Valuation 2013	480,461	0
- Cost	<u>0</u>	<u>195,718</u>
	480,461	195,718
Land Under Control at:		
- Management Valuation 2013	0	0
Total Land	<u>480,461</u>	<u>195,718</u>
Buildings at:		
- Independent Valuation 2013	6,576,114	0
- Cost	0	2,946,761
Less Accumulated Depreciation	<u>0</u>	<u>(698,392)</u>
Total Buildings	6,576,114	2,248,369
Total Land and Buildings	<u>7,056,575</u>	<u>2,444,087</u>
Furniture and Equipment - Cost	0	249,985
Furniture and Equipment - Management Valuation 2013	197,434	0
Less Accumulated Depreciation	<u>0</u>	<u>(215,270)</u>
	197,434	34,715
Plant and Equipment - Cost	0	1,678,819
Plant and Equipment - Independent Valuation 2013	1,459,321	0
Less Accumulated Depreciation	<u>0</u>	<u>(793,033)</u>
	1,459,321	885,786
Tools - Cost	0	2,796
Tools - Independent Valuation 2013	0	0
Less Accumulated Depreciation	<u>0</u>	<u>(2,796)</u>
	0	0
	<u><u>8,713,330</u></u>	<u><u>3,364,588</u></u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**Land and Buildings:**

The Shire's Land and Buildings have been revalued at a management level based on valuation provided by AVP Valuers & Asset Management in 2011.

All of the valuations were made on the basis of open market values or similar assets adjusted for condition and comparability (level 3 inputs in the fair value hierarchy).

The revaluation of Land and Buildings resulted in an overall increment of \$4,350,163.77 in the net value of the Shire's Land and Building. All of this increase was credited to a new revaluation surplus in the Shire's equity (Refer note 12 (b) for further details and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

**Plant and Equipment:**

The Shire's Plant and Equipment have been revalued at a management level based on valuation provided by AVP Valuers & Asset Management in 2011.

All of the valuations were made on the basis of open market values or similar assets adjusted for condition and comparability (level 3 inputs in the fair value hierarchy).

The revaluation of Plant and Equipment resulted in an overall increment of \$647,748.60 in the net value of the Shire's Plant and Equipment. All of this increase was credited to a new revaluation surplus in the Shire's equity (Refer note 12 (b) for further details and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

**Furniture and Equipment:**

The Shire's Furniture and Equipment have been revalued at a management level based on valuation provided by AVP Valuers & Asset Management in 2011.

All of the valuations were made on the basis of open market values or similar assets adjusted for condition and comparability (level 3 inputs in the fair value hierarchy).

The revaluation of Furniture and Equipment resulted in an overall increment of \$159,455.00 in the net value of the Shire's Furniture and Equipment. All of this increase was credited to a new revaluation surplus in the Shire's equity (Refer note 12 (b) for further details and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**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.

	<b>Land (Level 3) \$</b>	<b>Total Buildings (Level 3) \$</b>	<b>Plant and Equipment (Level 3) \$</b>	<b>Furniture and Equipment (Level 3) \$</b>	<b>Total \$</b>
Balance as at the beginning of the year	195,717	2,248,369	885,786	34,716	3,364,588
Additions	4,596	332,136	194,743	17,577	549,052
(Disposals)	0	0	(96,593)	0	(96,593)
Revaluation - Increments	286,771	4,434,998	783,005	304,717	5,809,490
- (Decrements)	(6,623)	(364,981)	(135,256)	(145,262)	(652,122)
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation (Expense)	0	(74,407)	(172,364)	(14,314)	(261,085)
<b>Carrying amount at the end of year</b>	<b><u>480,461</u></b>	<b><u>6,576,115</u></b>	<b><u>1,459,321</u></b>	<b><u>197,434</u></b>	<b><u>8,713,330</u></b>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Valuation	31,651,190	29,735,903
Roads - Cost	564,001	1,915,289
Less Accumulated Depreciation	<u>(10,728,778)</u>	<u>(10,523,779)</u>
	21,486,413	21,127,413
 Footpaths - Cost	 0	 579,231
Footpaths - Valuation	579,231	0
Less Accumulated Depreciation	<u>0</u>	<u>(397,327)</u>
	579,231	181,904
 Other - Cost	 0	 1,080,738
Other - Valuation	1,478,971	0
Less Accumulated Depreciation	<u>0</u>	<u>(318,931)</u>
	1,478,971	761,807
	 <u><u>23,544,615</u></u>	 <u><u>22,071,124</u></u>



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<b>Roads</b> <b>\$</b>	<b>Footpaths</b> <b>\$</b>	<b>Other</b> <b>\$</b>	<b>Total</b> <b>\$</b>
Balance at the beginning of the year	21,127,413	181,904	761,807	22,071,124
Additions	564,000	0	29,263	593,263
(Disposals)	0	0	0	0
Revaluation - Increments	0	437,873	753,776	1,191,649
- (Decrements)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation (Expense)	(205,000)	(40,546)	(65,875)	(311,421)
<b>Carrying amount at the end of year</b>	<b><u>21,486,413</u></b>	<b><u>579,231</u></b>	<b><u>1,478,971</u></b>	<b><u>23,544,615</u></b>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	107,953	69,776
Goods and Services Tax	0	656
Other Agencies	2,699	14,475
Accrued Interest on Debentures	3,385	3,854
Accrued Salaries and Wages	54,351	31,151
	<u>168,388</u>	<u>119,912</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by Floating Charge Debentures	103,693	92,745
	<u>103,693</u>	<u>92,745</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	229,316	333,009
	<u>229,316</u>	<u>333,009</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

Analysis of Total Provisions

Current	76,885	75,541
Non-Current	30,834	26,610
	<u>107,719</u>	<u>102,151</u>

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
Opening balance as at 1 July 2012	52,432	49,719	102,151
Additional provisions	0	11,124	11,124
Amounts used	(5,327)	(230)	(5,557)
Balance at 30 June 2013	<u>47,106</u>	<u>60,613</u>	<u>107,719</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2013 Budget \$	2012 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Information and Technology Reserve</b>			
Opening Balance	14,742	14,742	13,961
Amount Set Aside / Transfer to Reserve	595	737	781
Amount Used / Transfer from Reserve	(10,000)	(10,000)	0
	<u>5,337</u>	<u>5,479</u>	<u>14,742</u>
<b>(b) Plant Reserve</b>			
Opening Balance	138,219	138,189	313,791
Amount Set Aside / Transfer to Reserve	6,856	6,048	17,578
Amount Used / Transfer from Reserve	(20,000)	(20,000)	(193,150)
	<u>125,075</u>	<u>124,237</u>	<u>138,219</u>
<b>(c) Long Service Leave Reserve</b>			
Opening Balance	13,653	13,653	12,929
Amount Set Aside / Transfer to Reserve	551	682	724
Amount Used / Transfer from Reserve	0	0	0
	<u>14,204</u>	<u>14,335</u>	<u>13,653</u>
<b>(d) Aged Pensioners Units Reserve</b>			
Opening Balance	47,745	47,745	45,216
Amount Set Aside / Transfer to Reserve	1,926	2,387	2,529
Amount Used / Transfer from Reserve	(30,000)	(30,000)	0
	<u>19,671</u>	<u>20,132</u>	<u>47,745</u>
<b>(e) Entitlements Reserve</b>			
Opening Balance	5,688	5,688	5,387
Amount Set Aside / Transfer to Reserve	230	285	301
Amount Used / Transfer from Reserve	0	0	0
	<u>5,918</u>	<u>5,973</u>	<u>5,688</u>
<b>(f) Building Reserve</b>			
Opening Balance	17,223	17,223	0
Amount Set Aside / Transfer to Reserve	584	861	17,223
Amount Used / Transfer from Reserve	0	250,000	0
	<u>17,807</u>	<u>268,084</u>	<u>17,223</u>
<b>Community Development Reserve</b>			
(g) Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	2,040	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>2,040</u>	<u>0</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>190,051</u>	<u>438,240</u>	<u>237,270</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

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

Information and Technology Reserve

- Established to Fund IT requirements

Plant Reserve

- Acquisition of Major Plant and machinery

Long Service Leave Reserve

- To Fund Staff Long Service Leave Liabilities

Aged Pensioners Units Reserve

- For Maintenance and Upgrade of Tamma Village Units

Entitlements Reserve

- To Fund Staff Leave Entitlements Liabilities

Building Reserve

- For the provision of council buildings

Community Development Reserve

- For the Community Development projects

The Building Reserve is expected to be utilised in 2013/14.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**12. RESERVES - ASSET REVALUATION**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and Buildings</b>		
Opening balance	0	0
Revaluation Increment	4,350,163	0
Revaluation Decrement	0	0
	<u>4,350,163</u>	<u>0</u>
<b>(b) Plant and Equipment</b>		
Opening Balance	0	0
Revaluation Increment	648,039	0
Revaluation Decrement	0	0
	<u>648,039</u>	<u>0</u>
<b>(c) Infrastructure - Other</b>		
Opening Balance	0	0
Revaluation Increment	753,776	0
Revaluation Decrement	0	0
	<u>753,776</u>	<u>0</u>
<b>(d) Furniture and Equipment</b>		
Opening Balance	0	0
Revaluation Increment	159,455	0
Revaluation Decrement	0	0
	<u>159,455</u>	<u>0</u>
<b>(e) Infrastructure - Footpaths</b>		
Opening Balance	0	0
Revaluation Increment	437,873	0
Revaluation Decrement	0	0
	<u>437,873</u>	<u>0</u>
<b>(f) Infrastructure - Roads</b>		
Opening Balance	20,039,816	20,039,816
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>20,039,816</u>	<u>20,039,816</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>26,389,122</u></u>	<u><u>20,039,816</u></u>

The Shire of Tammin has engaged Cardno Consultants in previous years to conduct revaluations on the Shire Road Assets from time to time. Talis Consultants will consulting in 2013/14. The Asset Revaluation Reserve (Roads) is not cash backed and future transactions in the Reserve will be in accordance with the Shire of Tammin Accounting Policy

Asset Revaluation on all other Assets has been done at Management level based on AVP valuations provided in 2011. All assets will be revalued by an independent valuer (AVP Valuers) in 2013/14.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	<b>2013</b> <b>\$</b>	<b>2013</b> <b>Budget</b> <b>\$</b>	<b>2012</b> <b>\$</b>
Cash and Cash Equivalents	<u>1,484,322</u>	<u>477,731</u>	<u>1,150,958</u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net Result	916,286	1,837,487	888,034
Amortisation	0	0	0
Depreciation	572,506	481,691	491,246
(Profit)/Loss on Sale of Asset	(17,429)	(303,000)	(236,297)
(Increase)/Decrease in Receivables	(71,294)	(27,254)	(49,893)
(Increase)/Decrease in Inventories	0	0	0
(Increase)/Decrease in Accrued Expenses	0	0	15,483
Increase/(Decrease) in Payables	25,276	18,140	16,211
Increase/(Decrease) in Employee Provisions	28,768	12,266	22,569
Grants/Contributions for	0	0	0
the Development of Assets	(1,031,899)	(2,714,078)	(1,417,213)
Non-Current Assets recognised due to changes in legislative requirements	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>422,214</u>	<u>(694,748)</u>	<u>(269,860)</u>

**(c) Undrawn Borrowing Facilities**  
**Credit Standby Arrangements**

Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	20,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
<b>Total Amount of Credit Unused</b>	<u>120,000</u>	<u>120,000</u>

**Loan Facilities**

Loan Facilities - Current	103,693	92,745
Loan Facilities - Non-Current	<u>229,316</u>	<u>333,009</u>
<b>Total Facilities in Use at Balance Date</b>	<u>333,009</u>	<u>425,754</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>0</u>
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**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**14. CONTINGENT LIABILITIES**

Council does not have any known contingent liabilities at 30th June 2013.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

There were no outstanding Finance Lease commitments at 30 June 2013.

**(b) Operating Lease Commitments**

There were no outstanding Operating Lease commitments at 30 June 2013.

**(c) Capital Expenditure Commitments**

There is no capital expenditure projects outstanding at the end of the current reporting period

**16. JOINT VENTURE**

The Shire of Tammin is not involved in any joint venture arrangements as at balance date.

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Governance	688,488	668,437
General Purpose Funding	52,481	31,598
Law, Order, Public Safety	300	1,541
Health	21,662	26,721
Education and Welfare	1,157,282	147,705
Housing	0	0
Community Amenities	249,637	63,013
Recreation and Culture	3,695,027	1,318,703
Transport	23,827,574	22,352,636
Economic Services	27,654	71,295
Other Property and Services	2,749,382	894,311
Unallocated	1,484,322	1,150,958
	<u>33,953,809</u>	<u>26,726,918</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012	2011
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	3.16	3.53	2.92
Asset Sustainability Ratio	(1.37)	(1.92)	2.28
Debt Service Cover Ratio	4.21	0.04	0.04
Operating Surplus Ratio	(0.09)	0.45	0.11
Own Source Revenue Coverage Ratio	0.29	0.71	0.55

The above ratios are calculated as follows:

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

**Notes:**



## SUPPLEMENTARY RATIO INFORMATION FOR THE YEAR ENDED 30TH JUNE 2013

### RATIO INFORMATION

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

	2013	2012	2011
Asset Consumption Ratio	0.777	N/A	N/A
Asset Renewal Funding Ratio	0	N/A	N/A

The above ratios are calculated as follows:

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

#### Notes:

The Shire of Tammin has not adopted a Long Term Financial Plan and a Asset Management Plan as at the 30/06/2013. Therefore the Asset Renewal Funding Ratio could not be calculated

**N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.**

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**19. TRUST FUNDS**

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

	<b>Balance 1-Jul-12 \$</b>	<b>Amounts Received \$</b>	<b>Amounts Paid (\$)</b>	<b>Balance 30-Jun-13 \$</b>
Nomination Deposits	0	160	(160)	0
MYBERT Appeal	500	0	(500)	0
Housing Bonds	2,600	2,640	(540)	4,700
Tamma Village Bonds	0	0	0	0
Best Memorial Trust	742	101	0	843
Pre-paid Rates	16,000	0	(16,000)	0
Abattoir Security Deposit	11,000	0	(11,000)	0
	<u>30,842</u>			<u>5,543</u>

**20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Net Book Value</b>		<b>Sale Price</b>		<b>Profit (Loss)</b>	
	<b>Actual \$</b>	<b>Budget \$</b>	<b>Actual \$</b>	<b>Budget \$</b>	<b>Actual \$</b>	<b>Budget \$</b>
Holden Caprice Sedan	78,873	70,500	80,546	84,000	1,673	13,500
International Fire Truck	0	0	545	4,500	545	4,500
Toyota Hilux 2x4	0	0	3,000	3,000	3,000	3,000
Multipac VP200 Roller	189	0	2,100	3,000	1,911	3,000
Cat Vibe Roller	17,468	0	12,500	10,000	(4,968)	10,000
Low Loader Pig Trailer	0	0	6,100	8,000	6,100	8,000
Ford Ranger Ute	353	0	9,229	11,000	8,876	11,000
Barracks	0	0	0	250,000	0	250,000
	<u>96,883</u>	<u>70,500</u>	<u>114,020</u>	<u>373,500</u>	<u>17,137</u>	<u>303,000</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Recreation</b>								
Loan 76	90,804	0	43,999	43,999	46,805	46,805	4,642	4,642
<b>Transport</b>								
Loan 77	90,850	0	28,531	28,531	62,319	62,319	4,869	4,869
Loan 78	146,460	0	12,129	12,129	134,331	134,331	6,781	6,781
<b>Other Property and Services</b>								
Loan 79	97,640	0	8,086	8,086	89,554	134,331	4,521	4,521
	425,754	0	92,745	92,745	333,009	377,786	20,813	20,813

(\*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

No new Debentures loans were taken out in the 2012/13 financial year.

(c) Unspent Debentures

The Shire of Tammin did not have unspent Debentures in the 2012/13 financial year.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2008 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2012 and 30 June 2013 was \$Nil.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**22. RATING INFORMATION - 2012/13 FINANCIAL YEAR**

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>General Rate</b>											
Gross Rental Value	8.4950	132	745,888	63,363	0	0	63,363 0	63,363	0	0	63,363 0
Unimproved Value	1.0918	187	60,068,500	655,828	399	605	656,832	655,828	500	0	656,328 0
<b>Sub-Totals</b>		319	60,814,388	719,191	399	605	720,195	719,191	500	0	719,691
<b>Minimum Rates</b>	<b>Minimum \$</b>										
Gross Rental Value	405	52	40,199	21,060	0	0	21,060 0	21,060	0	0	21,060 0
Unimproved Value	405	22	286,878	6,480	0	0	6,480 0	6,480	0	0	6,480 0
<b>Sub-Totals</b>		74	327,077	27,540	0	0	27,540	27,540	0	0	27,540
Ex- Gratia Rates							747,735				747,231
Discounts ( <i>refer note 25</i> )							5,075				5,086
<b>Total Amount Raised from General Rate</b>							(28,979)				(28,860)
Specified Area Rate ( <i>refer note 23</i> )							723,831				723,457
<b>Total Rates</b>							0				0
							723,831				723,457

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)**

(b) Information on Surplus/(Deficit)	<b>2013 (30 June 2013 Carried Forward) \$</b>	<b>2013 (1 July 2012 Brought Forward) \$</b>	<b>2012 (30 June 2012 Carried Forward) \$</b>
Brought Forward			
<b>Surplus/(Deficit) - Rate Setting Statement</b>	<u>1,274,744</u>	<u>872,135</u>	<u>876,798</u>
<b><u>Comprises:</u></b>			
Cash - Unrestricted	851,959	883,035	883,035
Cash - Restricted	632,363	267,923	267,923
Rates - Current	45,691	35,427	35,427
Sundry Debtors	165,851	104,821	104,821
GST Receivable	0	0	0
Inventories	0	0	0
- Fuel and Materials	0	0	0
- WIP	0	0	0
<b>Less:</b>			
Reserves - Restricted Cash			
- Long Service Leave Reserve	(175,847)	(223,618)	(218,955)
Current Employee Benefits Provision	(76,885)	(75,541)	(75,541)
Sundry Creditors	(168,388)	(119,912)	(119,912)
<b>Surplus/(Deficit)</b>	<u>1,274,744</u>	<u>872,135</u>	<u>876,798</u>

**Difference:**

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR**

The Shire of Tammin did not levy a Specified Area Rate in 2012/13.

**24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR**

The Shire of Tammin did not levy Service Charges in 2012/13

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2012/13 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates - GRV	Discount	5.00%	2,121	2,365
General Rates - UV	Discount	5.00%	26,858	26,495
			28,979	28,860

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

Rates were waived on sporting facilities and community organisation on properties to encourage community development. 3 properties (Tammin Bowling Club, Tammin Golf Club and Tammin CWA) were involved.

**26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		4,163	3,000
Interest on Instalments Plan	5.50%		1,214	3,000
Charges on Instalment Plan		10	2,182	1,300
			7,559	7,300

Ratepayers had the option of paying rates in four equal instalments, due on 11th October 2012, 11th December 2012, 11th February 2013 and 11th April 2013. Administration charges and interest applied for the final three instalments.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

<b>27. FEES &amp; CHARGES</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Governance	1,295	2,409
General Purpose		
Funding	2,923	2,205
Law, Order, Public		
Safety	716	672
Health	10,979	10,430
Education and Welfare	50,646	49,460
Housing	0	0
Community Amenities	72,667	64,967
Recreation and Culture	14,044	4,947
Transport	0	0
Economic Services	73	2,975
Other Property and Services		
	<u>217,566</u>	<u>147,777</u>
	<u>370,909</u>	<u>285,842</u>

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

**28. GRANT REVENUE**

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

<b>By Nature and Type:</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Operating Grants, Subsidies and Contributions	1,054,540	1,151,465
Non-Operating Grants, Subsidies and Contributions	<u>1,031,899</u>	<u>265,748</u>
	<u>2,086,439</u>	<u>1,417,213</u>
<b>By Program:</b>		
Governance	0	0
General Purpose		
Funding	1,647,560	747,393
Law, Order, Public		
Safety	8,614	750
Health	0	0
Education and Welfare	0	12,500
Housing	0	0
Community Amenities	0	0
Recreation and Culture	20,000	0
Transport	410,265	656,570
Economic Services	0	0
Other Property and Services		
	<u>0</u>	<u>0</u>
	<u>2,086,439</u>	<u>1,417,213</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2013	2012
<b>ELECTED MEMBERS</b>			
<b>29. REMUNERATION</b>	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	10,700	9,800	7,700
President's Allowance	2,291	2,400	2,000
Deputy President's Allowance	570	600	500
Travelling Expenses	2,332	1,800	3,773
Telecommunications Allowance	0	0	0
	<u>15,893</u>	<u>14,600</u>	<u>13,973</u>

<b>30. EMPLOYEE NUMBERS</b>	<b>2013</b>	<b>2012</b>
The number of full-time equivalent employees at balance date	<u>12.47</u>	<u>13.68</u>

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2012/13 financial year.

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

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**FINANCIAL RISK**  
**33. MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	1,484,323	1,150,958	1,484,323	1,150,958
Receivables	204,752	134,908	204,752	134,908
Investments	0	0	0	0
	<u>1,689,075</u>	<u>1,285,866</u>	<u>1,689,075</u>	<u>1,285,866</u>
<b>Financial Liabilities</b>				
Payables	168,388	119,912	168,388	119,912
Borrowings	333,009	425,754	333,009	425,754
	<u>501,397</u>	<u>545,666</u>	<u>501,397</u>	<u>545,666</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**Cash and Cash**

**(a)**

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	143,426	87,255
- Statement of Comprehensive Income	143,426	87,255

**Notes:**

(\*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

Impact of a 1% (\*) movement in interest rates on cash and investments:

- Equity	1,434	8,725
- Statement of Comprehensive Income	1,434	8,725

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

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

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

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

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

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

	<b>2013</b>	<b>2012</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	89.47%	86.08%
- Overdue	10.53%	13.92%

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(c) Payables  
Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2013</u></b>					
Payables	168,388	0	0	168,388	168,388
Borrowings	121,439	183,106	83,672	388,217	92,745
	<u>289,827</u>	<u>183,106</u>	<u>83,672</u>	<u>556,605</u>	<u>261,133</u>
<b><u>2012</u></b>					
Payables	119,912	0	0	119,912	119,912
Borrowings	113,559	273,028	118,189	504,776	74,173
	<u>233,471</u>	<u>273,028</u>	<u>118,189</u>	<u>624,688</u>	<u>194,085</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year Ended 30 June 2013</b>								
Payables Borrowings								
<b>Fixed Rate</b>								
Debentures	0	46,805	62,319	0	0	223,885	333,009	5.15%
Weighted Average Effective Interest Rate	0.00%	6.23%	5.89%	0.00%	0.00%	4.72%		
<b>Year Ended 30 June 2012</b>								
Payables Borrowings								
<b>Fixed Rate</b>								
Debentures	0	0	90,804	90,850	0	244,100	425,754	5.29%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.23%	5.89%	0.00%	4.72%		

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

I have audited the accompanying financial report of the **Shire of Tammin** which comprises the statement of financial position, statements of income, statement of cash flows, rate setting statement and supporting notes for the year ended **30 June 2013**.

**Management's Responsibility for the Financial Report**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain evidence about amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

**Auditor's Opinion**

In my opinion the financial report of the **Shire of Tammin** is in accordance with the Act and the Regulations including giving a true and fair view of the shire's financial position as at **30 June 2013** and of its performance for the year ended on that date and complying with Australian Accounting Standards and substantially complying with the Act and Regulations.

**Report on other legal and regulatory requirements**

In accordance with the Regulations I report that in my opinion,

- (a) There were no matters that indicated a significant adverse trend in the financial position or the financial management practices of the shire.
- (b) There were no material matters noted by me indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls in any other written law.
- (c) In relation to the supplementary ratio information in this report, I have reviewed the calculations and they are based on verifiable information and reasonable assumptions.
- (d) All necessary information and explanations were obtained by me and
- (e) All audit procedures were satisfactorily completed in conducting my audit.



**Gregory Froomes Wyllie CPA**  
Perth, Western Australia  
17 December 2013