

Shire of Tammin

# Annual Report 2013/14



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## Our Shire

Tammin is located 184km east of Perth on the Great Eastern Highway. The Shire of Tammin covers an area of 1,087 km<sup>2</sup> and is bounded by the Shires of Kellerberrin, Quairading, Cunderdin and Wyalkatchem.

The Shire of Tammin, including the settlements of Bungulla and Yorkrakine, has a total population of approximately 400. The economy of the Shire is primarily agriculture based.

The community enjoys a Mediterranean type climate with weather ranging from 0°C in winter to 40°C plus during the summer. The average yearly rainfall is 370mm, which mainly falls in winter.

Tammin was first settled in 1893 by John Packham with more settlers arriving in the 1900's. The town of Tammin was gazetted in 1899.

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

European settlement continued to grow and with the completion of the Goldfields Water Supply and the railway line to Kalgoorlie, the township grew along with necessary shops and facilities.

Yorkrakine, 30km north of Tammin, became a small township with a post office, store and hall.

In 1948 Tammin became a Road Board in its own right, having previously been part of the Meckering Road Boards and later the Cunderdin-Meckering-Tammin Road Boards. With the change in Local Government Act it became the Shire of Tammin in 1961.





## Our Council

### **President**                      **Cr. Scott Uppill**

Elected: 2009

Term expiry: 2017

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

Ph (08) 9637 1111

### **Deputy President**   **Carol Crane**

Elected: 2011

Term expiry: 2015

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

Ph (08) 9637 1640

### **Councillor**                      **Michael Greenwood**

Elected: 2004

Term expiry: 2017

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

Ph (08) 9637 1515

### **Councillor**                      **Dustin McCreery**

Elected: 2011

Term expiry: 2015

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

Ph (08) 9637 1075

### **Councillor**                      **Patricia Bell**

Elected: 2012

Term expiry: 2017

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

Ph (08) 9637 1055

### **Councillor**                      **Donald Thomson**

Elected: 2012

Term expiry: 2015

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

Ph (08) 9045 2006

### **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.

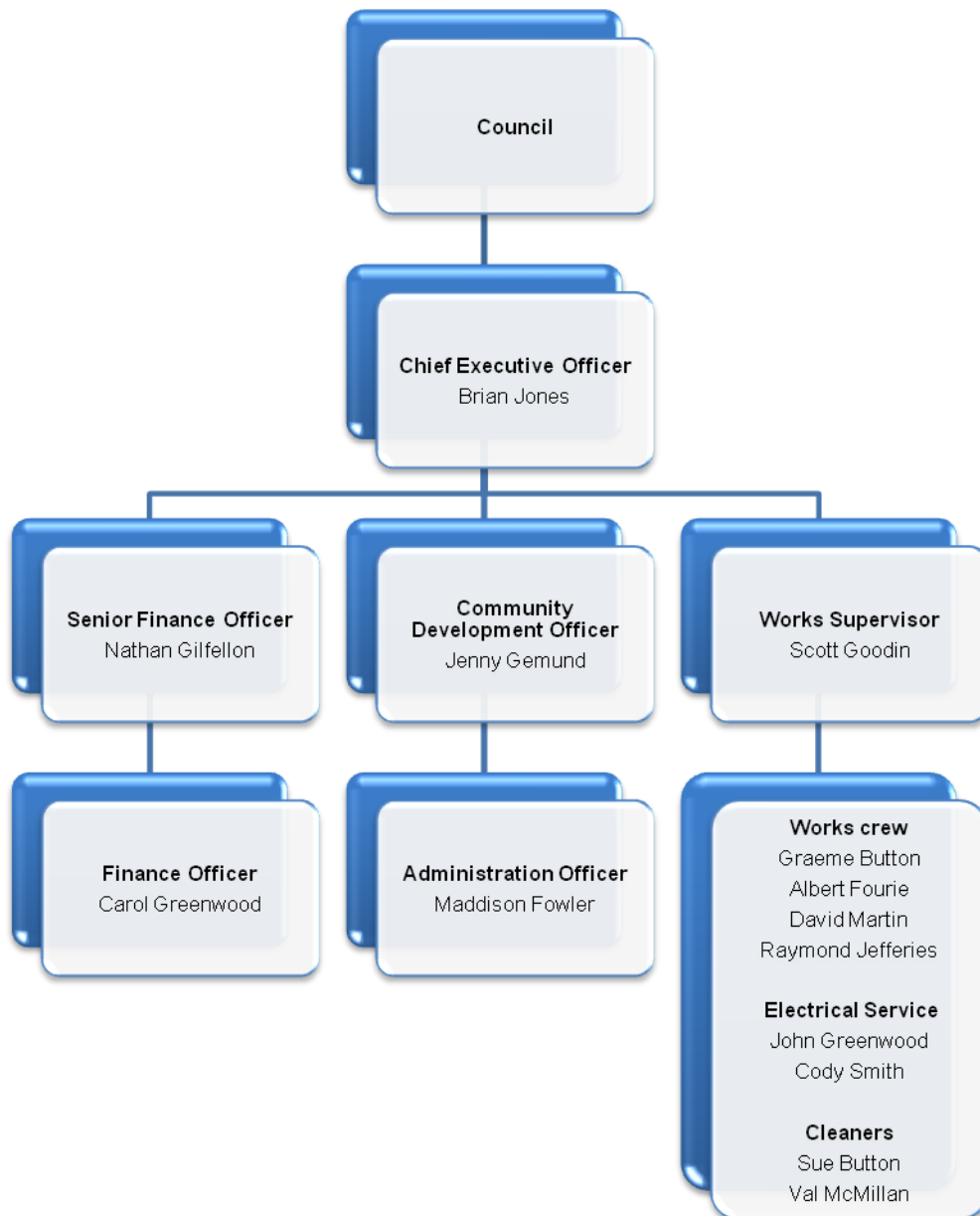
	Council Eligible	Attended	Committee Eligible	Attended
Cr S. Uppill	15	14	1	1
Cr C. Crane	15	13	1	1
Cr M. Greenwood	15	14	1	1
Cr D. McCreery	15	15	1	1
Cr P. Bell	15	15	0	0
Cr D. Thomson	15	14	1	1

## Our People

Shire of Tammin  
1 Donnan Street  
PO Box 53  
Tammin WA 6409  
Ph: (08) 9637 0300  
Fax: (08) 9637 1117  
Email: shire@tammin.wa.gov.au



Office hours: Mon – Fri 9am - 4.30pm



Environmental Health, Building and Ranger services are provided through service contracts.

## Shire President's report



### **Structural Reform**

After many years of meetings, reports, consultancies and substantial effort from Councillors and staff from the Shires of Cunderdin, Quairading, Tammin and York it was disappointing that the Local government Advisory Board decided to decline to support the proposed amalgamation of the four local governments. We are now faced with the interesting situation that notwithstanding the State governments push for structural reform and our Council's willingness to be supportive of an amalgamation that will benefit our community, there appears to be no assistance whatsoever from the government to seek a beneficial outcome.

### **Chief Executive Officer position**

During the financial year we farewelled Ian Bodill, who worked for the Shire as our CEO from January 2013 to November 2013.

Brian Jones commenced as our CEO on 2 December 2013. Brian is an experienced CEO having previously held the positions of CEO with the Shire of Boddington for 5 years and CEO with the Shire of Katanning for 6 years. He was keen to accept the position to assist Council through the proposed amalgamation process.

Brian's experience and knowledge has been a great benefit in the general management of the Shire and in assisting Council as we contemplate our options in regards to local government reform

### **New Depot**

The new Shire Depot is now complete and operational. The total cost was approximately \$800,000 with \$670,000 being funded from the Royalties for Regions program. The official opening was undertaken by our local member Mia Davies MLA on 29 April 2014.

### **Corporate Business Plan**

Each local government is required to prepare and adopt a Corporate Business Plan, which is an internal business planning tool that translates Council priorities into operations within the resources available to the Shire. The plan details the services, operations and projects a local government will deliver within a defined period. It also includes the processes for delivering these and the costs associated.

The Shire of Tammin appointed Localise to prepare the Shire's Corporate Business Plan, including conducting community consultation and Councillor and staff workshops. This included community consultation workshops on Thursday and Friday 5th & 6th of June, and requests for community input on the draft plan. The final Plan will be adopted early in 2014/15.

### **Election Results**

Local government elections were held in October 2013 with three positions on Council being available for 4 year terms. Pat Bell, Michael Greenwood & Scott Uppill were all re-elected unopposed. I was again elected Shire President and Cr Crane was elected Deputy President, for a two year term.

Cr Scott Uppill, Shire President

## Chief Executive Officer's report

I commenced as Shire CEO in early December 2013, when the Council was working towards an amalgamation with the Shires of Cunderdin, Quairading and York, with York providing our Building, Health, Planning and Ranger Services.

It is interesting how quickly things have changed in such a short time. We were advised in February 2014 that the amalgamation would not be proceeding and the Shire of York have since withdrawn from providing regional services. We have been fortunate to engage the services of Tim & Jacky Jurman (ex Shire of York employees) to continue to provide our Building, Health & Planning Services, from July 2014. Our Ranger Services will be provided by WA Contract Ranger Services next financial year.

### Refuse site

During 2013/14 we were planning for the future operations of the Tammin Refuse site due to the management contract expiring in June 2014. Council agreed to call tenders, closing in August 2013 for the management of the Refuse site. After an extensive tender process Council commenced negotiations with City and Regional, who were the current contractors. City and Regional subsequently advised Council that they did not wish to proceed with a new contract. Consequently Council had no option other than to undertake the refuse site management in-house from July 2014.

In March 2014 Council considered new operational guidelines for the refuse site and also agreed that the Tammin Refuse site would only accept waste from the Tammin residents, starting from 1 October 2014.

### Shire Staff

The overall number of Shire staff was reduced during the year with the number of gardeners being halved, from 3 to 1.5fte, the number of road maintenance staff being reduced by half a full-time position and the number of administration staff being reduced by a third of a full time position.

There have been a number of changes to our staff during the financial year and we welcomed the following new faces:

- Maddie Fowler commenced with the Shire in February 2014, replacing Carissa Lawrence as our Administration Officer.
- Nathan Gilfellon commenced as Senior Finance Officer in May 2014 replacing Myra Henry who worked for the Shire for six years and left to accept a similar position with the Shire of Derby/West Kimberley.
- Ray Beasley unfortunately became ill and passed away during the year.
- Lewis Henry left in May 2014 and has not been replaced

### Finance

We finished 2013/14 with a surplus of approximately \$277,000. The 2013/14 budget included budgeted income of \$1.175m in Royalties for Regions grants which the Shire did not receive. While it was disappointing not to receive the funding it had a positive effect on our financial position as we did not proceed with the projects (new Caravan Park and new staff housing).

Brian Jones  
Chief Executive Officer

## Strategic community plan

### 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.

<b>Vision – Social - Building a Sense of Community</b>	<b>Outcomes</b>	<b>Objectives</b>
Our community will be inclusive and inviting; a place where all people, young and old are accepted and valued.	Strong and inclusive community	Strengthen community groups and networks
Community leadership and involvement will ensure our different communities recreate, network and interact, building strong relationships and support.	An active community	Improve recreation for all ages
Our diverse community has access to services within their local area.	Community service enhancement	Improve local access to service
<b>Vision - Environment: Preserving and Sustaining Our Natural Environment</b>	<b>Outcomes</b>	<b>Objectives</b>
We will live sustainably in our natural environment.	Sustainable waste management	Ensure waste management
Our local bush spaces will be enjoyed by our community and we will ensure our local environment is protected and enhanced	Sustainable living	Promote and strengthen the efficient use of natural resources
We will provide leadership and be recognised for sustainable practices through our active support in regional recycling and resource recovery	Enhanced local environment	Protect, maintain and enhance our local environment
<b>Vision - Built Environment: Enhanced Lifestyle Choices</b>	<b>Outcomes</b>	<b>Objectives</b>
Our local area will be maintained through the provision of housing and employment choices for all ages, whilst protecting our viable farmland.	Improved quality and maintenance of our Infrastructure	Upgrade and maintain our infrastructure To ensure transport routes are safe
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.	Housing needs met Improved business capacity	Facilitate affordable diverse housing requirements Create land use capacity for industry
<b>Vision - Economic Development: Maximise Development</b>	<b>Outcomes</b>	<b>Objectives</b>
We will build and sustain our community through facilitating employment opportunities.	Industry and employment growth	Facilitate local industry growth support and facilitate sustainable businesses
Our economy will thrive, support sustainable businesses and facilitate the growth of industry.	Increased economic capacity	Promote Tammin as a place to visit, live and work

## Achievements, highlights, planning and objectives

### Achievements

- Strang Street - reconstructed, kerbed & sealed
- Ridley Street - final bitumous seal applied
- Bungulla North Rd - corrector course applied at various sections
- Tammin South Rd - 650 metre narrow section widened and reconstructed
- Tammin – Wyalkatchem Rd - various sections resealed
- York – Tammin Road - 2.0km widened, reconstructed and sealed
- Sullage Pit on Tammin – Wyalkatchem Road - excavated and fenced
- Basketball / Netball Courts - asphalt seal and line marking applied
- Tamma Village - all 10 units had new Solar HWS installed
- Storage Cages installed at Donnan Park Pavilion
- Donnan Park Pavilion internal painted
- Townscape improvements to area opposite Shire Office

### Integrated Planning still in progress:

Long Term Financial Plan	completed by the consultant and adopted by Council in February 2014.
Asset Management Plan	the consultants completed the asset management plan for buildings and structures during 2012/13 and the transport asset management plan was adopted by Council in March 2014.
Corporate Business Plan	community consultation was undertaken by consultants in June 2014 and the final plan will be presented to Council early in the 2014/15 financial year.

## Highlights

- July** Purchased 5 & 7 Nottage Way for \$30,000  
Sold 22 Ridley Street for \$120,000  
Area parallel to Donnan Street re-vegetated with trees & shrubs
- August** Sold the Barracks for \$230,000  
LGEEP grant received for 5 Solar HWS for Tamma Village
- September** Tammin hosted Senior's luncheon in Town Hall with over 170 attending
- October** Solar HWS installed on all ten Tamma Village Units
- November** Purchased 3 Nottage Way for \$14,500  
FUSE Festival held with approx 250 visitors attending
- February** Long Term Financial Plan adopted by Council  
Strategic Community Plan desktop review undertaken  
Sold 6 Russell Street for \$88,000
- March** Tammin Emergency Management Plan adopted by Council  
Asset Management Plan for Roads adopted by Council  
Council agreed to resurface Netball Courts  
Regional Be-Active Sport & Recreation scheme wound up  
CCR Tribute Band played in the KEP, approx 150 people attended
- April** New Depot opened by Mia Davies MLA
- June** Public consultation for Corporate Business Plan

## Strategic Objectives for 2014/15

- Construct two 3 x 1 staff houses on Nottage Way
- Continue improvements to North Bungulla Rd with corrector course
- Tammin – York Rd - widen, reconstruct & seal final 1.80km
- Ralston Rd - widen, reconstruct & seal 2.0km
- Underwood Rd - widen, reconstruct & seal 250m section on route to Bin
- Take over management and implement improvements to Tammin Refuse site
- Finalise and adopt Corporate Business Plan



## Legislative compliances

### 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 2013/14 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 2013/14 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 2014.

<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 2013/14.

## **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.

One Freedom of Information requests was received during the reporting period.

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Independent Audit Report

Supplementary Ratio Information


SHIRE OF TAMMIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Tammin being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Tammin at 30th June 2014 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 **11** day of **NOVEMBER** 2014



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Brian Jones  
Chief Executive Officer

**SHIRE OF TAMMIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Rates	22	769,594	771,427	723,831
Operating Grants, Subsidies and Contributions	28	547,990	608,343	1,054,540
Fees and Charges	27	351,710	376,983	370,909
Interest Earnings	2(a)	38,333	45,270	62,955
Other Revenue		<u>138,629</u>	<u>153,966</u>	<u>144,246</u>
		1,846,256	1,955,989	2,356,481
<b>Expenses</b>				
Employee Costs		(884,730)	(1,117,635)	(925,377)
Materials and Contracts		(756,936)	(689,425)	(720,693)
Utility Charges		(101,507)	(110,596)	(103,087)
Depreciation on Non-Current Assets	2(a)	(1,165,913)	(572,593)	(572,506)
Interest Expenses	2(a)	(14,710)	(17,745)	(20,345)
Insurance Expenses		(70,075)	(96,783)	(88,678)
Other Expenditure		(26,515)	(225,104)	(58,758)
		<u>(3,020,386)</u>	<u>(2,829,881)</u>	<u>(2,489,444)</u>
		(1,174,130)	(873,892)	(132,963)
Non-Operating Grants, Subsidies and Contributions	28	301,221	1,488,480	1,031,899
Profit on Asset Disposals	20	0	450,000	17,137
Loss on Asset Disposals	20	<u>(883,640)</u>	<u>(10,000)</u>	<u>0</u>
<b>NET RESULT</b>		<b>(1,756,549)</b>	<b>1,054,588</b>	<b>916,073</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	12	4,060,861	0	6,349,306
<b>Total Other Comprehensive Income</b>		<u>4,060,861</u>	<u>0</u>	<u>6,349,306</u>
<b>Total Comprehensive Income</b>		<u><u>2,304,312</u></u>	<u><u>1,054,588</u></u>	<u><u>7,265,379</u></u>

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Governance		62,384	6,009	18,916
General Purpose Funding		1,335,421	1,367,944	1,405,371
Law, Order, Public Safety		9,634	55,300	9,679
Health		1,317	830	65,301
Education and Welfare		54,867	60,858	55,756
Community Amenities		72,866	76,265	74,929
Recreation and Culture		50,903	63,042	34,415
Transport		47,508	68,290	428,056
Economic Services		10,628	10,823	73
Other Property and Services		200,728	246,628	263,985
		<u>1,846,256</u>	<u>1,955,989</u>	<u>2,356,481</u>
<b>Expenses</b>				
Governance		(383,144)	(383,750)	(281,160)
General Purpose Funding		(86,872)	(102,310)	(80,226)
Law, Order, Public Safety		(32,734)	(72,710)	(18,209)
Health		(27,306)	(39,770)	(93,995)
Education and Welfare		(103,658)	(104,040)	(167,440)
Community Amenities		(144,988)	(135,051)	(122,028)
Recreation & Culture		(508,738)	(607,893)	(438,555)
Transport		(1,316,956)	(993,095)	(931,007)
Economic Services		(116,591)	(133,793)	(124,592)
Other Property and Services		(284,689)	(239,724)	(211,419)
		<u>(3,005,676)</u>	<u>(2,812,136)</u>	<u>(2,468,631)</u>
<b>Financial Costs</b>				
Recreation & Culture		(1,781)	(1,837)	(4,642)
Transport		(8,885)	(10,805)	(11,650)
Other Property and Services		(4,044)	(5,103)	(4,521)
	2(a)	<u>(14,710)</u>	<u>(17,745)</u>	<u>(20,813)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		0	1,175,560	1,031,899
Education and Welfare		16,756	13,160	0
Transport		284,465	299,760	0
		<u>301,221</u>	<u>1,488,480</u>	<u>1,031,899</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(3,024)	(10,000)	1,673
Transport		0	0	15,464
Other Property and Services		(880,616)	450,000	0
		<u>(883,640)</u>	<u>440,000</u>	<u>17,137</u>
<b>Net Result</b>		<u>(1,756,549)</u>	<u>1,054,588</u>	<u>916,073</u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	4,060,861	0	6,349,306
<b>Total Other Comprehensive Income</b>		<u>4,060,861</u>	<u>0</u>	<u>6,349,306</u>
<b>Total Comprehensive Income</b>		<u><u>2,304,312</u></u>	<u><u>1,054,588</u></u>	<u><u>7,265,379</u></u>

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

**SHIRE OF TAMMIN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	934,022	1,483,345
Trade and Other Receivables	4	<u>95,881</u>	<u>204,541</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,029,903</u>	<u>1,687,886</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	4,367	6,790
Property, Plant and Equipment	6	11,778,021	8,713,330
Infrastructure	7	<u>23,323,812</u>	<u>23,544,615</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>35,106,200</u>	<u>32,264,735</u>
<b>TOTAL ASSETS</b>		<u>36,136,103</u>	<u>33,952,621</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	151,987	167,411
Current Portion of Long Term Borrowings	9	54,536	103,693
Provisions	10	<u>76,168</u>	<u>76,885</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>282,691</u>	<u>347,989</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	174,780	229,316
Provisions	10	<u>29,838</u>	<u>30,834</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>204,618</u>	<u>260,150</u>
<b>TOTAL LIABILITIES</b>		<u>487,309</u>	<u>608,139</u>
		<u>35,648,794</u>	<u>33,344,482</u>
<b>EQUITY</b>			
Retained Surplus		4,621,195	6,765,308
Reserves - Cash Backed	11	577,616	190,052
Revaluation Surplus	12	<u>30,449,983</u>	<u>26,389,122</u>
<b>TOTAL EQUITY</b>		<u>35,648,794</u>	<u>33,344,482</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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2012</b>		<b>5,802,017</b>	<b>237,270</b>	<b>20,039,816</b>	<b>26,079,103</b>
Comprehensive Income					
Net Result		916,073	0	0	916,073
Changes on Revaluation of Non-Current Assets	12	0	0	6,349,306	6,349,306
Total Comprehensive Income		<u>916,073</u>	<u>0</u>	<u>6,349,306</u>	<u>7,265,379</u>
Transfers from/(to) Reserves		47,218	(47,218)	0	0
<b>Balance as at 30 June 2013</b>		<b>6,765,308</b>	<b>190,052</b>	<b>26,389,122</b>	<b>33,344,482</b>
Comprehensive Income					
Net Result		(1,756,549)	0	0	(1,756,549)
Changes on Revaluation of Non-Current Assets	12	0	0	4,060,861	4,060,861
Total Comprehensive Income		<u>(1,756,549)</u>	<u>0</u>	<u>4,060,861</u>	<u>2,304,312</u>
Transfers from/(to) Reserves		(387,564)	387,564	0	0
<b>Balance as at 30 June 2014</b>		<b>4,621,195</b>	<b>577,616</b>	<b>30,449,983</b>	<b>35,648,794</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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		778,605	771,427	711,743
Operating Grants, Subsidies and Contributions		650,068	608,343	995,334
Fees and Charges		351,710	388,525	370,909
Interest Earnings		38,326	45,270	62,955
Goods and Services Tax		233,818	90,000	52,877
Other Revenue		138,629	25,425	144,245
		<u>2,191,156</u>	<u>1,928,990</u>	<u>2,338,063</u>
<b>Payments</b>				
Employee Costs		(903,878)	(1,120,944)	(897,265)
Materials and Contracts		(751,891)	(708,130)	(694,292)
Utility Charges		(101,507)	(110,596)	(103,087)
Interest Expenses		(17,744)	(17,744)	(88,678)
Insurance Expenses		(70,075)	(96,783)	(20,814)
Goods and Services Tax		(233,818)	(90,000)	(52,877)
Other Expenditure		(26,515)	(96,564)	(58,758)
		<u>(2,105,428)</u>	<u>(2,240,761)</u>	<u>(1,915,771)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>85,728</u>	<u>(311,771)</u>	<u>422,292</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(742,076)	(2,001,660)	(549,053)
Payments for Construction of Infrastructure		(555,913)	(704,480)	(593,261)
Non-Operating Grants, Subsidies and Contributions		301,221	1,488,480	1,031,899
Proceeds from Sale of Fixed Assets		465,409	535,000	114,020
<b>Net Cash Provided by (Used in) Investment Activities</b>		<u>(531,359)</u>	<u>(682,660)</u>	<u>3,605</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(103,693)	(103,693)	(92,745)
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(103,693)</u>	<u>(103,693)</u>	<u>(92,745)</u>
<b>Net Increase (Decrease) in Cash Held</b>		(549,325)	(1,098,124)	333,152
Cash at Beginning of Year		1,483,345	1,484,322	1,150,193
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u>934,022</u>	<u>386,198</u>	<u>1,483,345</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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>Revenue</b>				
Governance		62,384	6,009	20,589
General Purpose Funding		565,827	1,772,077	1,713,439
Law, Order, Public Safety		9,634	55,300	9,679
Health		1,317	830	65,301
Education and Welfare		71,623	74,018	55,756
Community Amenities		72,866	76,265	74,929
Recreation and Culture		50,903	63,042	34,415
Transport		331,973	368,050	443,520
Economic Services		10,628	10,823	73
Other Property and Services		200,728	696,628	263,985
		<u>1,377,883</u>	<u>3,123,042</u>	<u>2,681,686</u>
<b>Expenses</b>				
Governance		(386,168)	(393,750)	(281,160)
General Purpose Funding		(86,872)	(102,310)	(80,226)
Law, Order, Public Safety		(32,734)	(72,710)	(18,209)
Health		(27,306)	(39,770)	(93,995)
Education and Welfare		(103,658)	(104,040)	(167,440)
Community Amenities		(144,988)	(135,051)	(122,028)
Recreation and Culture		(510,519)	(609,730)	(443,197)
Transport		(1,325,841)	(1,003,900)	(942,657)
Economic Services		(116,591)	(133,793)	(124,592)
Other Property and Services		(1,169,349)	(244,827)	(215,940)
		<u>(3,904,026)</u>	<u>(2,839,881)</u>	<u>(2,489,444)</u>
<b>Net Result Excluding Rates</b>		<b>(2,526,143)</b>	<b>283,161</b>	<b>192,242</b>
<b>Adjustments for Cash Budget Requirements:</b>				
(Profit)/Loss on Asset Disposals	20	883,640	(440,000)	(17,137)
Movement in Deferred Pensioner Rates (Non-Current)		2,423	0	
Movement in Employee Benefit Provisions (Non-current)		(996)	0	4,775
Depreciation and Amortisation on Assets	2(a)	1,165,913	572,593	572,506
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings	6(a)	(605,608)	(1,863,960)	(336,732)
Purchase Furniture and Equipment	6(a)	(57,801)	(22,900)	(17,577)
Purchase Plant and Equipment	6(a)	(78,667)	(114,800)	(194,743)
Purchase Roads	7(a)	(498,084)	(572,480)	(584,781)
Purchase Other Infrastructure	7(a)	(57,829)	(132,000)	(8,482)
Proceeds from Disposal of Fixed Assets	20	465,409	535,000	114,020
Repayment of Debentures	21(a)	(103,693)	(103,693)	(92,745)
Transfers to Reserves (Restricted Assets)	11	(387,564)	(496,345)	(12,782)
Transfers from Reserves (Restricted Assets)	11	0	310,200	60,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,253,536	1,274,744	851,141
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	224,131	947	1,253,536
<b>Total Amount Raised from General Rate</b>	<b>22(a)</b>	<b><u>(769,594)</u></b>	<b><u>(771,427)</u></b>	<b><u>(723,831)</u></b>

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

**The Local Government Reporting Entity**

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

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

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

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

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

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

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(c) Cash and Cash Equivalents**

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

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land Held for Sale***

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(f) Fixed Assets**

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

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

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

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

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

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

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

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

***Land Under Control***

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

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

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

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

SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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

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

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

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

***Revaluation***

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

***Transitional Arrangements***

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

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

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

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

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

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



**SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

***Land Under Roads***

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

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

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

***Depreciation***

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

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

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

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

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

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

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

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

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

***Capitalisation Threshold***

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

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

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

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

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

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

***Fair Value Hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

**Market approach**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

**Income approach**

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

**Cost approach**

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Amortised cost is calculated as:

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

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

*Classification and Subsequent Measurement (Continued)*

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(k) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**(l) Borrowing Costs**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**(o) Investment in Associates**

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

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

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

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(p) Interests in Joint Arrangements**

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

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

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

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

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

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

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

**(r) Superannuation**

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

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

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

**(t) Rounding Off Figures**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

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

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

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

**Notes:**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

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

These new and revised standards were:

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

<b>2. REVENUE AND EXPENSES</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit of the annual financial report	9,986	9,030
<b>Depreciation</b>		
Buildings	126,288	74,407
Furniture and Equipment	40,417	14,314
Plant and Equipment	222,492	172,364
Roads	644,304	205,000
Footpaths	40,546	40,546
Other Infrastructure	91,867	65,875
	<u>1,165,913</u>	<u>572,506</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures ( <i>refer Note 21.(a)</i> )	14,710	20,345
	<u>14,710</u>	<u>20,345</u>
(ii) Crediting as Revenue:		
<b>Other Revenue</b>		
Other	138,629	144,246
	<u>138,629</u>	<u>144,246</u>
	<b>2014</b>	<b>2014</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest Earnings</b>		<b>2013</b>
- Reserve Funds	10,687	<b>Actual</b>
- Other Funds	22,339	<b>\$</b>
Other Interest Revenue ( <i>refer note 26</i> )	5,307	10,741
	<u>38,333</u>	46,837
	<u>45,270</u>	5,377
	<u>62,955</u>	<u>62,955</u>



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

Provision and maintenance of elderly residents housing.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

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

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

(c) Conditions Over Grants/Contributions	Function/ Activity	Opening Balance <sup>(1)</sup>		Received <sup>(2)</sup>		Expended <sup>(3)</sup>		Closing Balance <sup>(1)</sup>	
		1/07/12	\$	2012/13	\$	2012/13	\$	30/06/13	\$
Grant/Contribution									
Royalties for Regions CLGF - 10/11		0	356,698	(290,250)	0	(66,448)	0	0	0
Royalties for Regions CLGF - 11/12		0	313,556		0	(313,556)	0	0	0
Workforce Plan		0	25,000	(5,000)	0	(19,940)	0	60	60
Aware Grant		0	8,614	(8,173)	8,614	(8,173)	882	882	882
Red Card Grant		750	0		750	0	0	750	750
Roads to Recovery Grant		0	163,008	(122,868)	110,545	(150,685)	0	0	0
<b>Total</b>		<b>750</b>	<b>866,876</b>	<b>(426,291)</b>	<b>119,159</b>	<b>(558,802)</b>	<b>1,692</b>	<b>1,692</b>	<b>1,692</b>

**Notes:**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	2014 \$	2013 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		354,714	851,959
Restricted		579,308	631,386
		<u>934,022</u>	<u>1,483,345</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	17,758	14,204
Plant Reserve	11	149,970	125,075
Building Reserve	11	365,631	17,807
Information and Technology Reserve	11	10,545	5,337
Aged Pensioners Reserve	11	25,440	19,671
Entitlement Reserve	11	6,150	5,918
Community Development Reserve	11	2,120	2,040
Unspent Grants	2(c)	1,692	441,335
		<u>579,308</u>	<u>631,386</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		39,103	45,691
Sundry Debtors		70,143	183,095
GST Receivable		10,874	0
Provision for doubtful debts		(24,247)	(24,247)
Accrued Interest - ATO		7	0
		<u>95,880</u>	<u>204,539</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		4,367	6,790
		<u>4,367</u>	<u>6,790</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
		<u>0</u>	<u>0</u>
<b>Non-Current</b>			
Land Held for Resale - Cost			
Cost of Acquisition		0	0
Development Costs		0	0
		<u>0</u>	<u>0</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	<u>475,000</u>	<u>480,461</u>
	475,000	480,461
 Total Land	 <u>475,000</u>	 <u>480,461</u>
 Buildings at:		
- Independent Valuation 2014	<u>9,760,695</u>	<u>6,576,114</u>
	9,760,695	6,576,114
 Total Buildings	 <u>9,760,695</u>	 <u>6,576,114</u>
 Total Land and Buildings	 <u>10,235,695</u>	 <u>7,056,575</u>
 Furniture and Equipment at:		
- Management Valuation 2013	197,434	197,434
- Additions after Valuation - Cost	57,801	0
Less Accumulated Depreciation	<u>(40,417)</u>	<u>0</u>
	214,818	197,434
 Plant and Equipment at:		
- Management Valuation 2013	1,468,422	1,459,321
- Additions after Valuation - Cost	78,667	0
Less Accumulated Depreciation	<u>(219,581)</u>	<u>0</u>
	1,327,508	1,459,321
	<u>11,778,021</u>	<u>8,713,330</u>

**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 APV Valuers & Asset Management in 2014.

All of the Valuations were made on the basis of open market values or similar assets adjusted for condition and comparability.

The revaluation of Land and Buildings resulted in an overall increment of \$1,756,549 in the net value of the Shire's Land and Building. All of this increase was credited to a 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 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land (Level 2)	480,461	56,952	(64,000)	1,588	0	0	475,000
<b>Total Land</b>	<b>480,461</b>	<b>56,952</b>	<b>(64,000)</b>	<b>1,588</b>	<b>0</b>	<b>0</b>	<b>475,000</b>
Buildings (Level 2)	6,576,114	548,656	(1,244,297)	4,006,509	0	(126,288)	9,760,695
<b>Total Buildings</b>	<b>6,576,114</b>	<b>548,656</b>	<b>(1,244,297)</b>	<b>4,006,509</b>	<b>0</b>	<b>(126,288)</b>	<b>9,760,695</b>
<b>Total Land and Buildings</b>	<b>7,056,575</b>	<b>605,608</b>	<b>(1,308,297)</b>	<b>4,008,096</b>	<b>0</b>	<b>(126,288)</b>	<b>10,235,695</b>
Furniture and Equipment (Level 3)	197,434	57,801	0	0	0	(40,417)	214,818
Plant and Equipment (Level 2)	1,459,321	78,667	(40,752)	52,764	0	(222,492)	1,327,508
<b>Total Property, Plant and Equipment</b>	<b>8,713,330</b>	<b>742,076</b>	<b>(1,349,049)</b>	<b>4,060,860</b>	<b>0</b>	<b>(389,196)</b>	<b>11,778,021</b>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014	2013
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads		
- Management Valuation 2013	32,215,191	31,651,190
- Additions after Valuation - Cost	498,084	564,001
Less Accumulated Depreciation	<u>(11,373,082)</u>	<u>(10,728,778)</u>
	21,340,193	21,486,413
Footpaths		
- Management Valuation 2013	579,231	579,231
Less Accumulated Depreciation	<u>(40,546)</u>	<u>0</u>
	538,685	579,231
Other Infrastructure		
- Management Valuation 2013	1,504,772	1,478,971
- Additions after Valuation - Cost	32,029	0
Less Accumulated Depreciation	<u>(91,867)</u>	<u>0</u>
	1,444,934	1,478,971
	<u>23,323,812</u>	<u>23,544,615</u>

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2014

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	21,486,413	498,084	0	0	0	(644,304)	21,340,193
Footpaths	579,231	0	0	0	0	(40,546)	538,685
Other Infrastructure	1,478,971	57,829	0	0	0	(91,867)	1,444,934
<b>Total</b>	<b>23,544,615</b>	<b>555,913</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(776,717)</b>	<b>23,323,811</b>



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014	2013
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	95,182	107,953
Accrued Interest on Debentures	351	3,385
Accrued Salaries and Wages	25,388	54,351
ATO Liabilities	11,528	0
Prepaid Rates	17,000	0
Other Agencies	2,538	1,722
	<u>151,987</u>	<u>167,411</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by Floating Charge Debentures	<u>54,536</u>	<u>103,693</u>
	<u>54,536</u>	<u>103,693</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>174,780</u>	<u>229,316</u>
	<u>174,780</u>	<u>229,316</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

Analysis of Total Provisions

Current	76,168	76,885
Non-Current	<u>29,838</u>	<u>30,834</u>
	<u>106,006</u>	<u>107,719</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	47,106	60,613	107,719
Additional provision	1,010	(2,723)	(1,713)
Balance at 30 June 2014	<u>48,116</u>	<u>57,890</u>	<u>106,006</u>



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2014 Budget \$	2013 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Long Service Leave Reserve</b>			
Opening Balance	14,204	14,203	13,653
Amount Set Aside / Transfer to Reserve	3,554	3,310	551
Amount Used / Transfer from Reserve	0	0	
	<u>17,758</u>	<u>17,513</u>	<u>14,204</u>
<b>(b) Plant Reserve</b>			
Opening Balance	125,075	125,075	138,219
Amount Set Aside / Transfer to Reserve	24,895	27,129	6,856
Amount Used / Transfer from Reserve		0	(20,000)
	<u>149,970</u>	<u>152,204</u>	<u>125,075</u>
<b>(c) Building Reserve</b>			
Opening Balance	17,807	17,807	17,223
Amount Set Aside / Transfer to Reserve	347,824	450,714	584
Amount Used / Transfer from Reserve		(310,200)	0
	<u>365,631</u>	<u>158,321</u>	<u>17,807</u>
<b>(d) Information and Technology Reserve</b>			
Opening Balance	5,337	5,337	14,742
Amount Set Aside / Transfer to Reserve	5,208	5,302	595
Amount Used / Transfer from Reserve		0	(10,000)
	<u>10,545</u>	<u>10,639</u>	<u>5,337</u>
<b>(e) Aged Pensioners Reserve</b>			
Opening Balance	19,671	19,671	47,745
Amount Set Aside / Transfer to Reserve	5,769	6,121	1,926
Amount Used / Transfer from Reserve		0	(30,000)
	<u>25,440</u>	<u>25,792</u>	<u>19,671</u>
<b>(f) Entitlement Reserve</b>			
Opening Balance	5,918	5,919	5,688
Amount Set Aside / Transfer to Reserve	232	2,837	230
Amount Used / Transfer from Reserve		0	
	<u>6,150</u>	<u>8,756</u>	<u>5,918</u>
<b>(g) Community Development Reserve</b>			
Opening Balance	2,040	2,040	
Amount Set Aside / Transfer to Reserve	80	932	2,040
Amount Used / Transfer from Reserve		0	
	<u>2,120</u>	<u>2,972</u>	<u>2,040</u>
<b>TOTAL RESERVES</b>	<u>577,616</u>	<u>376,197</u>	<u>190,052</u>
Total Opening Balance	190,052	190,052	237,270
Total Amount Set Aside / Transfer to Reserve	387,564	496,345	12,782
Total Amount Used / Transfer from Reserve	0	(310,200)	(60,000)
<b>TOTAL RESERVES</b>	<u>577,616</u>	<u>376,197</u>	<u>190,052</u>

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

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

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

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

- (a) Long Service Leave Reserve
  - To fund staff long service leave liabilities
- (b) Plant Reserve
  - For the purchase of major plant and machinery
- (c) Building Reserve
  - For the provision of council buildings
- (d) Information and Technology Reserve
  - To fund IT requirements
- (e) Aged Pensioners Reserve
  - For the maintenance Tamma Village Units
- (f) Entitlement Reserve
  - To fund staff leave entitlements Liabilities
- (g) Community Development Reserve
  - To fund community development projects

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

<b>12. REVALUATION SURPLUS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land &amp; Buildings</b>		
Opening Balance	4,350,163	0
Revaluation Increment	4,008,097	4,350,163
Revaluation Decrement		
	<u>8,358,260</u>	<u>4,350,163</u>
<b>(b) Plant &amp; Equipment</b>		
Opening Balance	807,494	0
Revaluation Increment	52,765	807,494
Revaluation Decrement		
	<u>860,259</u>	<u>807,494</u>
<b>(c) Roads</b>		
Opening Balance	20,039,816	0
Revaluation Increment	(0)	20,039,816
Revaluation Decrement		
	<u>20,039,816</u>	<u>20,039,816</u>
<b>(d) Other Infrastructure</b>		
Opening Balance	1,191,649	0
Revaluation Increment	(0)	1,191,649
Revaluation Decrement		
	<u>1,191,649</u>	<u>1,191,649</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>30,449,983</u></u>	<u><u>26,389,122</u></u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**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:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>934,022</u>	<u>386,198</u>	<u>1,483,345</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	(1,756,549)	1,054,588	916,073
Depreciation	1,165,913	572,593	572,506
(Profit)/Loss on Sale of Asset	883,640	(440,000)	(17,137)
(Increase)/Decrease in Receivables	111,082	11,542	(71,294)
Increase/(Decrease) in Payables	(15,424)	(18,705)	25,276
Increase/(Decrease) in Employee Provisions	(1,713)	(3,309)	28,767
Grants Contributions for the Development of Assets	<u>(301,221)</u>	<u>(1,488,480)</u>	<u>(1,031,899)</u>
Net Cash from Operating Activities	<u>85,728</u>	<u>(311,771)</u>	<u>422,292</u>
<b>(c) Undrawn Borrowing Facilities</b>			
	<b>2014</b>		<b>2013</b>
	<b>\$</b>		<b>\$</b>
<b>Credit Standby Arrangements</b>			
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	0		0
<b>Total Amount of Credit Unused</b>	<u>120,000</u>		<u>120,000</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	54,536		103,693
Loan Facilities - Non-Current	174,780		229,316
<b>Total Facilities in Use at Balance Date</b>	<u>229,316</u>		<u>333,009</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>NIL</u>		<u>NIL</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**14. CONTINGENT LIABILITIES**

Council does not have any known contingent liabilities at 30th June 2014

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

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

**(b) Capital Expenditure Commitments**

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre (the prior year commitment was for a truck purchase).

The Shire did not have any future capital expenditure commitments at the reporting date.

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

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

	2014	2013
	\$	\$
Governance	1,189,016	688,488
General Purpose Funding	0	52,481
Law, Order, Public Safety	43,674	300
Health	0	21,662
Education and Welfare	1,908,339	1,157,282
Community Amenities	664,393	249,637
Recreation and Culture	5,669,507	3,695,027
Transport	24,219,740	23,827,574
Economic Services	86,020	27,654
Other Property and Services	1,321,145	2,749,382
Unallocated	1,034,270	1,483,134
	<u>36,136,103</u>	<u>33,952,621</u>



**SHIRE OF TAMMIN  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2014**

**RATIO INFORMATION**

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

	2014	2013	2012
Asset Consumption Ratio	0.75	0.75	N/A
Asset Renewal Funding Ratio	1.25	N/A	N/A

The above ratios are calculated as follows:

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

**N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the preceeding year (being 2012) 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 2014**

**19. TRUST FUNDS**

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Housing Bonds	4,700	0	(3,200)	1,500
Memorial Trust	843	89	0	931
Land Conservation	0	10,824	0	10,824
Visitor Centre	0	1,365	0	1,365
Nomination Fees	0	240	(240)	0
Police Licencing	977	177,905	(178,107)	776
BCITF and BRB	0	751	(751)	0
	<u>6,520</u>			<u>15,396</u>

**20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
Governance						
Holden Caprice	40,752	95,000	37,728	85,000	(3,024)	(10,000)
Other Property and Services						
22 Ridley St	219,317	0	115,414	150,000	(103,903)	150,000
6 Russel St	310,000	0	83,803	150,000	(226,197)	150,000
81 Barracks St	778,980	0	228,464	150,000	(550,516)	150,000
	<u>1,349,049</u>	<u>95,000</u>	<u>465,409</u>	<u>535,000</u>	<u>(883,640)</u>	<u>440,000</u>
					Profit	0
					Loss	450,000
					<u>(883,640)</u>	<u>(10,000)</u>
					<u>(883,640)</u>	<u>440,000</u>

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and Culture Loan 76	46,805		46,805	46,805	0	0	1,781	1,837
Transport Loan 77 & 78	196,650		46,233	46,233	150,417	150,417	8,885	10,805
Other Property and Services Loan 79	89,554		10,656	10,656	78,898	78,898	4,044	5,103
	333,009	0	103,693	103,693	229,316	229,316	14,710	17,745

(\*) Self supporting loan financed by payments from third parties.  
 All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2013/14

The Shire did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(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 2013 and 30 June 2014 was \$nil.

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates	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	0.0911	80	745,888	67,265			67,265	67,957			67,957
Unimproved Value	0.0129	170	54,550,500	703,011	(2,682)		700,329	703,211	500		703,711
<b>Unimproved Value Valuations Sub-Totals</b>		250	55,296,388	770,276	(2,682)	0	767,595	771,168	500	0	771,668
<b>Minimum Payment</b>											
Gross Rental Value	435	53	40,554	22,620			22,620	23,055			23,055
Unimproved Value	435	18	302,158	8,729			8,729	7,830			7,830
<b>Unimproved Value Valuations Sub-Totals</b>		71	342,712	31,349	0	0	31,349	30,885	0	0	30,885
<b>Ex-Gratia Rates</b>											
Discounts (refer note 25.)							798,944				802,553
<b>Total Amount Raised From General Rate</b>							5,451				(31,126)
<b>Specified Area Rate (refer note 23.)</b>							<b>769,594</b>				<b>771,427</b>
<b>Totals</b>							0				0
							<b>769,594</b>				<b>771,427</b>



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 13 Brought Forward</b>	<u>224,131</u>	<u>1,253,536</u>	<u>1,253,536</u>
<b><u>Comprises:</u></b>			
Cash and Cash Equivalents			
Unrestricted	354,714	851,959	851,959
Restricted	579,308	631,386	631,386
Receivables			
Rates Outstanding	39,103	45,691	45,691
Sundry Debtors	70,143	183,095	183,095
GST Receivable	10,874	0	0
Provision for doubtful debts	(24,247)	(24,247)	(24,247)
Accrued Interest - ATO	7	0	0
Sundry Creditors	(95,182)	(107,953)	(107,953)
Accrued Interest on Debentures	(351)	(3,385)	(3,385)
Accrued Salaries and Wages	(25,388)	(54,351)	(54,351)
ATO Liabilities	(11,528)	0	0
Other Agencies	(2,538)	(1,722)	(1,722)
Secured by Floating Charge Debentures	(54,536)	(103,693)	(103,693)
Provisions			
Provision for Annual Leave	(48,116)	(47,106)	(47,106)
Provision for Long Service Leave	(28,052)	(29,779)	(29,779)
<b><u>Net Current Assets</u></b>	<u>747,211</u>	<u>1,339,895</u>	<u>1,339,895</u>
Less:			
Reserves - Restricted Cash	(577,616)	(190,052)	(190,052)
Add:			
Secured by Floating Charge Debentures	54,536	103,693	103,693
<b>Surplus/(Deficit)</b>	<u>224,131</u>	<u>1,253,536</u>	<u>1,253,536</u>

**Difference**

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2013/14 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates - GRV	Discount	5.00%	2,322	2,077
General Rates - UV	Discount	5.00%	32,479	29,049
			34,801	31,126

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 organisations on properties to encourage community development. Three properties (Tammin Bowling Club, Tammin Golf Club and Tammin CWA) were involved.

**26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		4,073	3,500
Interest on Instalments Plan	5.50%		1,233	2,000
Charges on Instalment Plan		10	610	2,500
			5,917	8,000

Ratepayers had the option of paying rates in four equal instalments, due on 23 September 2013, 23 November 2013, 24 January 2014 and 24 March 2014. Administration charges and interest applied for the final three instalments.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>27. FEES &amp; CHARGES</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Governance	0	1,295
General Purpose Funding	1,940	2,923
Law, Order, Public Safety	1,021	716
Health	1,317	10,979
Education and Welfare	54,187	50,646
Community Amenities	72,859	72,667
Recreation and Culture	45,772	14,044
Transport	8,695	0
Economic Services	786	73
Other Property and Services	165,132	217,566
	<u>351,710</u>	<u>370,909</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>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating Grants, Subsidies and Contributions	547,990	1,054,540
Non-Operating Grants, Subsidies and Contributions	301,221	1,031,899
	<u>849,211</u>	<u>2,086,439</u>
<b>By Program:</b>		
Governance	525,534	0
General Purpose Funding		1,647,560
Law, Order, Public Safety	8,614	8,614
Education and Welfare	16,756	0
Recreation and Culture	4,000	20,000
Transport	284,465	410,265
Economic Services	9,843	0
	<u>849,211</u>	<u>2,086,439</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

10	12.47
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**30. ELECTED MEMBERS REMUNERATION**

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

	2014 \$	2014 Budget \$	2013 \$
Meeting Fees	9,600	9,800	10,700
President's Allowance	1,309	2,400	2,291
Deputy President's Allowance	330	600	570
Travelling Expenses	2,424	2,000	2,332
	13,663	14,800	15,893

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2013/14.

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

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

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

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	934,022	1,483,345	934,022	1,484,323
Receivables	100,248	211,331	100,248	204,752
	<u>1,034,270</u>	<u>1,694,676</u>	<u>1,034,270</u>	<u>1,689,075</u>
<b>Financial Liabilities</b>				
Payables	151,987	167,411	151,987	168,388
Borrowings	229,316	333,009	229,316	333,009
	<u>381,303</u>	<u>500,420</u>	<u>381,303</u>	<u>501,397</u>

Fair value is determined as follows:

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



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

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

	2014	2013
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	5,776	1,434
- Statement of Comprehensive Income	5,776 <sup>(2)</sup>	1,434

**Notes:**

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

<sup>(2)</sup> Maximum impact.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**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:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	65%	89%
- Overdue	35%	11%

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2014

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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	134,987			134,987	151,987
Borrowings	64,917	118,189	83,520	266,625	229,316
	<u>199,904</u>	<u>118,189</u>	<u>83,520</u>	<u>401,612</u>	<u>381,303</u>
<u>2013</u>					
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>

SHIRE OF TAMMIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2014

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 2014</b>								
<b>Borrowings</b>								
Fixed Rate Debentures	32,070				197,246		229,316	4.88%
Weighted Average Effective Interest Rate	5.89%				4.72%			
<b>Year Ended 30 June 2013</b>								
<b>Borrowings</b>								
Fixed Rate Debentures		46,805	62,319		223,885		333,009	5.15%
Weighted Average Effective Interest Rate		6.23%	5.89%		4.72%			



### Anderson Munro & Wyllie

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

### Scope

We have audited the financial report of Shire of Tammin for the year ended 30 June 2014. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

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

### Audit Approach

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

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

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

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





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

### Independence

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

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

### Audit Opinion

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

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2014 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

### Statutory Compliance

- a) We did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i) Based on verifiable information; and
  - ii) Reasonable assumptions.

Dated the 13<sup>th</sup> day of November 2014 in Perth, Western Australia

**BILLY-JOE THOMAS**  
Director

**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants

**SHIRE OF TAMMIN  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2014**

**RATIO INFORMATION**

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

	2014	2013	2012
Asset Consumption Ratio	0.90	0.78	N/A
Asset Renewal Funding Ratio	1.25	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio  $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio  $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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