

DRAFT



ANNUAL REPORT



2019-2020

Adopted

Resolution:

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Shire of Trayning Mission Statement

“To excel at providing fair,
efficient and effective services
and facilities which enhance the
Quality of Life for all residents.”

Our Vision

“The Shire of Trayning is an
active, safe and vibrant community
that works together
with honesty and is respectful of
the values of all.

We are committed to a
progressive, diverse and
profitable community that
supports healthy lifestyles
sustained by positive social values
and engaged youth.

Our natural assets are
valued, protected and enhanced
for future generations.”



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General Information



Administration Office

Address
Lot 66 Railway Street,
Trayning WA 6488

Telephone (08) 9683 1001
PO Box 95 Trayning, WA

E-mail: admin@trayning.wa.gov.au **Office hours:**
Website: www.trayning.wa.gov.au Mon to Fri 8.30 am - 4.00 pm
Like us on Face Book: www.facebook.com/ShireOfTrayning

Other

Towns: Trayning, Kununoppin, Yelbeni

Area: 1,632 sq kms

Distance from Perth: 235 km

Population: 250

Number of Electors: 241

Number of Dwellings: 130

Total Rates Levied: \$ 1.1 M

Total Revenue: \$ 3.26 M

Number of Employees: 15 (12 FTE)

SIGNIFICANT LOCAL EVENTS

Australia Day Community BBQ at the Trayning Town Park, Tractor Mudbog and Burnout Competition.

TOURIST ATTRACTIONS

Billyacatting Hill Conservation Park with fauna, reptiles, wildflowers, rare flora and bird watching, Gnamma Holes, Yarragin Rock (twin monoliths), Yelbeni Museum, Historical Rance Caravan, Trayning Tree Library Walk Trail, Historic Wells and members of the Wheatbelt Way and Pioneer Pathways.

ACCOMMODATION

Trayning Caravan Park, Trayning Hotel/Motel, Rosevale Homestead Farm Stay/Bed & Breakfast.

SPORTING & RECREATION FACILITIES

Ninghan Fitness Centre - Community Gym, Aquatic Centre, Grass Tennis Courts, Bowls, BMX Tracks in Trayning & Kununoppin, Skate Boarding Park, Community/School Oval and excellent BBQ/Playground areas.



Shire President's Report

Councillor Melanie Brown



SHIRE PRESIDENTS REPORT 2019/20

It is my pleasure to present the Presidents report for the financial year ended 30th June 2020. Council have continued to work together with the staff to ensure the Shire is in a sound position, and that community expectations are being met.

Coronavirus

This year the unprecedented pandemic of COVID-19 become part of our lives and enforced many changes to our way of life. The Federal & State Government outlined procedures and directives for us to implement, giving us clear guidelines of the best way to keep the virus controlled.

Shire Staff and Council worked together to put procedures in place to keep our community safe, well and connected. A plan was initiated to check in on our residents that live alone and to assist them with daily living requirements if needed. The Shire has been very fortunate to have had no cases of the virus. Times of crisis seem to bring out the best in people and certainly show that our small country communities' band together during difficult times.

Pool Project

In last year's Annual Report, I advised that the Shire had been successful in being allocated Commonwealth government funding of \$363,317 under the Building Better Regions Fund for the redevelopment of the Trayning Aquatic Centre ablutions, kiosk, first-aid room and undercover area.

It is pleasing to report in this year's Annual Report that the project was completed on budget and on time and our community now enjoys access free of charge to this high standard facility. The total project cost was approximately \$785,000 with the Shire raising a \$200,000 loan to part fund the project.

The official opening of the new Aquatic Centre facilities was conducted by the Hon Melissa Price MP and Shire President Cr Melanie Brown on Wednesday 11 March 2020. We are grateful for the Commonwealth Governments \$363,000 grant through the Building Better Regions Fund and it was fantastic to have our local MP in attendance to conduct the official opening. Thank you to all who attended and assisted with the project, in particular the builders Cooper & Oxley.

Council also adopted a revised and updated Workforce Plan on 11 December 2019.

The Shire has engaged consultants to update our road inventory condition ratings and to prepare a new Asset Management Plan. Unfortunately, the COVID19 pandemic stalled our progress and we are hopeful to have all planning documents finalised by the end of 2020.

Shire President's Report

Continued

Old Riding Club & Old Golf Club

The Shire organised for the demolition of the Old Riding Club & Old Golf Club buildings in Trayning during the year. Both buildings were dilapidated and covered with broken asbestos sheeting. While it is sad to see buildings that were once vibrant and important to our community being demolished, the cleared areas now present a much cleaner and tidy space and the asbestos risk to the community has been removed.

Integrated Planning & Reporting

Each local government in WA is required to adopt Integrated Planning & Reporting, which comprises a Strategic Community Plan (10 year Plan) and a Corporate Business Plan (4 year Plan). These two important planning documents are to be informed by a Workforce Plan, Long Term Financial Plan and Asset Management Plan.

Council has been working towards reviewing and updating our planning documents.

Council adopted a new Strategic Community Plan at the end of 2018/19 and during 2019/20 Council developed a new Corporate Business Plan. A draft Corporate Business Plan was reviewed by Council in December 2019 and officially adopted by Council on the 19 February 2020.

Council Elections

The Shire of Trayning has seven Councillors who are elected for four-year terms. Half of the Council positions become vacant every second year.

In October 2019, there were four vacancies for Councillor and only three nominations were received. Therefore, Cr Melanie Brown, Cr Geoff Waters and Cr Freda Tarr were elected unopposed for four-year terms and an extraordinary election was held to fill the vacant position

Two nominations were received for the extraordinary vacancy, which required an election to be held. The results of the extraordinary election, held on 5 December 2019 were:

Jarrad McHugh	20 votes
Clayton Marchant	76 votes (elected)

There were 242 electors registered on the electoral roll, 96 votes cast, which is a very good voter participation of 40%.

Sincere thanks to Cr Greg Yates for his contribution to Council over his four year term. Cr Yates displayed a fair and considered approach and was a great advocate for sport in the region. Congratulations and welcome to Cr Marchant. We look forward to working with you.



Shire President's Report

Continued

New Doctor

The Shire of Trayning is the administering Shire for the Kununoppin Medical Practice Committee which comprises the Shires of Trayning, Mt Marshall, Mukinbudin and Nungarin. The Kununoppin Medical Practice Committee (KMPC) is responsible for the recruitment of a Doctor and for the provision of incentives, including use of a furnished house and motor vehicle.

Dr Brian Walker provided the KMPC with 3 months' notice of his departure in March 2020. The Shire of Trayning engaged the services of Rural Health West to assist with the recruitment of a new Doctor to the Kununoppin Practice. A big thank you to Dr Walker for his service to our community over many years and to Rural Health Service for their assistance, knowledge and support.

We were most fortunate to secure the services of Dr Olat, who commenced on Tuesday 2 June 2020. We warmly welcome Dr Olat and his family to the community and look forward to working together to service the health and well-being needs of the region.

Thank you

My thanks to our CEO, Brian Jones, and all of the wonderful staff. Your support and commitment to Council and community is evident travelling around our unique Shire.

COVID-19 required Council to make many changes in the way we conducted our meetings and our engagement with residents and stakeholders. I applaud all Councillors for embracing the change and getting on with the business that we have been elected to do. I congratulate Councillors who have continued to complete the elected member mandatory training and encourage all Councillors to make this a priority for the coming year.

Finally, my heartfelt thanks to all residents, ratepayers and community members for their contribution to our Shire during a year of great uncertainty. I look forward to continuing to engage with community about present and future needs of our Shire. In a year foreshadowed by a pandemic, we are all truly blessed to live in the wonderful Shire of Trayning.



Chief Executive Officer's Report

Mr Brian Jones



Staff

As CEO I have been most fortunate to have such capable and motivated staff. While the following report highlights the many achievements of the Shire during 2019/20, these achievements are only possible through the hard work and dedication of all staff and I am truly grateful for their efforts. It is also pleasing to note that during the 2019/20 financial year only one staff member left the Shire voluntarily.

I would like to record my appreciation and thanks to our Executive Management Team, Belinda (Manager Corporate Services), Joe (Works Supervisor) and Parthiv (Finance Manager), who have all performed to a high standard in ensuring the Shire continues to be "Rock Solid".

Joe (July) and Parthiv (September) both commenced during the 2019/20 year and I was most fortunate to be able to recruit them both to come and work for our Shire.

Adam Street Staff House

The former transportable staff house in Adam Street caused the Shire many maintenance issues over a long period of time due to sub base moisture causing the house to move and crack and the high water table stopping the septic systems from working properly. The Shire spent \$125,000 renovating the house in 2017 and soon after cracks started to appear again.

A building report in 2019 advised the Council that the sub base footings need to be upgraded to stop the house from moving and cracking. Council had two options; either sell the house or budget to spend approximately \$150,000 on repairs to the sub-base and a new septic system.

Council decided to sell the house by Tender with the winning Tender being \$66,000. This money was invested in the Shire's Building Reserve Fund.

New Plant

In November 2019 Council adopted a long term Plant Replacement Strategy to ensure we manage the Shires substantial investment in plant and equipment in the most efficient and economical manner and to inform the Shires Long Term Financial Plan and Asset Management Plan.

Chief Executive Officer's Report

Continued

New Plant

During the 2019/20 financial year the Shire purchased / sold the following plant items:

Purchased

JCB Excavator	\$67,142
Bomag Multi Tyred Roller	\$151,500
CJD Loader	\$233,978

Sold

Old Cat Backhoe	\$18,181
Old Roller	\$20,454
Volvo Loader	\$40,910

Road Works Program

Congratulations to our Works Crew for completing the following projects during the year

Kununoppin-Bencubbin Rd	\$463,000	widen carriageway to 9.5m, reconstruct pavement and seal to width of 7.2m
Barnes Rd	\$115,000	gravel re-sheet to 9m width
Sherzinger Rd	\$110,000	widen shoulders & primer seal, then reseal to achieve a 6m seal & 9m carriageway
Flemming Rd	\$77,500	gravel re-sheet to 9m width
Harrods Rd	\$41,180	reseal
Keene Rd	\$8,850	reseal
Mandiga-Trayning Rd	\$36,680	reseal
Yelbeni South-East Rd	\$33,090	reseal
Hugh's St Kununoppin	\$10,540	new concrete footpath
Twine St Trayning	\$36,500	new concrete footpath

The Kununoppin-Bencubbin Rd project was funded two-thirds State Government and one-third Shire (Regional Road Group). The Barnes Rd, Flemming Rd and Sherzinger Rd projects were funded by the Commonwealth governments Roads to Recovery Program.

The Shire also upgraded signage throughout Trayning and Kununoppin and reduced parks & gardens staff from two to one.



Chief Executive Officer's Report

Continued

Roads to Recovery

The Shire receives approximately \$292k per annum from the Australian Governments Roads to Recovery Program to spend on local road maintenance and construction. One of the conditions of receiving Roads to Recovery Funding is that each local government must spend a minimum amount of their own money from rate revenue on roadworks each year to ensure that the Roads to Recovery funding is additional to what local governments would normally spend on roads.

The Shire was advised in October 2019 that we had breached our Roads to Recovery conditions for the third year in a row by not spending enough of our own rate revenue on roadworks. This put our future funding from this program at serious risk. In 2016/17 the Shire spend \$0 of our own money on roadworks, in 2017/18 and 2018/19 the Shire also spent an insufficient amount of money on roadworks to qualify for Roads to Recovery funding.

It is pleasing to report that in 2019/20 the Shire spent approximately \$400,000 of our \$1.1m rate revenue on roadworks, which is much higher than required to ensure we continue to receive this very valuable funding.

House Numbering

The purpose of the house-numbering project was to make it easy for our volunteers to locate a house in an emergency situation and for general ease of locating properties for all. It is very important for Ambulance, Police and others to locate the right house as quickly as possible.

The Shire completed this project in October 2019 for approximately \$3,000. It is interesting to note that Council originally budgeted \$8,000 for this project to be completed in the 2015/16 financial year and has included the same budget provision every year since.

Rance Caravan

During 2019/20 the Shire constructed a display shed at the Trayning Tourist Information Bay to display the Rance Caravan. The caravan was built by Alan Rance of Kununoppin and was one of the first Caravans to be registered in WA in the early 1930's. It was auctioned as part of the "Norm Bates Collection" in Welbungin in October 2013. It was purchased by Nic Woodfield who together with his sons, Tim and Brett, spent many hours restoring it to its original build using the same materials and colour scheme which is how you see it today

A big thank you to Nic Woodfield for allowing the Rance Caravan to be displayed by the Shire.



Chief Executive Officer's Report

Continued

Cemetery Pine Trees

Valda Knott approached the Shire and advised that the Uniting Church was keen to provide Pine Trees for an avenue along each side of the road to the Trayning Cemetery and requested the Shire to plant and care for the Trees. The Shire were pleased to plant these trees and we thank the Uniting Church for their contribution.

Pool Contract Management

Rather than directly employing a Pool Manager for the Trayning Aquatic Centre, Council agreed to engage Contract Aquatic Services to manage the Pool for the Shire, with 2019/20 being the first summer using this arrangement.

Utilising a management company rather than employing a Pool Manager direct has numerous benefits for the Shire and Pool users. As Contract Aquatic Services manage a number of Shire Pools (Wyalkatchem, Koorda, Dowerin, Cunderdin, Brookton, Boddington) they have access to a number of qualified pool managers and fun equipment to utilise.

The savings to the Shire in engaging a management company were over \$20,000 each year with part of the savings (approximately \$2,750 pa) being used to provide free entry for all users and the pool is now open for an extra hour each day until 7:00pm.

New Shire Website

The Shire recently upgraded to a new website, which was completed in March 2020. The new website is far easier to use, for both administration and the community and presents the Shire in a more professional manner.

The website was created by Market Creations at a cost of \$15,915 with annual subscription, hosting, support & training costing another \$4,800 annually.

Annual Financial Statements

When reading the Shire of Trayning Annual Financial Statements it is important to note that the closing surplus comprises the following funding from external sources that relate to the 2020/21 financial year:

DFES Grant	\$ 181,818
General Purpose Grant	\$ 635,445
GP Road Grant	\$ 263,760
Total	\$1,081,023

In closing, I would like to thank our Shire President, Cr Melanie Brown, for her leadership, support and understanding. She is highly respected by all staff and peers and works tirelessly in the best interest of the Shire of Trayning.



Principal Environmental Health Officer's Report

Mr Peter Toboss

Overview of NEWHealth

The Shire of Trayning participates in NEWHealth, a group share scheme for the provision of environmental health services to the North East Wheatbelt. The Scheme involves six Shires being Wyalkatchem, Koorda, Trayning, Mukinbudin, Mount Marshall and Nungarin. Each shire contributes to the employment of a Principal Environmental Health Officer (PEHO) to manage the environmental health issues for them. The Scheme is currently administered by the Shire of Mt Marshall.

Staffing

The PEHO position is shared by 5 shires for 1 day each per week and Nungarin has one day per month. So the Shire of Trayning share is something less than 0.2 of a full time position.

Project Works

The following works and project were undertaken during the 2019/20 financial year.

1. Food Safety

The PEHO carries out routine inspections of the registered premises and provides for each inspection to the operator.

Under the Food Act the shire must report on their activities each year. This report was completed and sent to the Health Department annually.

In 2019/20 financial year, there were 5 food businesses registered and operating in the shire. The PEHO completed 8 inspections over that period. Reports were issued for any issues requiring attention. No Improvement Orders or Prohibition Orders have been issued.

The PEHO has also worked to develop a constructive relationship with the food business operators so that any problems can be discussed and addressed with a minimum of conflict.

2. Public Building and Events

Under the Health (Public Buildings) Regulations 1992 the shire must create and maintain a register of all the public buildings in their area. The PEHO carries out routine inspection of all public buildings within the Shire of Trayning for compliance with these regulations. Non-compliance issues identified were reported to the owner for their attention.

These regulations mostly relate to fire safety and other important aspects of public buildings such as the maximum numbers of people allowed, numbers of toilets and fire exits.

Each public building is required to have a public building certificate which indicates the maximum numbers of people permitted in the building. The PEHO has been updating and issuing these for each building.

Principal Environmental Health Officer's Report

Mr Peter Toboss

2. Public Building and Events continued

Currently there are 14 public buildings on the register and most have been inspected and reported upon in the last year.

The Health (Public Buildings) Regulations 1992, also apply to outdoor events such as the Mud Drags. This is to ensure that all patrons are safe, food safety compliance, adequate toilets, adequate waste disposal, safe rides and general public safety issues are addressed.

3. Disability Access and Inclusion Plan

The Disability Services Act 1993 (amended 2004) requires that shire have such a plan and report on its progress each year. In 2019/20, the PEHO undertook a review of the Shire's 2012 – 2017 Disability Access and Inclusion Plan (DAIP) and develop a new plan for 2020–2025 as required by the Act. The Shire will report on the implementation of the DAIP through its annual report and by completing, the Department of Communities prescribed progress report template by 30 June each year.

4. Trayning Aquatic Centre

The Health (Aquatic Facilities) Regulations requires that all public pools such as the Trayning pool are sampled and tested each month before and during the summer season. The Shire pool has been sampled throughout the swimming season of 2019/20. There were no failed samples in that period, indicating that the pool water quality was well managed and safe.

5. Private Swimming Pool Inspection

The PEHO also has a role in the inspection of private pools to ensure they comply with the Building Code and relevant Australian Standards. This mostly relates to their safety and in particular their fencing. These inspections are required to be carried out every four years. The Shire were no registered private swimming pools in the Shire in 2018/19 financial year.

6. Effluent Disposal Systems

Under the Health Act and the Health (Treatment of Sewage and Disposal of effluent and Liquid Waste) Regulations 1974, the PEHO has a role in advising what systems people require and approving the systems prior to installation.

The PEHO approved 4 system to one property during the 2019/20 period.



Principal Environmental Health Officer's Report

Mr Peter Toboss

7. Recycling & Waste

The Waste Avoidance and Resource Recovery Regulations 2008 (WARR Regulations) require liable persons to report waste and recycling data annually to the Chief Executive Officer (CEO) of the Department of Water and Environmental Regulation in accordance with approved procedures. The PEHO has a role in Shire waste management by providing the annual waste data to the relevant department.

Building Services

The Building Act 2011 governs the way you obtain approvals to build within the Shire and Western Australia. The number of building licences issued for the 2019/20 year was 6. The PEHO in consultation with the contract building surveyor completed and submitted monthly reports on:

Building Services Levy (BSL) and;

Building Construction Industry Training Fund (BCITF).

The PEHO has worked well to put everything on the right track and to expedite the building certification and permit process.

Planning Services

The Shire's Town Planning Scheme sets out when planning approval is and is not required for single houses and associated outbuildings. The PEHO worked with the Shires CEO and Planning Consultants in relation to the Shire Local Planning Scheme and other planning services during the 2019/20 financial year.





Councillors and Meetings

Cr Melanie Brown

Cr Geoff Waters

Cr Freda Tarr

Cr Michelle McHugh

Cr Greg Yates

Cr Marlon Hudson

Cr Jim Wilkins

Cr Clayton Marchant



Your Council

The Shire of Trayning is represented by seven Councillors made up of President, Deputy President and 5 Councillors. The elected representatives work together to provide good governance by making decisions on all aspects through effective strategic planning.

The current members of Council consist of:

Shire President		Deputy Shire President	
Cr Melanie Brown	Commenced - 2015 Term Expiry - 2023	Cr Geoff Waters	Commenced - 1996 Term Expiry - 2023
Councillors			
Cr Freda Tarr	Commenced - 2011 Term Expiry - 2023	Cr Michelle McHugh	Commenced - 2017 Term Expiry - 2021
Cr Marlon Hudson	Commenced - 2017 Term Expiry - 2021	Cr Jim Wilkins	Commenced - 2018 Term Expiry - 2021
Cr Greg Yates	Commenced - 2015 Term Expiry - 2019		

Council meetings are held on the third Wednesday of each month except in January. Meetings start at the advertised times, and have a 15 minute period at the commencement for public question time. An agenda is prepared for each meeting, which is finalised by the Friday afternoon of the week prior to the meeting.

Council has two standing Committees, the Audit Committee as required by the Local Government Act, and the Local Emergency Management Committee as required by the Emergency Management Act. Other Committees for specific purposes may be created. There are also a number of other organisations on which your Council is represented, these include: Great Eastern Zone of WALGA, NEW Travel, Pioneer Pathways, Local Health Advisory Group, Regional Road Group as well as others.

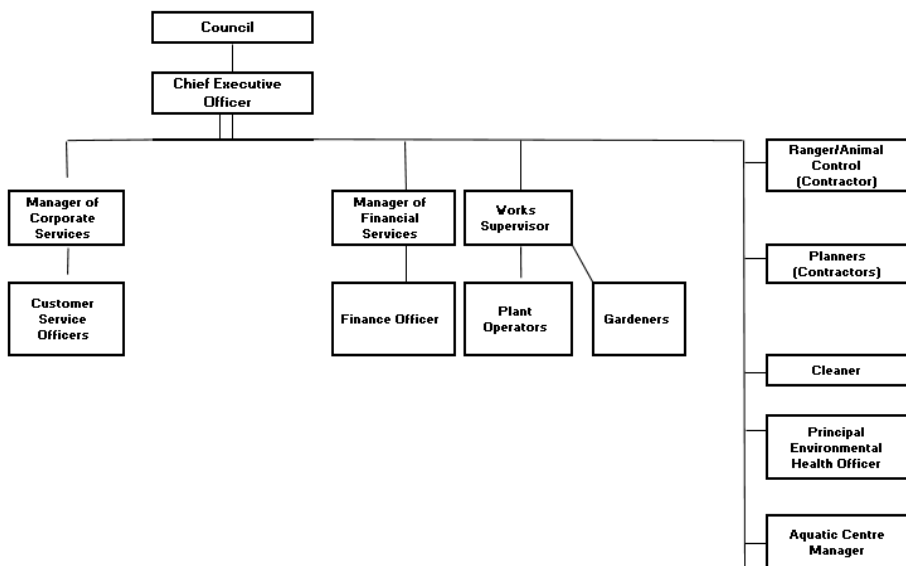
Council is also a member of the North Eastern Wheatbelt Regional Organisation of Councils, (NEWROC) which includes the Shires of Koorda, Nungarin, Mt Marshall, Mukinbudin and Wyalkatchem. The group works together to achieve greater resource sharing abilities.

The Local Government Act 1995 provides for Councillors to be paid a meeting fee for their attendance at Council and Committee meetings. This may be paid for individual attendances or alternatively, Councils may elect to pay an annual fee for attendance at these meetings.

Council Staff

As at 30 June 2020

Shire of Trayning Organisation Structure 2019



Administration Staff

Chief Executive Officer	Brian Jones
Manager of Corporate Services	Belinda Taylor
Manager of Financial Services	Parthiv Parekh
Customer Service Officers	Abbie Herrick Jessica Bell
Environmental Health Officer	Peter Toboss

Works Staff

Works Supervisor	Joe Egerton
Works Crew	Peter Salo Jade Griffiths Chantelle Frensham Anthony Bell Alfonso Ricetti Marc Pitts

Aquatic Centre Manager	Jayson Riley
Shire Cleaner	Kade Taylor



Plan for the Future Overview

AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT

Major Initiatives Proposed or to Continue During 2019/2020

- KTY Aquatic Centre Building Redevelopment
- New Shire website
- Rance Caravan Display

Major Initiatives Proposed or to Continue During 2020/2021

- Construction of DFES 4 Bay Appliance Facility
- Ablution Block improvements at the caravan park



Disability Services Plan

Amendment to the Disability Services Act in 1999 require all Public Authorities to include in their Annual Report, a statement on that organisation's efforts to implement their adopted Disability Access and Inclusion Plan.

The Shire of Trayning is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers. As well as to consulting with people with disabilities, their families and carers and where required, disability organisations to ensure that barriers to access are addressed properly.

The outcome statements against which assessments are made are as follows:

OUTCOME 1 - People with disabilities have the same opportunities as other people to access the services of, and any events organised, by the Shire of Trayning.

OUTCOME 2 - People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Shire of Trayning.

OUTCOME 3 - People with disabilities receive information from the Shire of Trayning in a format that will enable them to access the information as readily as other people are able to access it.

OUTCOME 4 - People with disabilities receive the same level and quality of service from the employees of the Shire of Trayning as other people receive.

OUTCOME 5 - People with disabilities have the same opportunities as other people to make complaints to the Shire of Trayning.

OUTCOME 6 - People with disabilities have the same opportunities as other people to participate in any public consultation by the Shire of Trayning.

OUTCOME 7 - People with disabilities have the same opportunities as other people to obtain and maintain employment with a public authority.

GENERAL COMMENTS

In 2012 Council carried out community consultation on disability services via a public survey and through one on one consultation with the elderly residing in the Shire. Should anyone have a comment or suggestion regarding accessibility issues please contact the Shire office and discuss the matters you have to talk about.

Council continues to work to ensure that all of our new facilities are designed to meet the needs of the elderly and disabled.

Copies of the Disability Access and Inclusion Plan 2020-2025 are available upon request from the Shire Administration Office or on the Shire's Website www.trayning.wa.gov.au.



National Competition Policy

COMPETITION REFORM

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform. Each Local Government is required to report its progress in achieving NCP reforms in its annual report.

COMPETITIVE NEUTRALITY

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership.

Competitive neutrality should apply to all business activities, which generate a user-pays income of over \$200,000 unless it can be shown it is not in the public interest.

As the Shire of Trayning does not have any 'Significant Business Activities' with an annual user-pays income exceeding \$200,000 this negates further action or reporting obligation.

LOCAL LAWS

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

Local Laws are also required to be reviewed every eight years under the Local Government Act 1995. The next review is due in 2023-2024.



Freedom Of Information

THE FOLLOWING COUNCIL DOCUMENTS AVAILABLE FOR INSPECTION

Various documents are available for inspection by members of the public.

- Council Agendas & Minutes
- Annual Budgets
- Annual Report and Financial Statements
- Council Policy Manual and Delegations Register
- Council & Staff Code of Conduct
- Rate Assessment Book
- Electoral Roll
- Local Laws
- Municipal Heritage Inventory

Council also delivers information to the public via the following:

- Annual Ratepayer Information Pamphlets sent with Rate Notices
- Council Notes in the Ninghan News
- Production of the Local Telephone Directory
- Dog & Bushfire Fire Control Pamphlets are also posted annually
- Local Tourism & Information Brochure

FREEDOM OF INFORMATION REQUESTS

During the year under review there were no formal requests made by a member of the public under the Freedom of Information Act.

The Shire of Trayning welcomes enquires for any information held by Council.

If information cannot be accessed by a less formal means, a freedom of information request can be lodged to the following:

The Freedom of Information Officer

Shire of Trayning

PO Box 95

TRAYNING WA 6488



Other Statutory Requirements

PUBLIC INTEREST DISCLOSURE

The Public Interest Disclosure Act was established by the Commissioner of Sector Standards under Section 20 of the Public Interest Disclosure Act 2003.

One of the principles of the new legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also encourages a system of transparency and accountability in the way government or government officials act and utilise public monies.

Matters that fall into the category of public interest include the following:

- Improper Conduct (irregular or unauthorised use of public resources);
- An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of, public resources);
- Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment).

Matters relating to the Shire of Trayning should be referred to the Shire of Trayning's Public Interest Disclosure Officer. Disclosures to the Public Disclosure Officer can be made not just about officers of a local authority but also its elected officials.

The Disclosure Act is to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability, dismissal or breach of confidentiality.

The Shire of Trayning had no Public Interest Disclosures during the reporting period.



Section 2

Financial



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

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COMMUNITY VISION

The Shire of Trayning is an active, safe and vibrant community that works together with honesty and is respectful of the values of all. We are committed to a progressive, diverse and profitable community that supports healthy lifestyles sustained by positive social values. Our natural assets are valued, protected and enhanced for future generations.

Principal place of business:
Railway Street,
Trayning
WA 6488

**SHIRE OF TRAYNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the fifth day of March 2021.



Chief Executive Officer

Leanne Parola
Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	22(a)	1,167,162	1,160,244	1,095,520
Operating grants, subsidies and contributions	2(a)	1,833,252	932,854	1,733,430
Fees and charges	2(a)	216,865	250,035	239,444
Interest earnings	2(a)	3,774	24,316	20,054
Other revenue	2(a)	112,292	106,350	133,653
		3,333,345	2,473,799	3,222,101
Expenses				
Employee costs		(1,211,520)	(1,140,635)	(1,339,891)
Materials and contracts		(791,252)	(970,109)	(689,245)
Utility charges		(115,478)	(124,135)	(136,522)
Depreciation on non-current assets	10(b)	(990,322)	(835,931)	(922,347)
Interest expenses	2(b)	(19,358)	(17,504)	(18,789)
Insurance expenses		(72,485)	(100,713)	(93,272)
Other expenditure	2(b)	(91,887)	(132,138)	(52,846)
		(3,292,302)	(3,321,165)	(3,252,912)
		41,043	(847,366)	(30,811)
Non-operating grants, subsidies and contributions	2(a)	973,038	1,609,113	524,904
Profit on asset disposals	10(a)	12,171	1,550	40,529
(Loss) on asset disposals	10(a)	(491,626)	(16,370)	(77,896)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	52,551
		493,583	1,594,293	540,088
Net result for the period		534,626	746,927	509,277
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		534,626	746,927	509,277

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		19,691	33,500	88,463
General purpose funding		2,519,477	1,790,462	2,273,539
Law, order, public safety		6,575	6,500	8,374
Health		86,112	91,900	55,257
Education and welfare		0	200	1,698
Housing		74,582	81,850	73,013
Community amenities		52,517	60,245	61,635
Recreation and culture		8,202	5,106	13,707
Transport		491,526	334,386	583,713
Economic services		10,328	9,750	12,101
Other property and services		64,335	59,900	50,601
		3,333,345	2,473,799	3,222,101
Expenses				
	2(b)			
Governance		(383,129)	(484,291)	(482,181)
General purpose funding		(33,460)	(48,592)	(25,427)
Law, order, public safety		(46,486)	(47,089)	(39,495)
Health		(144,251)	(163,584)	(135,859)
Education and welfare		(90,614)	(97,733)	(103,198)
Housing		(150,590)	(138,686)	(140,109)
Community amenities		(163,403)	(177,531)	(152,497)
Recreation and culture		(533,249)	(641,356)	(689,147)
Transport		(1,555,169)	(1,388,116)	(1,301,349)
Economic services		(106,494)	(112,262)	(166,274)
Other property and services		(66,099)	(4,421)	1,413
		(3,272,944)	(3,303,661)	(3,234,123)
Finance Costs				
	2(b)			
Governance		(264)	0	(323)
Recreation and culture		(13,606)	(12,444)	(13,024)
Economic services		(5,488)	(5,060)	(5,442)
		(19,358)	(17,504)	(18,789)
		41,043	(847,366)	(30,811)
Non-operating grants, subsidies and contributions	2(a)	973,038	1,609,113	524,904
Profit on disposal of assets	10(a)	12,171	1,550	40,529
(Loss) on disposal of assets	10(a)	(491,626)	(16,370)	(77,896)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	52,551
		493,583	1,594,293	540,088
Net result for the period		534,626	746,927	509,277
Other comprehensive income		0	0	0
Total comprehensive income for the period		534,626	746,927	509,277

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



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

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,125,730	1,926,362
Trade and other receivables	6	96,810	122,240
Other financial assets	5(a)	4,642	4,475
Inventories	7	14,166	20,419
TOTAL CURRENT ASSETS		2,241,348	2,073,496
NON-CURRENT ASSETS			
Trade and other receivables	6	42,878	42,878
Other financial assets	5(b)	71,067	74,844
Property, plant and equipment	8	10,693,832	10,376,033
Infrastructure	9	46,786,273	46,462,665
Right-of-use assets	11(a)	4,938	0
TOTAL NON-CURRENT ASSETS		57,598,988	56,956,420
TOTAL ASSETS		59,840,336	59,029,916
CURRENT LIABILITIES			
Trade and other payables	13	211,379	76,730
Contract liabilities	14	178,170	0
Lease liabilities	15(a)	1,951	0
Borrowings	16(a)	61,146	41,226
Employee related provisions	17	143,991	146,955
TOTAL CURRENT LIABILITIES		596,637	264,911
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	3,091	0
Borrowings	16(a)	591,338	452,484
Employee related provisions	17	15,688	32,827
TOTAL NON-CURRENT LIABILITIES		610,117	485,311
TOTAL LIABILITIES		1,206,754	750,222
NET ASSETS		58,633,582	58,279,694
EQUITY			
Retained surplus		23,357,441	22,900,164
Reserves - cash backed	4	651,680	755,069
Revaluation surplus	12	34,624,461	34,624,461
TOTAL EQUITY		58,633,582	58,279,694

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		22,493,836	652,120	34,624,461	57,770,417
Comprehensive income					
Net result for the period (restated)		509,277	0	0	509,277
Total comprehensive income		509,277	0	0	509,277
Transfers to reserves	4	(102,949)	102,949	0	0
Balance as at 30 June 2019		22,900,164	755,069	34,624,461	58,279,694
Change in accounting policies	26(b)	(180,738)	0	0	(180,738)
Restated total equity at 1 July 2019		22,719,426	755,069	34,624,461	58,098,956
Comprehensive income					
Net result for the period		534,626	0	0	534,626
Total comprehensive income		534,626	0	0	534,626
Transfers from reserves	4	127,824	(127,824)	0	0
Transfers to reserves	4	(24,435)	24,435	0	0
Balance as at 30 June 2020		23,357,441	651,680	34,624,461	58,633,582

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,143,050	1,158,194	1,198,011
Operating grants, subsidies and contributions		1,880,035	967,454	1,645,088
Fees and charges		216,865	250,035	239,444
Interest received		3,774	24,316	20,428
Goods and services tax received		0	193,042	193,041
Other revenue		111,427	103,750	197,420
		3,355,151	2,696,791	3,493,432
Payments				
Employee costs		(1,230,525)	(1,140,828)	(1,385,867)
Materials and contracts		(651,448)	(1,166,669)	(736,794)
Utility charges		(115,478)	(124,135)	(136,522)
Interest expenses		(19,358)	(17,504)	(19,381)
Insurance paid		(72,485)	(100,778)	(93,272)
Goods and services tax paid		191	(193,042)	(188,024)
Other expenditure		(91,887)	(132,138)	(101,368)
		(2,180,990)	(2,875,094)	(2,661,228)
Net cash provided by (used in) operating activities	18	1,174,161	(178,303)	832,204
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(1,365,861)	(2,287,000)	(253,965)
Payments for construction of infrastructure	9(a)	(948,351)	(856,778)	(977,192)
Non-operating grants, subsidies and contributions	2(a)	973,038	1,609,113	524,904
Proceeds from financial assets at amortised cost - self supporting loans		4,475	4,475	4,315
Proceeds from sale of property, plant & equipment	10(a)	205,000	206,750	247,419
Net cash provided by (used in) investment activities		(1,131,699)	(1,323,440)	(454,519)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(41,226)	(41,226)	(54,160)
Payments for principal portion of lease liabilities	15(b)	(1,868)	0	0
Proceeds from new borrowings	16(b)	200,000	200,000	0
Net cash provided by (used in) financing activities		156,906	158,774	(54,160)
Net increase (decrease) in cash held		199,368	(1,342,969)	323,525
Cash at beginning of year		1,926,362	1,900,446	1,602,837
Cash and cash equivalents at the end of the year	18	2,125,730	557,477	1,926,362

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	931,285	865,601	815,017
		931,285	865,601	815,017
Revenue from operating activities (excluding rates)				
Governance		19,691	33,500	88,463
General purpose funding		1,356,927	642,446	1,140,608
Law, order, public safety		6,575	6,500	8,374
Health		86,112	91,900	55,257
Education and welfare		0	200	1,698
Housing		74,582	81,850	113,542
Community amenities		52,517	60,245	61,635
Recreation and culture		8,202	5,106	13,707
Transport		503,697	335,936	583,713
Economic services		10,328	9,750	12,101
Other property and services		64,335	59,900	103,152
		2,182,966	1,327,333	2,182,250
Expenditure from operating activities				
Governance		(383,393)	(485,482)	(511,391)
General purpose funding		(33,460)	(48,592)	(25,427)
Law, order, public safety		(46,486)	(47,089)	(39,495)
Health		(153,162)	(164,662)	(135,859)
Education and welfare		(90,614)	(97,733)	(103,198)
Housing		(263,350)	(138,686)	(158,109)
Community amenities		(163,403)	(177,531)	(166,970)
Recreation and culture		(891,862)	(653,800)	(702,171)
Transport		(1,580,117)	(1,399,229)	(1,301,349)
Economic services		(111,982)	(117,322)	(171,716)
Other property and services		(66,099)	(7,409)	(15,123)
		(3,783,928)	(3,337,535)	(3,330,808)
Non-cash amounts excluded from operating activities	23(a)	1,452,638	850,751	924,261
Amount attributable to operating activities		782,961	(293,850)	590,720
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	973,038	1,609,113	524,904
Proceeds from disposal of assets	10(a)	205,000	206,750	247,419
Proceeds from financial assets at amortised cost - self supporting loans		4,475	4,475	4,315
Purchase of property, plant and equipment	8(a)	(1,365,861)	(2,287,000)	(253,965)
Purchase and construction of infrastructure	9(a)	(948,351)	(856,778)	(977,192)
Amount attributable to investing activities		(1,131,699)	(1,323,440)	(454,519)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(41,226)	(41,226)	(54,160)
Proceeds from borrowings	16(b)	200,000	200,000	0
Payments for principal portion of lease liabilities	15(b)	(1,868)	0	0
Transfers to reserves (restricted assets)	4	(24,435)	(47,294)	(102,949)
Transfers from reserves (restricted assets)	4	127,824	357,794	0
Amount attributable to financing activities		260,295	469,274	(157,109)
Surplus/(deficit) before imposition of general rates		(88,443)	(1,148,016)	(20,908)
Total amount raised from general rates	22(a)	1,162,550	1,148,016	1,132,931
Surplus/(deficit) after imposition of general rates	23(b)	1,074,107	0	1,112,023

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

SHIRE OF TRAYNING
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 27 to these financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over Time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Rates - specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable nonfinancial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges - memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	1,348,401	605,968	1,157,856
Education and welfare	0	0	1,500
Transport	484,851	326,886	574,074
	1,833,252	932,854	1,733,430
Non-operating grants, subsidies and contributions			
Law, order, public safety	2,568	650,000	0
Health	12,848	11,200	0
Recreation and culture	363,317	363,317	0
Transport	593,440	584,596	524,904
Other property and services	865	0	0
	973,038	1,609,113	524,904
Total grants, subsidies and contributions	2,806,290	2,541,967	2,258,334
Fees and charges			
Governance	11,191	21,000	21,750
General purpose funding	1,395	1,500	1,530
Law, order, public safety	2,267	2,000	3,686
Health	24,202	27,500	21,439
Housing	74,582	81,750	73,013
Community amenities	50,545	59,045	60,374
Recreation and culture	3,819	4,040	12,973
Economic services	10,328	9,650	12,096
Other property and services	38,536	43,550	32,583
	216,865	250,035	239,444

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

Non-operating grants, subsidies and contributions

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	973,038	1,609,113	524,904
	973,038	1,609,113	524,904

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Contracts with customers included as a contract liability at the start of the period

Other revenue from performance obligations satisfied during the year

	180,738	180,738	
	792,300	1,428,375	0
	973,038	1,609,113	0

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers

Contract liabilities from contracts with customers

	27,708	0	0
	(178,170)	0	0

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates
 Statutory permits and licences

Other revenue

Reimbursements and recoveries
 Sale of inventory

Interest earnings

Financial assets at amortised cost - self supporting loans
 Interest on reserve funds
 Rates instalment and penalty interest (refer Note 22(c))
 Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	1,162,550	1,148,016	1,132,931
	981	1,500	1,978
	<u>1,163,531</u>	<u>1,149,516</u>	<u>1,134,909</u>
	112,292	106,350	119,587
	0	0	14,066
	<u>112,292</u>	<u>106,350</u>	<u>133,653</u>
	947	947	733
	940	9,500	2,949
	8,708	10,750	13,774
	<u>(6,821)</u>	<u>3,119</u>	<u>2,598</u>
	<u>3,774</u>	<u>24,316</u>	<u>20,054</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Interest expenses (finance costs)

Borrowings
 Lease liabilities

Other expenditure

Impairment loss on trade and other receivables from contracts with customers
 Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	22,309	42,500	49,885
	<u>22,309</u>	<u>42,500</u>	<u>49,885</u>
16(b)	19,094	17,504	18,789
15(b)	264	0	0
	<u>19,358</u>	<u>17,504</u>	<u>18,789</u>
	19,583	0	0
	<u>72,304</u>	<u>132,138</u>	<u>52,846</u>
	<u>91,887</u>	<u>132,138</u>	<u>52,846</u>

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

3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	1,374,670	1,926,362
Term deposits	751,060	0
Total cash and cash equivalents	2,125,730	1,926,362

Restrictions

requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	847,709	950,626
	847,709	950,626

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

Reserves - cash backed	4	651,680	755,069
Bonds and deposits	13	17,859	14,819
Contract liabilities from contracts with customers	14	178,170	0
Unspent grants, subsidies and contributions		0	180,738
Total restricted assets		847,709	950,626

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	22,599	24	0	22,623	22,599	284	0	22,883	22,502	97	0	22,599
(b) Reserves cash backed - Plant Reserve	532,176	567	(80,000)	452,743	532,175	6,696	(220,000)	318,871	430,321	101,855	0	532,176
(c) Reserves cash backed - Building Reserve	91,153	7,922	(40,000)	59,075	91,153	38,941	(100,000)	30,094	90,763	390	0	91,153
(d) Reserves cash backed - Facilities Reserve	7,540	8	0	7,548	7,540	95	0	7,635	7,507	33	0	7,540
(e) Reserves cash backed - Medical Reserve	55,507	59	0	55,566	55,507	698	(30,000)	26,205	55,268	239	0	55,507
(f) Reserves cash backed - Rubbish Tip Reserve	29,229	31	0	29,260	29,229	368	0	29,597	29,104	125	0	29,229
(g) Reserves cash backed - Swimming Pool Reserve	9,168	15,685	0	24,853	9,168	115	0	9,283	9,129	39	0	9,168
(h) Reserves cash backed - Performance & Retention Reserve	7,697	139	(7,824)	12	7,697	97	(7,794)	0	7,526	171	0	7,697
	755,069	24,435	(127,824)	651,680	755,068	47,294	(357,794)	444,568	652,120	102,949	0	755,069

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Reserves cash backed - Plant Reserve	Ongoing	To be used for the purchase of major plant
(c) Reserves cash backed - Building Reserve	Ongoing	To be used for the construction of housing and other facilities
(d) Reserves cash backed - Facilities Reserve	Ongoing	To be used to provide new facilities to the shire
(e) Reserves cash backed - Medical Reserve	Ongoing	To be used to maintain the services of a doctor and other medical services
(f) Reserves cash backed - Rubbish Tip Reserve	Ongoing	To be used to upgrade and expand rubbish tips within the shire
(g) Reserves cash backed - Swimming Pool Reserve	Ongoing	To be used to upgrade the swimming pool and aquatic centre facilities
(h) Reserves cash backed - Performance & Retention Reserve	Ongoing	To be used for a bonus arrangement to assist in personnel fulfilling their contract terms

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2020	2019
\$	\$
4,642	4,475
4,642	4,475

Other financial assets at amortised cost

Self supporting loans

4,642	4,475
4,642	4,475

(b) Non-current assets

Financial assets at amortised cost

71,067	74,844
71,067	74,844

Financial assets at amortised cost

Self supporting loans

Local government house unit trust

17,651	22,293
53,416	52,551
71,067	22,293

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

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

2020	2019
\$	\$
88,685	64,573
27,708	78,443
0	191
(19,583)	(20,967)
96,810	122,240
42,878	42,878
42,878	42,878

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	14,166	20,419
	<u>14,166</u>	<u>20,419</u>
	20,419	18,832
	(45,204)	(33,468)
	38,951	35,055
	<u>14,166</u>	<u>20,419</u>

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	236,000	236,000	1,040,227	8,546,090	9,586,317	9,822,317	68,642	849,120	10,740,079
Additions	0	0	0	74,423	74,423	74,423	0	179,542	253,965
(Disposals)	(36,000)	(36,000)	(47,799)	0	(47,799)	(83,799)	0	(195,514)	(279,313)
Depreciation (expense)		0	(32,030)	(207,594)	(239,624)	(239,624)	(7,055)	(92,019)	(338,698)
Carrying amount at 30 June 2019	200,000	200,000	960,398	8,412,919	9,373,317	9,573,317	61,587	741,129	10,376,033
Comprises:									
Gross carrying amount at 30 June 2019	200,000	200,000	1,006,798	8,722,626	9,729,424	9,929,424	82,374	969,644	10,981,442
Accumulated depreciation at 30 June 2019	0	0	(46,400)	(309,707)	(356,107)	(356,107)	(20,787)	(228,515)	(605,409)
Carrying amount at 30 June 2019	200,000	200,000	960,398	8,412,919	9,373,317	9,573,317	61,587	741,129	10,376,033
Change in accounting policy	0	0	0	0	0	0	0	0	0
Carrying amount at 1 July 2019	200,000	200,000	960,398	8,412,919	9,373,317	9,573,317	61,587	741,129	10,376,033
Additions	0	0	0	762,416	762,416	762,416	0	603,445	1,365,861
(Disposals)	0	0	(172,760)	(345,007)	(517,767)	(517,767)	0	(166,688)	(684,455)
Depreciation (expense)	0	0	(22,383)	(214,255)	(236,638)	(236,638)	(7,056)	(119,913)	(363,607)
Carrying amount at 30 June 2020	200,000	200,000	765,255	8,616,073	9,381,328	9,581,328	54,531	1,057,973	10,693,832
Comprises:									
Gross carrying amount at 30 June 2020	200,000	200,000	814,899	9,126,555	9,941,454	10,141,454	82,374	1,346,649	11,570,477
Accumulated depreciation at 30 June 2020	0	0	(49,644)	(510,482)	(560,126)	(560,126)	(27,843)	(288,676)	(876,645)
Carrying amount at 30 June 2020	200,000	200,000	765,255	8,616,073	9,381,328	9,581,328	54,531	1,057,973	10,693,832

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Buildings - non-specialised	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to buildings using construction costs and current condition, residual values and remaining useful life assessment inputs
Plant and equipment					
	Level 2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2016	Price per item
Furniture and equipment					
Furniture and equipment	Level 2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
Furniture and equipment	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase cost and current condition, residual values and remaining useful life assessment inputs

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

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

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

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Airstrip	Infrastructure - Other	Infrastructure - Water	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	43,391,221	446,545	611,771	1,418,386	206,670	46,074,593
Additions	930,282	25,650	0	21,260	0	977,192
(Disposals)	0	0	0	(5,473)	0	(5,473)
Depreciation (expense)	(496,389)	(14,036)	(10,659)	(48,704)	(13,859)	(583,647)
Carrying amount at 30 June 2019	43,825,114	458,159	601,112	1,385,469	192,811	46,462,665
Comprises:						
Gross carrying amount at 30 June 2019	64,711,036	1,056,754	658,049	1,471,763	697,214	68,594,816
Accumulated depreciation at 30 June 2019	(20,885,922)	(598,595)	(56,937)	(86,294)	(504,403)	(22,132,151)
Carrying amount at 30 June 2019	43,825,114	458,159	601,112	1,385,469	192,811	46,462,665
Additions	927,551	20,800	0	0	0	948,351
Depreciation (expense)	(542,265)	(14,077)	(7,371)	(46,964)	(14,066)	(624,743)
Carrying amount at 30 June 2020	44,210,400	464,882	593,741	1,338,505	178,745	46,786,273
Comprises:						
Gross carrying amount at 30 June 2020	65,638,587	1,077,554	658,049	1,471,763	697,213	69,543,166
Accumulated depreciation at 30 June 2020	(21,428,187)	(612,672)	(64,308)	(133,258)	(518,468)	(22,756,893)
Carrying amount at 30 June 2020	44,210,400	464,882	593,741	1,338,505	178,745	46,786,273

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Airstrip	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Other	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Water	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 was not included as an asset of the Shire.

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

Refer to Note 11 that details the significant accounting policies applying to leases (including right of use assets).

SHIRE OF TRAYNING
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10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	36,000	0	0	(36,000)
Buildings - non-specialised	172,760	60,000		(112,760)	0	0	0	0	47,799	88,328	40,529	0
Buildings - specialised	345,007	0		(345,007)	0	0	0	0	0	0	0	0
Plant and equipment	166,688	145,000	12,171	(33,859)	221,570	206,750	1,550	(16,370)	195,514	159,091	0	(36,423)
Infrastructure - Other	0	0	0	0	0	0	0	0	5,473	0	0	(5,473)
	684,455	205,000	12,171	(491,626)	221,570	206,750	1,550	(16,370)	284,786	247,419	40,529	(77,896)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Health				
2018 Toyota Prado DSL Wagon GXL - Doctor	46,184	37,273	0	(8,911)
Housing				
HOUSE LOT 75 ADAM ST	172,760	60,000	0	(112,760)
Recreation and culture				
KELLERBERRIN/BENCUBBIN RD	345,007	0	0	(345,007)
Transport				
2018 Toyota Hilux Dual Cab Utility - Works Supervisor	41,049	27,273	0	(13,776)
Volvo L70E F-End Loader With 2.2m3 Bucket - KTY4070	28,755	40,909	12,154	0
2002 WESTRAC CAT ROLLER	20,437	20,454	17	0
Cat 424D-02 Backhoe Loader - KTY116	29,141	18,182	0	(10,959)
Ford Pe Courier Tray Top Kty1700	1,122	909	0	(213)
	684,455	205,000	12,171	(491,626)
	684,455	205,000	12,171	(491,626)

SHIRE OF TRAYNING
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10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	22,383	18,932	32,030
Buildings - specialised	214,255	181,214	207,594
Furniture and equipment	7,056	5,967	7,055
Plant and equipment	119,913	101,421	92,019
Infrastructure - Roads	542,265	458,640	496,391
Infrastructure - Footpaths	14,077	11,907	14,036
Infrastructure - Airstrip	7,371	6,233	10,659
Infrastructure - Other	46,964	39,722	48,704
Infrastructure - Water	14,066	11,895	13,859
Right-of-use assets - Plant and equipment	1,972	0	0
	990,322	835,931	922,347

Revision of useful lives of plant and equipment

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	80 to 120 years
- bituminous seals	20 to 50 years
- asphalt surfaces	25 to 50 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 to 100 years
Sewerage piping	100 years
Water supply piping and drainage systems	50 to 95 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease
Intangible assets - computer software licence	5 years
Other Infrastructure	10 to 100 years

Depreciation on revaluation

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

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

Amortisation

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

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

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

11. LEASES

(a) Right-of-Use Assets

Movement in the carrying amounts of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - Plant and equipment	Right-of-use assets Total
	\$	
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	6,910	6,910
Restated total equity at the beginning of the financial year	6,910	6,910
Depreciation (expense)	(1,972)	(1,972)
Carrying amount at 30 June 2020	4,938	4,938
(b) Cash outflow from leases		
Interest expense on lease liabilities	264	264
Lease principal expense	1,868	1,868
Total cash outflow from leases	2,132	2,132

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

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12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	223,626	0	0	0	0	223,626	223,626	0	0	0	223,626
Revaluation surplus - Buildings - non-specialised	4,295,504	0	0	0	0	4,295,504	4,295,504	0	0	0	4,295,504
Revaluation surplus - Furniture and equipment	13,418	0	0	0	0	13,418	13,418	0	0	0	13,418
Revaluation surplus - Plant and equipment	83,299	0	0	0	0	83,299	83,299	0	0	0	83,299
Revaluation surplus - Infrastructure - Roads	28,256,006	0	0	0	0	28,256,006	28,256,006	0	0	0	28,256,006
Revaluation surplus - Infrastructure - Footpaths	406,782	0	0	0	0	406,782	406,782	0	0	0	406,782
Revaluation surplus - Infrastructure - Airstrip	545,046	0	0	0	0	545,046	545,046	0	0	0	545,046
Revaluation surplus - Infrastructure - Other	592,794	0	0	0	0	592,794	592,794	0	0	0	592,794
Revaluation surplus - Infrastructure - Water	207,986	0	0	0	0	207,986	207,986	0	0	0	207,986
	34,624,461	0	0	0	0	34,624,461	34,624,461	0	0	0	34,624,461

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 Accrued Interest on Loans
 Bonds and deposits

	2020	2019
	\$	\$
	186,549	56,039
	4,962	3,863
	2,009	2,009
	17,859	14,819
	211,379	76,730

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

14. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
178,170	0
178,170	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

15. LEASE LIABILITIES

(a) Lease Liabilities

	2020	2019
	\$	\$
Current	1,951	0
Non-current	3,091	0
	5,042	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020
					Lease Principal 1 July 2019	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
					\$	\$	\$	\$
Governance								
Fuji Xerox DocuCentre VI C5571	C5077C4207	Fuji Xerox	4.45%	60 Months	6,910	1,868	5,042	264
					6,910	1,868	5,042	264

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16. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	61,146	41,226
Non-current	591,338	452,484
	652,484	493,710

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2019								
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Particulars																	
Governance																	
Lot 90 Railway Street	65	WATC*	5.75%	0	0	0	0	0	0	0	0	0	14,209	14,209	324	0	
Recreation and culture																	
Loan 69 - Community Recreation Centre	69	WATC*	3.34%	311,083	0	13,856	12,476	297,227	311,083	0	13,856	11,378	297,227	324,487	13,404	11,866	311,083
Loan 71 - Trayning Aquactic Centre Kiosk Upgrade	71	WATC*	1.59%	0	200,000	0	0	200,000	0	200,000	0	0	200,000	0	0	0	0
Economic services																	
Loan 68 - Trayning Unmanned Fuel Site	68	WATC*	3.07%	104,959	0	16,189	3,797	88,770	104,959	0	16,189	3,548	88,770	120,662	15,703	3,742	104,959
Loan 70 - Trayning Unmanned Fuel Site	70	WATC*	2.69%	50,900	0	6,706	1,691	44,194	50,900	0	6,706	1,512	44,194	57,429	6,529	1,699	50,900
				466,942	200,000	36,751	17,964	630,191	466,942	200,000	36,751	16,438	630,191	516,787	49,845	17,631	466,942
Self Supporting Loans																	
Recreation and culture																	
Loan 67 - SSL - Bowls Resurface *	67	WATC*	3.69%	26,768	0	4,475	1,130	22,293	26,768	0	4,475	1,066	22,293	31,083	4,315	1,058	26,768
				26,768	0	4,475	1,130	22,293	26,768	0	4,475	1,066	22,293	31,083	4,315	1,058	26,768
				493,710	200,000	41,226	19,094	652,484	493,710	200,000	41,226	17,504	652,484	547,870	54,160	18,689	493,710

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.
 All other loan repayments were financed by general purpose revenue.

SHIRE OF TRAYNING
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16. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Kiosk Café at Aquatic Centre	WATC*	Debenture	10	1.59%	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 0	\$ 0
* WA Treasury Corporation					200,000	200,000	200,000	200,000	0	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2020	2019
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date		
Credit card limit	20,000	20,000
Credit card balance at balance date	0	0
Total amount of credit unused	220,000	220,000

Loan facilities

Loan facilities - current	61,146	41,226
Loan facilities - non-current	591,338	452,484
Lease liabilities - current	1,951	0
Lease liabilities - non-current	3,091	0
Total facilities in use at balance date	657,526	493,710

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 24.

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2020

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	92,888	54,067	146,955
Non-current provisions	0	32,827	32,827
	92,888	86,894	179,782
Additional provision	28,500	(28,903)	(403)
Amounts used	(19,700)	0	(19,700)
Balance at 30 June 2020	101,688	57,991	159,679
Comprises			
Current	101,688	42,303	143,991
Non-current	0	15,688	15,688
	101,688	57,991	159,679

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date
Expected reimbursements to/from other WA local governments

	2020	2019
	\$	\$
Less than 12 months after the reporting date	15,024	74,465
More than 12 months from reporting date	163,455	117,200
Expected reimbursements to/from other WA local governments	(18,800)	(11,883)
	159,679	179,782

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	2,125,730	557,477	1,926,362
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	534,626	746,927	509,277
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(52,551)
Depreciation on non-current assets	990,322	835,931	922,347
(Profit)/loss on sale of asset	479,455	14,820	37,367
Changes in assets and liabilities:			
(Increase)/decrease in receivables	25,430	29,950	31,965
(Increase)/decrease in financial assets	(865)	0	0
(Increase)/decrease in inventories	6,253	0	(1,587)
Increase/(decrease) in payables	134,649	(378,636)	(92,537)
Increase/(decrease) in provisions	(20,103)	0	2,827
Increase/(decrease) in contract liabilities	(2,568)	181,818	0
Non-operating grants, subsidies and contributions	(973,038)	(1,609,113)	(524,904)
Net cash from operating activities	1,174,161	(178,303)	832,204

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,322,972	2,511,572
General purpose funding	0	107,012
Law, order, public safety	95,975	97,901
Health	55,208	108,251
Education and welfare	250,378	257,457
Housing	2,211,836	2,449,748
Community amenities	260,856	297,262
Recreation and culture	5,893,627	5,803,259
Transport	46,763,219	46,682,251
Economic services	365,319	352,346
Other property and services	242,213	256,236
Unallocated	2,378,733	106,621
	59,840,336	59,029,916

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	21,588	27,500	22,642
President's allowance	12,350	12,350	12,350
Deputy President's allowance	3,087	3,088	3,088
Travelling expenses	2,759	5,250	3,505
Telecommunications allowance	11,217	14,700	7,492
IT allowance	0	0	2,658
	51,001	62,888	51,735

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	445,523	464,872
Post-employment benefits	54,038	53,662
Other long-term benefits	20,905	7,810
Termination benefits	10,950	8,909
	531,416	535,253

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Related Parties

No related party transactions occurred during the financial year.

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

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

21. INVESTMENT IN ASSOCIATES

The Shire of Trayning has two arrangements with the following shires:-

NEW Health Group

The Shire of Trayning is part of the NEW Health Group which provides health services in the North Eastern Wheatbelt. From 1 July 2017, the Shire of Mt Marshall has managed the income and expenditure for this arrangement.

NEW Health Group employs an environmental health/building surveyor to provide regulatory health and building assessment services to member shires: Wyalkatchem, Mt Marshall, Mukinbudin, Koorda, Nungarin and Trayning.

All associated expenses are attributed to member shires on the following basis:

Wyalkatchem	18.80%
Mt Marshall	18.80%
Mukinbudin	18.80%
Koorda	18.80%
Nungarin	6.00%
Trayning	18.80%

The Shire of Trayning's share of expenses in relation to this arrangement amounted to \$28,637 in 2019/20 and \$37,325 in 2018/19.

Kununoppin Medical Practice

The Kununoppin Medical Practice employs a General Practitioner to provide medical consultation and accident and emergency services to the member shires: Trayning, Mt Marshall, Mukinbudin and Nungarin. Shire of Trayning's share of expenses in relation to this arrangement amounted to \$38,787 in 2019/20 and \$45,395 in 2018/19. The Shire of Trayning contributes 30% of the total expenses of the Medical Practice.

SIGNIFICANT ACCOUNTING POLICIES

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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

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22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Kununoppin Trayning	23.55	106	554,112	130,493	13,762	(177)	144,078	130,493	0	0	130,493	127,402
Yelbeni	23.55	3	10,360	2,440	0	0	2,440	2,440	0	0	2,440	2,548
Commercial	23.55	12	70,846	16,684	0	0	16,684	16,684	0	0	16,684	18,361
Unimproved valuations												
Rural	2.029	209	50,857,500	1,031,899	2,557	0	1,034,456	1,031,899	0	0	1,031,899	1,015,309
Mining	2.029	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		330	51,492,818	1,181,516	16,319	(177)	1,197,658	1,181,516	0	0	1,181,516	1,163,620
Minimum payment												
Gross rental valuations												
Kununoppin Trayning	350	27	9,833	9,450	0	0	9,450	9,450	0	0	9,450	10,500
Yelbeni	350	6	925	2,100	0	0	2,100	2,100	0	0	2,100	2,100
Commercial	350	2	420	700	0	0	700	700	0	0	700	700
Unimproved valuations												
Rural	350	5	0	1,750	1,050	(897)	1,903	1,750	0	0	1,750	2,100
Mining	350	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		40	11,178	14,000	1,050	(897)	14,153	14,000	0	0	14,000	15,400
		370	51,503,996	1,195,516	17,369	(1,074)	1,211,811	1,195,516	0	0	1,195,516	1,179,020
Discounts (Note 22(b))							(49,261)				(47,500)	(46,089)
Total amount raised from general rate							1,162,550				1,148,016	1,132,931
Concessions (Note 22(b))							(6,671)				0	(49,639)
Ex-gratia rates							11,283				12,228	12,228
Totals							1,167,162				1,160,244	1,095,520

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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22. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount	Discount	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$	\$	
Discount on rates	5.00%	N/A	49,261	47,500	46,089	Rates to be paid in full by the due date
			49,261	47,500	46,089	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Discount	2020 Actual	2020 Budget	2019 Actual
		%	\$	\$	\$	\$
A627 42 Coronation Street	Write-off			6,671	0	0
General rates for Assessment A260	Write-off			0	0	13,036
General rates for Assessment A259	Write-off			0	0	11,053
General rates for Assessment A73	Write-off			0	0	23,928
General rates	Write-off			0	0	1,622
				6,671	0	49,639
Total discounts/concessions (Note 22(a))				55,932	47,500	95,728

22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	12/09/2019	0.00	0.00%	11.00%
Option Three				
First instalment	12/09/2019	0.00	0.00%	11.00%
Second instalment	12/11/2019	15.00	5.50%	11.00%
Third instalment	13/01/2020	15.00	5.50%	11.00%
Fourth instalment	13/03/2020	15.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	7,482	9,250	12,236
Interest on instalment plan	1,226	1,500	1,538
Charges on instalment plan	1,395	1,500	1,530
	10,103	12,250	15,304

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

23. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$		
(a) Non-cash amounts excluded from operating activities						
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
Adjustments to operating activities						
	Less: Profit on asset disposals	10(a)	(12,171)	(1,550)	(40,529)	(40,529)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		0	0	(52,551)	(52,551)
	Movement in pensioner deferred rates (non-current)		0	0	(1,889)	(1,889)
	Movement in employee benefit provisions (non-current)		(17,139)	0	97	97
	Movement in other provisions (non-current)		0	0	18,890	18,890
	Add: Loss on disposal of assets	10(a)	491,626	16,370	77,896	77,896
	Add: Depreciation on non-current assets	10(b)	990,322	835,931	922,347	922,347
	Non cash amounts excluded from operating activities		1,452,638	850,751	924,261	924,261
(b) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
	Less: Reserves - cash backed	4	(651,680)	(444,568)	(755,070)	(755,070)
	Less: Financial assets at amortised cost - self supporting loans	5(a)	(4,642)	(4,475)	(4,475)	(4,475)
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	16(a)	61,146	61,146	41,226	41,226
	- Current portion of lease liabilities		1,951	0	0	0
	- Employee benefit provisions		22,623	0	21,757	21,757
	Total adjustments to net current assets		(570,602)	(387,897)	(696,562)	(696,562)
Net current assets used in the Rate Setting Statement						
	Total current assets		2,241,348	751,681	2,073,496	2,073,496
	Less: Total current liabilities		(596,639)	(363,784)	(445,649)	(264,911)
	Less: Total adjustments to net current assets		(570,602)	(387,897)	(696,562)	(696,562)
	Net current assets used in the Rate Setting Statement		1,074,107	0	931,285	1,112,023
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards						
Total current assets at 30 June 2019						
	- Contract assets	25(a)				2,073,496
	Total current assets at 1 July 2019					2,073,496
Total current liabilities at 30 June 2019						
	- Contract liabilities from contracts with customers	25(a)				(264,911)
	Total current liabilities at 1 July 2019					(445,649)

24. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.0014%	2,125,730	751,060	1,374,670	0
2019					
Cash and cash equivalents	0.002%	1,926,362	0	1,926,362	

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	21,257	19,264

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

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

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors.

The Shire's current year rates write-off includes unpaid rates from all ageing profiles. This resulted in increase of expected credit loss for up to 2 years from 0% in 2019 to 5.21%.1.01% and 2.01% in 2020.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	5.21%	1.01%	2.01%	25.33%	
Gross carrying amount	17,117	25,681	19,704	69,060	131,563
Loss allowance	892	259	397	17,494	19,041

30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	35.52%	
Gross carrying amount	655	28,531	22,098	56,167	107,451
Loss allowance	0	0	0	19,948	19,948

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	4.96%	
Gross carrying amount	12,520	4,228	31	10,929	27,708
Loss allowance	0	0	0	542	542

30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	4.14%	
Gross carrying amount	51,800	508	1,511	24,624	78,443
Loss allowance	0	0	0	1,019	1,019

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2020</u>					
Payables	211,380	0	0	211,380	211,380
Borrowings	78,698	365,012	328,160	771,870	652,484
Contract liabilities	178,170	0	0	178,170	178,170
Lease liabilities	1,951	3,091	0	5,042	5,042
	<u>470,199</u>	<u>368,103</u>	<u>328,160</u>	<u>1,166,462</u>	<u>1,047,076</u>
<u>2019</u>					
Payables	76,730	0	0	76,730	76,730
Borrowings	56,871	227,485	327,605	611,961	493,710
	<u>133,601</u>	<u>227,485</u>	<u>327,605</u>	<u>688,691</u>	<u>570,440</u>

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

25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	14	0	(180,738)	(180,738)
Adjustment to retained surplus from adoption of AASB 15	26(b)		(180,738)	

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

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in no changes in accounting policies as the Shire already recognises prepaid rates as a financial liability.

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Rates paid in advance	13	76,727	0	76,727

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

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

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020
25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	22(a)	1,167,162	0	1,167,162
Operating grants, subsidies and contributions	2(a)	1,833,252	(178,170)	1,655,082
Fees and charges	2(a)	216,865	0	216,865
Non-operating grants, subsidies and contributions	2(a)	973,038	0	973,038
Net result		534,626	(178,170)	356,456
Statement of Financial Position				
Trade and other payables	13	211,379	0	211,379
Contract liabilities	14	178,170	(178,170)	0
Net assets		58,633,582	178,170	58,811,752
Statement of Changes in Equity				
Net result		534,626	(178,170)	356,456
Retained surplus		23,357,441	(178,170)	23,179,271

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

(c) AASB 16: Leases

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

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		7,997
Discount applied using incremental borrowing rate		(1,087)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 4.45%	15(b)	6,910
Lease liability - current		1,868
Lease liability - non-current		5,042
Right-of-use assets recognised at 1 July 2019		6,910

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

SHIRE OF TRAYNING
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26. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

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

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

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

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			22,900,164
Adjustment to retained surplus from adoption of AASB 15	25(a)	(180,738)	(180,738)
Adjustment to retained surplus from adoption of AASB 1058	25(b)	0	0
Retained surplus - 1 July 2019			22,719,426

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

SHIRE OF TRAYNING
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FOR THE YEAR ENDED 30 JUNE 2020

27. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

28. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	Administration and operation of facilities and services to members of Council, and other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p>HEALTH To provide an operational framework for environmental and community health.</p>	Food quality and pest control, immunisation services and community health service inspection.
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	Operation of Home and Community Care services, assistance to playgroups and other voluntary services.
<p>HOUSING To provide and maintain staff and elderly residents housing.</p>	Control and maintenance of staff and other rental housing, including aged accommodation units.
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	Refuse collection services, operation of refuse sites, maintenance of cemeteries, septic tank inspection and pump out services, storm water drainage maintenance and regional development.
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	Maintenance of public halls, community centres, aquatic centre, recreation facilities and reserves, operation of library, television retransmission and preparation of Shire history.
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of streets and roads; cleaning and lighting of streets; depot maintenance, airstrip maintenance and vehicle licensing services.
<p>ECONOMIC SERVICES To help promote the shire and its economic wellbeing.</p>	Regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and economic services.
<p>OTHER PROPERTY AND SERVICES To monitor and control council's overheads operating accounts.</p>	Private works operation, plant repair and operation costs and engineering operation costs.

29. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.43	4.63	2.60
Asset consumption ratio	0.71	0.58	0.72
Asset renewal funding ratio (Note 1)	N/A	N/A	0.78
Asset sustainability ratio	0.75	0.77	1.13
Debt service cover ratio	9.47	12.34	5.42
Operating surplus ratio	(0.29)	(0.02)	(0.22)
Own source revenue coverage ratio	0.40	0.45	0.41

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Note 1: The Shire's Long Term Financial Plan and Asset Management Plan do not have the required information and as a result this ratio could not be calculated.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Trayning

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Trayning which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of this matter:

- In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognize some categories of land, including land under roads, as assets in the annual financial report.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 29 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' (DLGSCI) standard for the past 3 financial years; and
 - b. The Asset Sustainability Ratio as reported in Note 29 of the annual financial report has progressively declined over the past 3 years and for 2019-20 is below the DLGSCI standard.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Council has not reported the Asset Renewal Funding Ratio for the past 2 years in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as management have not updated the asset management plan and long term financial plan in recent years.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2018 and 2019 in Note 29 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Trayning for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the annual audited financial report to confirm the information contained in this website version of the annual financial report.

Aloha Morrissey.

ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
9 March 2021



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