



ANNUAL REPORT 2020-2021

Adopted: 09 February 2022 / Resolution: 02-2022.10

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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: 132

Total Rates Levied: \$ 1.1 M

Total Revenue: \$ 4.2 M

Number of Employees: 15 (12 FTE)

SIGNIFICANT LOCAL EVENTS

Australia Day Community BBQ at the Trayning Town Park, Trayning
Tractor Mudbog and Burnout Competition (not held in 2020).

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, 2x Short stay Units, 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



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

Sadly we had two resignations in the first half of the financial year, Councillor Marlon Hudson and our CEO Brian Jones. Marlon was a Councillor from October 2017 to September 2020. Cr Hudson was an exceptional Councillor who took great interest in all Council matters. He was always considered in his decision making, ensuring that community needs were always at the forefront of the process. I wish to thank Marlon for his time and commitment to Council and his unwavering support of my role. The Shire received approval from the Electoral Commissioner to leave Marlon's position vacant until our next election so we continued operating with six Councillors instead of seven.

I would like to thank Brian Jones for all that he achieved during his tenure at the Shire. He was instrumental in ensuring we are on track with our Integrated Planning and guided Council as to how these documents enable us to make good decisions for our community now and into the future.

The Shire carried out several consultation processes during the year regarding recycling, short stay accommodation and the number of Councillors. The first of two public meetings was held in Kununoppin to discuss the future of Shire facilities.

A review of the frequency, content and distribution of the Ninghan News was carried out. A less cluttered version of newsletter is now produced on a monthly basis and provided free of charge to local mail boxes and via email and facebook to interested parties.

An informal group of volunteers was created under the umbrella of the Shire called the Friends of the Church. Coordinated by Louise Masser, the volunteers are raising funds to carry out repairs to the former Anglican Church which will enable it to be turned into an unmanned museum.

Louise and her hard working band of volunteers have opened an Emporium in the Trayning Hall and between March and June had raised nearly \$4,000. A further \$17,000 was raised by members of the community sponsoring pews and making donations.

Another community group doing well is the Central Wheatbelt Riding Club. The Club and Shire signed a Memorandum of Understanding early in 2021 which hands over the care and control of the Kununoppin Recreation Grounds to Club for their activities. The Shire also agreed to provide in kind support to assist in relocating the old Equestrian arena from Trayning to Kununoppin.

A number of free community events were held during the year including a Sundowner in October which was attended by

Shire President's Report

Continued



approximately 80 people. Attendees enjoyed listening to local band 'The Eastern Line' and a barbecue dinner. The event would not have been a success without all the hard work of our MOCS, Belinda Taylor. Belinda is passionate about our community and always looking for new ways to engage our residents and encourage them to be involved.

We had two events on Australia Day in January, a sausage sizzle and inflatable at the Swimming Pool, followed by an evening cricket match and barbecue in the Town Park. A breakfast to thank our volunteers was held in March in the Administration Centre's courtyard.

The Shire has continued to be an active participant of the North Eastern Regional Organisation of Councils (NEWROC). The other Shires in this group are Dowerin, Koorda, Mt Marshall, Mukinbudin, Nungarin and Wyalkatchem.

NEWROC have been working together on establishing a regional waste site, continuing telecommunications projects, improving energy reliability and integrated planning and reporting. The Shire also participates in the regional tourism group NEWTravel and the Kununoppin Medical Practice Committee.

At the end of June 2021, the Shire withdrew its membership of CEACA (Central East Aged Care Alliance) due to its concerns with ongoing fees of \$20,000 per annum. CEACA continues to own and operate two social housing units in Kununoppin.

Serving on Council is indeed a privilege. To carry out the role takes time and consideration and the ability to make decisions in the best interest of all community members. Thankyou to my Councillors for their input and participation during the year. Special thanks to my Deputy President, Cr Geoff Waters, for his continued support. Cr Waters knowledge of Local Government is vast and he is to be commended for his many years of service. I would like to take this opportunity to thank the family members of Council, without their support and understanding, we would not be able to carry out our duties.

My thanks to our CEO, Leanne Parola, and all of the wonderful staff. Leanne has embraced life in the KTY Shire and brought enthusiasm and passion to the role. Your support and commitment to Council and community is evident travelling around our unique Shire.

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 another year impacted by the COVID-19 pandemic, we are all truly blessed to live in the wonderful Shire of Trayning.



Chief Executive Officer's Report

Mrs Leanne Parola



Organisational Changes

2020/21 saw some big changes for the Shire of Trayning including our new Works Supervisor Steve Thomson and I starting in August 2020.

Steve comes with a lot of experience in local government and Main Roads asset management and has made a number of improvements in our planning and delivery of services.

It seems big changes come in two, our Finance Manager Parthiv Parekh left in May 2021 to take an excellent opportunity at the City of Kwinana and a few weeks later Customer Service Officer/ Finance Officer Abbie Herrick commenced six months maternity leave.

We are hoping that Abbie will return to the Shire early in 2022 so rather than seek a replacement for Parthiv, we have appointed Jessi Shannon as a Trainee and engaged a local government finance consultant to fill the gaps until Abbie returns.

This has created a lot of change and upheaval for the staff, so I would like to thank them for adapting and in particular, our Manager of Corporate Services Belinda Taylor who has kept everything rolling and under control.

Capital Projects

Like many small regional local governments, the Shire of Trayning is heavily reliant on grant funding to renew and upgrade our assets.

Some grant funding is reasonably reliable and predictable, such as Federal funding through the Financial Assistance Grants and Roads to Recovery, and Main Road Funding through a direct (untied) grant and Regional Road Group Projects.

The Shire is grateful to the State and Federal Government for continuing to provide these funding streams.

This year we received \$2.68M in operating and capital grants which is more than double what we raised in rates (\$1.1M).

Federal Roads to Recovery Funds of \$292,095 were used to resheet a portion of Gent Road and the Kununoppin Doodlakine Road.

State Government funding of \$310,000 through the Regional Road Group was used to upgrade the Bencubbin-Kununoppin Road.

Chief Executive Officer's Report

Continued

The Federal Government created a new local government grants program in response to the COVID 19 pandemic to stimulate the economy called the Local Roads and Community Infrastructure Fund. The Shire was fortunate to be able to apply for \$328,913 in phase one which was required to be fully spent by 30 June 2021.

These funds were used to carry out a large upgrade to the Trayning Sports Precinct making it more appealing and accessible including:

- Sealing the carpark and landscaping at the Swimming Pool/ Town Park
- Building a footpath from the Pool to Sutherland Street
- Replacing the playground equipment
- Installing a disabled toilet at the Caravan Park
- Installing solar powered lights in the carparks and path

There were a number of projects that were completed without grant funding including:

- Footpaths in Trayning
- Started upgrading Wilson Street intersections
- Renewing Don Mason Community Centre
- Renewed one Aged Persons Unit

The twelve year old DAF 8 wheel tipper was replaced with a new Hino 700 Series tip truck.

Closing Financial Position

The Shire closed the financial year showing a significant surplus of \$1.37M. A large part of this was \$866K in Federal Financial Assistance Grants for 2021/22 paid in advance which in turn reduced the level of grant funds expected in the 2021/22 budget.

Thank you

I would like to thank the Shire President, Councillors, staff and the wider community who have made me feel so welcome. I have thoroughly enjoyed my first year in KTY and are hoping to be here for a long time to come.





Councillors and Meetings

Cr Melanie Brown

Cr Geoff Waters

Cr Clayton Marchant

Cr Michelle McHugh

Cr Freda Tarr

Cr Jim Wilkins



Your Council

The Shire of Trayning is represented by seven Councillors made up of President, Deputy President and five 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

Cr Melanie Brown	Commenced 2015	Term Expiry 2023
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Deputy Shire President

Cr Geoff Waters	Commenced 1996	Term Expiry 2023
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Councillors

Cr Clayton Marchant	Commenced 2019	Term Expiry 2023
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Cr Michelle McHugh	Commenced 2017	Term Expiry 2021
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Cr Freda Tarr	Commenced 2001	Term Expiry 2023
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Cr Jim Wilkins	Commenced 2018	Term Expiry 2021
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Vacant		Term Expiry 2021
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The vacant position was created when Marlon Hudson resigned in 2020 and will remain vacant until the October 2021 election.

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 Dowerin, Koorda, Nungarin, Mt Marshall, Mukinbudin and Wyalkatchem. The group works together to achieve greater resource sharing abilities.

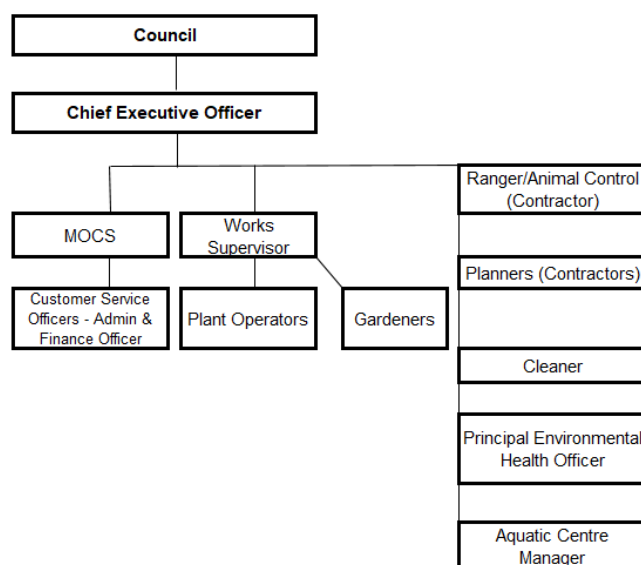


Council Staff

As at 30 June 2021



Shire of Trayning Organisation Structure 2021



Administration Staff

Chief Executive Officer	Leanne Parola
Manager of Corporate Services	Belinda Taylor

Customer Service Officers	Abbie Herrick
	Jessica Bell

Trainee	Jessi Shannon
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Environmental Health Officer	Peter Toboss
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Works Staff

Works Supervisor	Stephen Thomson
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Works Crew	Peter Salo
	Jade Griffiths
	Chantelle Frensham
	Anthony Bell
	Alfonso Ricetti
	Marc Pitts

Aquatic Centre Manager	Jayson Riley
Shire Cleaner	Kade Taylor
Ranger	Kylie Spark

Plan for the Future Overview

AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT

Major Initiatives Proposed or to Continue During 2021/2022

Buildings

Replace Admin Centre roof (grant funded)
Construct Trayning VFES Shed (grant funded)
Upgrade Kununoppin Community Centre (grant funded)

Plant Replacement

Roller
Grader

Roads

Widen/reconstruct Kununoppin-Mukinbudin Road (grant funded)
Reseal Appleyard Road
Upgrade Wilson Street Intersections
Resheeting Gent Road, Gale Road (grant funded)

Other

Footpaths (grant funded)
Trayning Stormwater Harvesting (grant funded)
Software upgrades
Trial Short Stay Accommodation
Review Local Laws
Refuse Site Closure Plans
Review future of public halls
Review Aquatic Centre contract
Review future sustainability of Shire
Review Resource Sharing Agreements



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

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.

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.

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.



Other Statutory Requirements



INFORMATION ON EMPLOYEE PAYMENTS

For the purpose of Regulation 19B of the Local Government (Administration) Regulations 1996 employee remuneration is required to be contained in Council's Annual Report.

Shown below in bands is the number of employees:

Entitled to an annual salary of 100,000 to 109,999 = 0

Entitled to an annual salary of 110,000 to 119,999 = 0

Entitled to an annual salary of 120,000 to 129,999 = 0

Entitled to an annual salary of 130,000 to 139,999 = 1

LOCAL GOVERNMENT (RULES OF CONDUCT) REGULATIONS 2007—COMPLAINTS REGISTER

These Regulations require the reporting of various offences by elected members, as prescribed by the Regulations. Elected members must comply with the obligations under the Local Government Act 1995 and subsidiary legislation. Complaints about elected member conduct are to be made to the Complaints Officer, who in accordance with Section 5.120 of the Local Government Act, must be a designated senior employee. The Shire's Complaints Officer is the Chief Executive Officer. Section 5.121 of the Local Government Act 1995 requires the Annual Report to contain details of the entries made about elected members.

There were no formal complaints lodged against elected members in the year under review.

RECORDS MANAGEMENT

The Shire is committed to meeting the requirements of the State Records Act 2000 which requires the Shire to maintain and dispose of all records in the prescribed manner.

In accordance with the State Records Act 2000 the Shire is required to have an approved Record Keeping Plan. The plan sets out matters regarding how records are created and how the Shire retains its records.

The Shire's Record Keeping Plan was reviewed in 2018 and is not due for another review until 2023.

Section 2

Financial



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SHIRE OF TRAYNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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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 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Trayning at 30 June 2021 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 eighteenth day of November 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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	25(a)	1,147,063	1,150,134	1,167,162
Operating grants, subsidies and contributions	2(a)	1,755,568	880,355	1,833,252
Fees and charges	2(a)	243,875	210,840	216,865
Interest earnings	2(a)	19,286	17,119	3,774
Other revenue	2(a)	104,290	114,837	112,292
		3,270,082	2,373,285	3,333,345
Expenses				
Employee costs		(926,419)	(975,795)	(1,041,849)
Materials and contracts		(869,281)	(1,164,036)	(960,923)
Utility charges		(104,837)	(125,030)	(115,478)
Depreciation on non-current assets	11(b)	(1,028,517)	(903,334)	(990,322)
Interest expenses	2(b)	(21,790)	(17,405)	(19,358)
Insurance expenses		(72,118)	(117,071)	(72,485)
Other expenditure		(83,626)	(123,488)	(91,887)
		(3,106,588)	(3,426,159)	(3,292,302)
		163,494	(1,052,874)	41,043
Non-operating grants, subsidies and contributions	2(a)	925,241	1,057,887	973,038
Profit on asset disposals	11(a)	33,415	12,000	12,171
(Loss) on asset disposals	11(a)	(400)	(13,815)	(491,626)
Fair value adjustments to financial assets at fair value through profit or loss		1,940	0	0
		960,196	1,056,072	493,583
Net result for the period		1,123,690	3,198	534,626
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,123,690	3,198	534,626

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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance	2(a)	28,010	35,750	19,691
General purpose funding		2,341,592	1,724,053	2,519,477
Law, order, public safety		8,078	6,300	6,575
Health		77,880	99,637	86,112
Education and welfare		110	500	0
Housing		67,675	74,130	74,582
Community amenities		75,010	50,470	52,517
Recreation and culture		8,228	4,545	8,202
Transport		597,165	330,050	491,526
Economic services		21,257	8,750	10,328
Other property and services		45,077	39,100	64,335
		3,270,082	2,373,285	3,333,345
Expenses				
Governance	2(b)	(416,735)	(506,444)	(383,129)
General purpose funding		(62,120)	(68,952)	(33,460)
Law, order, public safety		(59,017)	(62,588)	(46,486)
Health		(172,116)	(163,260)	(144,251)
Education and welfare		(105,188)	(125,376)	(90,614)
Housing		(106,901)	(137,951)	(150,590)
Community amenities		(184,875)	(201,610)	(163,403)
Recreation and culture		(551,691)	(669,030)	(533,249)
Transport		(1,169,875)	(1,238,444)	(1,555,169)
Economic services		(112,053)	(119,658)	(106,494)
Other property and services		(144,227)	(115,441)	(66,099)
		(3,084,798)	(3,408,754)	(3,272,944)
Finance Costs				
Governance	2(b)	(181)	0	(264)
Recreation and culture		(17,436)	(13,570)	(13,606)
Economic services		(4,173)	(3,835)	(5,488)
		(21,790)	(17,405)	(19,358)
		163,494	(1,052,874)	41,043
Non-operating grants, subsidies and contributions	2(a)	925,241	1,057,887	973,038
Profit on disposal of assets	11(a)	33,415	12,000	12,171
(Loss) on disposal of assets	11(a)	(400)	(13,815)	(491,626)
Fair value adjustments to financial assets at fair value through profit or loss		1,940	0	0
		960,196	1,056,072	493,583
Net result for the period		1,123,690	3,198	534,626
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,123,690	3,198	534,626

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

SHIRE OF TRAYNING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,572,383	2,125,730
Trade and other receivables	6	131,942	96,810
Other financial assets	5(a)	4,815	4,642
Inventories	7	0	14,166
Other assets	8	10,573	0
TOTAL CURRENT ASSETS		2,719,713	2,241,348
NON-CURRENT ASSETS			
Trade and other receivables	6	34,147	42,878
Other financial assets	5(b)	68,192	71,067
Property, plant and equipment	9	10,804,926	10,693,832
Infrastructure	10	47,438,119	46,786,273
Right-of-use assets	12(a)	2,966	4,938
TOTAL NON-CURRENT ASSETS		58,348,350	57,598,988
TOTAL ASSETS		61,068,063	59,840,336
CURRENT LIABILITIES			
Trade and other payables	14	372,282	211,379
Other liabilities	15	158,153	178,170
Lease liabilities	16(a)	1,951	1,951
Borrowings	17(a)	62,802	61,146
Employee related provisions	18	131,619	143,991
TOTAL CURRENT LIABILITIES		726,807	596,637
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	1,139	3,091
Borrowings	17(a)	528,536	591,338
Employee related provisions	18	54,309	15,688
TOTAL NON-CURRENT LIABILITIES		583,984	610,117
TOTAL LIABILITIES		1,310,791	1,206,754
NET ASSETS		59,757,272	58,633,582
EQUITY			
Retained surplus		24,428,578	23,357,441
Reserves - cash backed	4	704,233	651,680
Revaluation surplus	13	34,624,461	34,624,461
TOTAL EQUITY		59,757,272	58,633,582

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 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as 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
Comprehensive income					
Net result for the period		1,123,690	0	0	1,123,690
Total comprehensive income		1,123,690	0	0	1,123,690
Transfers from reserves	4	15,671	(15,671)	0	0
Transfers to reserves	4	(68,224)	68,224	0	0
Balance as at 30 June 2021		24,428,578	704,233	34,624,461	59,757,272

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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,183,060	1,150,134	1,143,050
Operating grants, subsidies and contributions		1,723,579	880,355	1,880,035
Fees and charges		241,015	210,840	216,865
Interest received		19,286	17,119	3,774
Goods and services tax received		19,101	(1,242)	0
Other revenue		104,290	114,837	111,427
		3,290,331	2,372,043	3,355,151
Payments				
Employee costs		(848,222)	(975,795)	(1,230,525)
Materials and contracts		(759,888)	(1,164,036)	(651,448)
Utility charges		(104,837)	(125,030)	(115,478)
Interest expenses		(21,795)	(17,405)	(19,358)
Insurance paid		(72,118)	(117,071)	(72,485)
Goods and services tax paid		(63,507)	1,242	191
Other expenditure		(83,626)	(123,488)	(91,887)
		(1,953,993)	(2,521,583)	(2,180,990)
Net cash provided by (used in) operating activities	19	1,336,338	(149,540)	1,174,161
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - self supporting loans		0	4,645	0
Payments for purchase of property, plant & equipment	9(a)	(634,169)	(1,218,050)	(1,365,861)
Payments for construction of infrastructure	10(a)	(1,289,573)	(990,208)	(948,351)
Non-operating grants, subsidies and contributions	2(a)	925,241	1,057,887	973,038
Proceeds from financial assets at amortised cost - self supporting loans		4,642	(4,645)	4,475
Proceeds from sale of property, plant & equipment	11(a)	167,272	193,785	205,000
Net cash provided by (used in) investment activities		(826,587)	(956,586)	(1,131,699)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(61,146)	(61,270)	(41,226)
Payments for principal portion of lease liabilities	16(b)	(1,952)	0	(1,868)
Proceeds from new borrowings	17(b)	0	0	200,000
Net cash provided by (used in) financing activities		(63,098)	(61,270)	156,906
Net increase (decrease) in cash held		446,653	(1,167,396)	199,368
Cash at beginning of year		2,125,730	2,125,329	1,926,362
Cash and cash equivalents at the end of the year	19	2,572,383	957,933	2,125,730

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

SHIRE OF TRAYNING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	26 (b)	1,074,107	1,250,052	931,285
		1,074,107	1,250,052	931,285
Revenue from operating activities (excluding rates)				
Governance		34,745	35,750	19,691
General purpose funding		1,205,530	585,169	1,363,598
Law, order, public safety		8,078	6,300	6,575
Health		81,461	99,637	86,112
Education and welfare		110	500	0
Housing		67,675	74,130	74,582
Community amenities		75,010	50,470	52,517
Recreation and culture		8,228	4,545	8,202
Transport		620,264	342,050	503,697
Economic services		21,257	8,750	10,328
Other property and services		47,017	39,100	64,335
		2,169,375	1,246,401	2,189,637
Expenditure from operating activities				
Governance		(416,916)	(507,694)	(383,393)
General purpose funding		(62,120)	(68,952)	(33,460)
Law, order, public safety		(59,017)	(62,588)	(46,486)
Health		(172,116)	(167,060)	(153,162)
Education and welfare		(105,188)	(125,376)	(90,614)
Housing		(106,901)	(137,951)	(263,350)
Community amenities		(184,875)	(201,610)	(163,403)
Recreation and culture		(569,127)	(682,600)	(891,862)
Transport		(1,170,275)	(1,239,409)	(1,580,117)
Economic services		(116,226)	(123,493)	(111,982)
Other property and services		(144,227)	(123,241)	(66,099)
		(3,106,988)	(3,439,974)	(3,783,928)
Non-cash amounts excluded from operating activities	26(a)	1,040,923	905,376	1,452,638
Amount attributable to operating activities		1,177,417	(38,145)	789,632
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	925,241	1,057,887	973,038
Proceeds from disposal of assets	11(a)	167,272	193,785	205,000
Proceeds from financial assets at amortised cost - self supporting loans		4,642	4,645	4,475
Proceeds on disposal of financial assets at amortised cost		0	0	0
Payments for financial assets at amortised cost - self supporting loans		0	0	0
Payments for financial assets at amortised cost		0	0	0
Purchase of property, plant and equipment	9(a)	(634,169)	(1,218,050)	(1,365,861)
Purchase and construction of infrastructure	10(a)	(1,289,573)	(990,208)	(948,351)
Purchase of investment property	13	0	0	0
Payments for intangible assets	12(a)	0	0	0
		(826,587)	(951,941)	(1,131,699)
Non-cash amounts excluded from investing activities	26(b)	0	0	0
Amount attributable to investing activities		(826,587)	(951,941)	(1,131,699)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(61,146)	(61,270)	(41,226)
Proceeds from borrowings	17(c)	0	0	200,000
Payments for principal portion of lease liabilities	16(b)	(1,952)	0	(1,868)
Transfers to reserves (restricted assets)	4	(68,224)	(87,528)	(24,435)
Transfers from reserves (restricted assets)	4	15,671	0	127,824
Amount attributable to financing activities		(115,651)	(148,798)	260,295
Surplus/(deficit) before imposition of general rates		235,179	(1,138,884)	(81,772)
Total amount raised from general rates	25(a)	1,136,062	1,138,884	1,155,879
Surplus/(deficit) after imposition of general rates	26(b)	1,371,241	0	1,074,107

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 2021

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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.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* 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 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.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

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.

INITIAL APPLICATION OF 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.

These were:

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

The impact of adoption of these standards is described at Note 28.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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.

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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:

Operating grants, subsidies and contributions

General purpose funding
Transport

Non-operating grants, subsidies and contributions

Governance
Law, order, public safety
Health
Housing
Recreation and culture
Transport
Economic services
Other property and services

Total grants, subsidies and contributions

Fees and charges

Governance
General purpose funding
Law, order, public safety
Health
Housing
Community amenities
Recreation and culture
Economic services
Other property and services

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
General purpose funding	1,168,042	556,555	1,348,401
Transport	587,526	323,800	484,851
	1,755,568	880,355	1,833,252
Governance	49,462	0	0
Law, order, public safety	20,017	468,182	2,568
Health	4,857	5,110	12,848
Housing	2,250	0	0
Recreation and culture	224,359	0	363,317
Transport	602,095	584,595	593,440
Economic services	22,201	0	0
Other property and services	0	0	865
	925,241	1,057,887	973,038
Total grants, subsidies and contributions	2,680,809	1,938,242	2,806,290
Governance	11,795	20,750	11,191
General purpose funding	315	1,350	1,395
Law, order, public safety	3,696	2,000	2,267
Health	33,516	27,250	24,202
Housing	66,200	74,030	74,582
Community amenities	75,010	50,220	50,545
Recreation and culture	6,740	3,740	3,819
Economic services	21,195	8,750	10,328
Other property and services	25,408	22,750	38,536
	243,875	210,840	216,865

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 2021

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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	1,755,568	880,355	1,833,252
Fees and charges	240,246	210,840	215,884
Non-operating grants, subsidies and contributions	925,241	1,057,887	973,038
	2,921,055	2,149,082	3,022,174

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

Revenue from contracts with customers included as a contract liability at the start of the period	178,170	0	180,738
Other revenue from performance obligations satisfied during the year	0	0	792,300
Revenue from contracts with customers recognised during the year	1,817,644	1,091,195	1,076,098
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	925,241	1,057,887	973,038
	2,921,055	2,149,082	3,022,174

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	39,680		27,708
Contract liabilities from contracts with customers	(158,153)		(178,170)

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

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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

Fines

Other revenue

Reimbursements and recoveries

Interest earnings

Financial assets at amortised cost - self supporting loans

Interest on reserve funds

Rates instalment and penalty interest (refer Note 24 (c))

Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	1,136,062	1,138,884	1,155,879
Statutory permits and licences	1,879	0	981
Fines	1,750	0	0
	1,139,691	1,138,884	1,156,860
Other revenue			
Reimbursements and recoveries	104,290	114,837	112,292
	104,290	114,837	112,292
Interest earnings			
Financial assets at amortised cost - self supporting loans	993	300	947
Interest on reserve funds	213	9,514	940
Rates instalment and penalty interest (refer Note 24 (c))	8,548	5,000	8,708
Other interest earnings	9,532	2,305	(6,821)
	19,286	17,119	3,774

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.

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings
- Lease liabilities

Other expenditure

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

Note	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	46,948	47,500	22,309
	2,200	60,000	0
	49,148	107,500	22,309
17(b)	21,609	17,405	19,094
16(b)	181	0	264
	21,790	17,405	19,358
	(2,860)	0	19,583
	86,486	123,488	72,304
	83,626	123,488	91,887

SHIRE OF TRAYNING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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 2021

3. CASH AND CASH EQUIVALENTS

NOTE	2021	2020
	\$	\$
	1,868,150	1,374,670
	704,233	751,060
	2,572,383	2,125,730
	906,186	847,709
	906,186	847,709

Restrictions

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

- Cash and cash equivalents

906,186	847,709
906,186	847,709

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

Reserves - cash backed	4	704,233	651,680
Bonds and deposits	14	43,800	17,859
Contract liabilities from contracts with customers	15	158,153	178,170
Total restricted assets		906,186	847,709

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 2021

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	22,623	7	0	22,630	22,623	226	0	22,849	22,599	24	0	22,623
(b) Plant Reserve	452,742	68,161	0	520,903	452,742	83,932	0	536,674	532,175	567	(80,000)	452,742
(c) Building Reserve	59,075	19	0	59,094	59,075	1,411	0	60,486	91,153	7,922	(40,000)	59,075
(d) Facilities Reserve	7,548	2	0	7,550	7,548	754	0	8,302	7,540	8	0	7,548
(e) Medical Reserve	55,566	18	0	55,584	55,566	705	0	56,271	55,507	59	0	55,566
(f) Rubbish Tip Reserve	29,260	10	0	29,270	29,260	292	0	29,552	29,229	31	0	29,260
(g) Swimming Pool Reserve	24,853	7	(15,671)	9,189	24,853	92	0	24,945	9,168	15,685	0	24,853
(h) Performance & Retention Reserve	13	0	0	13	13	116	0	129	7,698	139	(7,824)	13
	651,680	68,224	(15,671)	704,233	651,680	87,528	0	739,208	755,069	24,435	(127,824)	651,680

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
Financial assets at amortised cost	4,815	4,642
	4,815	4,642
Other financial assets at amortised cost		
Self supporting loans	4,815	4,642
	4,815	4,642
Financial assets at amortised cost	12,836	17,651
Financial assets at fair value through profit and loss	55,356	53,416
	68,192	71,067
Financial assets at amortised cost		
Self supporting loans	12,836	17,651
	12,836	17,651
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	55,356	53,416
	55,356	53,416

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(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 27.

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	
------------------------------------	--

2021	2020
\$	\$
64,579	88,685
39,680	27,708
44,406	0
(16,723)	(19,583)
131,942	96,810
34,147	42,878
34,147	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 27.

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

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	0	14,166
	0	14,166
	14,166	20,419
	(61,264)	(45,204)
	47,098	38,951
	0	14,166

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.

8. OTHER ASSETS

Other assets - current

Prepayments
Accrued income

2021	2020
\$	\$
9,157	0
1,416	0
10,573	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land - freehold	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	200,000	960,398	8,412,919	9,573,317	61,587	741,129	10,376,033
Additions	0	0	762,416	762,416	0	603,445	1,365,861
(Disposals)	0	(172,760)	(345,007)	(517,767)	0	(166,688)	(684,455)
Depreciation (expense)	0	(22,383)	(214,255)	(236,638)	(7,056)	(119,913)	(363,607)
Balance at 30 June 2020	200,000	765,255	8,616,073	9,581,328	54,531	1,057,973	10,693,832
Comprises:							
Gross balance amount at 30 June 2020	200,000	814,899	9,126,555	10,141,454	82,374	1,346,649	11,570,477
Accumulated depreciation at 30 June 2020	0	(49,644)	(510,482)	(560,126)	(27,843)	(288,676)	(876,645)
Balance at 30 June 2020	200,000	765,255	8,616,073	9,581,328	54,531	1,057,973	10,693,832
Additions	0	51,966	184,081	236,047	2,622	395,500	634,169
(Disposals)	0	0	0	0	0	(134,257)	(134,257)
Depreciation (expense)	0	(16,706)	(223,117)	(239,823)	(7,055)	(141,940)	(388,818)
Balance at 30 June 2021	200,000	800,515	8,577,037	9,577,552	50,098	1,177,276	10,804,926
Comprises:							
Gross balance amount at 30 June 2021	200,000	866,865	9,310,636	10,377,501	84,996	1,542,342	12,004,839
Accumulated depreciation at 30 June 2021	0	(66,350)	(733,599)	(799,949)	(34,898)	(365,066)	(1,199,913)
Balance at 30 June 2021	200,000	800,515	8,577,037	9,577,552	50,098	1,177,276	10,804,926

SHIRE OF TRAYNING
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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - freehold	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
(ii) Cost					
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
Plant and equipment	Level 2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2016	Price per item

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 was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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10. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances 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 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)
Balance at 30 June 2020	44,210,400	464,882	593,741	1,338,505	178,745	46,786,273
Comprises:						
Gross balance 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)
Balance at 30 June 2020	44,210,400	464,882	593,741	1,338,505	178,745	46,786,273
Additions	955,753	44,053	0	277,993	11,774	1,289,573
Depreciation (expense)	(554,998)	(14,331)	(7,370)	(46,964)	(14,064)	(637,727)
Balance at 30 June 2021	44,611,155	494,604	586,371	1,569,534	176,455	47,438,119
Comprises:						
Gross balance at 30 June 2021	66,594,340	1,121,608	658,049	1,749,757	708,987	70,832,741
Accumulated depreciation at 30 June 2021	(21,983,185)	(627,004)	(71,678)	(180,223)	(532,532)	(23,394,622)
Balance at 30 June 2021	44,611,155	494,604	586,371	1,569,534	176,455	47,438,119

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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
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.

11. 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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.

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,

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.

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, is 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.

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 12 that details the significant accounting policies applying

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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.

to leases (including right-of-use assets).

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11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	0	0	0	0	0	0	0	0	172,760	60,000	0	(112,760)
Buildings - specialised	0	0	0	0	0	0	0	0	345,007	0	0	(345,007)
Plant and equipment	134,257	167,272	33,415	(400)	195,600	193,785	12,000	(13,815)	166,688	145,000	12,171	(33,859)
	134,257	167,272	33,415	(400)	195,600	193,785	12,000	(13,815)	684,455	205,000	12,171	(491,626)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
2008 Ford Ranger Supercab XL 2	4,036	3,636	0	(400)
2008 DAF FAD CF85-460 8 X 4 1	40,537	63,636	23,099	0
2018 Toyota Prado Wagon - OKT	41,447	48,182	6,735	0
Health				
2019 Toyota Prado - Doctor	48,237	51,818	3,581	0
	134,257	167,272	33,415	(400)

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11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	16,706	21,010	22,383
Buildings - specialised	223,117	195,929	214,255
Furniture and equipment	7,055	6,475	7,056
Plant and equipment	141,940	107,594	119,913
Infrastructure - roads	554,998	496,649	542,265
Infrastructure - footpaths	14,331	12,900	14,077
Infrastructure - airstrip	7,370	6,764	7,371
Infrastructure - other	46,964	43,105	46,964
Infrastructure - water	14,064	12,908	14,066
Right-of-use assets - plant and equipment	1,972	0	1,972
	1,028,517	903,334	990,322

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	80 to 120 years
seal	
- 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
Intangible assets - computer software licence	5 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease
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:

- 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
- 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.

12. LEASES

(a) Right-of-Use Assets

Movement in the balance 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
\$	
Balance at 1 July 2019	6,910
Depreciation (expense)	(1,972)
Balance at 30 June 2020	4,938
Depreciation (expense)	(1,972)
Balance at 30 June 2021	2,966

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(1,972)	(1,972)
Interest expense on lease liabilities	(181)	(264)
Total amount recognised in the statement of comprehensive income	(2,153)	(2,236)
Total cash outflow from leases	(2,133)	(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 11 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.

12. LEASES (CONTINUED)

(b) Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
> 5 years

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	23,296	23,296	23,296
	21,126	21,126	23,296
	0	0	21,126
	0	0	0
	0	0	0
	0	0	0
	44,422	44,422	67,718

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

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13. REVALUATION SURPLUS

	2021 Opening Balance \$	2021 Change in Accounting Policy \$	2021 Revaluation Increment \$	2021 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2021 Closing Balance \$	2020 Opening Balance \$	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2020 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.

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Accrued interest on Loans
Accrued expenditure

2021	2020
\$	\$
212,322	186,549
3,160	0
22,366	4,962
34,544	0
43,800	17,859
2,004	2,009
54,086	0
372,282	211,379

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.

15. OTHER LIABILITIES

Current
Contract liabilities

2021	2020
\$	\$
158,153	178,170
158,153	178,170

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

SHIRE OF TRAYNING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

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16. LEASE LIABILITIES

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	1,951	1,951
Non-current	1,139	3,091
	3,090	5,042

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2020	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Outstanding	30 June 2021 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2020	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Principal Outstanding	30 June 2021 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2019	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																
Fuji Xerox DocuCentre VI C5571	C5077C4; Fuji Xerox		4.45%	60 Months	5,042	(1,952)	3,090	(181)	0	0	0	0	6,910	(1,868)	5,042	(264)
					5,042	(1,952)	3,090	(181)	0	0	0	0	6,910	(1,868)	5,042	(264)

SHIRE OF TRAYNING
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17. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	62,802	61,146
Non-current	528,536	591,338
	591,338	652,484

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal	30 June 2021 Actual Principal	30 June 2021 Actual Interest	30 June 2021 Actual Principal	Budget Principal	30 June 2021 Budget Principal	30 June 2021 Budget Interest	30 June 2021 Budget Principal	Actual Principal	30 June 2020 Actual New Loans	30 June 2020 Actual Principal	30 June 2020 Actual Interest	30 June 2020 Actual Principal
				1 July 2020	repayments	repayments	outstanding	1 July 2020	repayments	repayments	outstanding	1 July 2019		repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																
Loan 69 - Community Recreation Cen	69	WATC*	3.34%	297,227	(14,323)	(12,515)	282,904	297,226	(14,325)	(9,810)	282,901	311,083	0	(13,856)	(12,476)	297,227
Loan 71 - Trayning Aquatic Centre K	71	WATC*	1.59%	200,000	(18,605)	(4,094)	181,395	200,000	(18,720)	(2,955)	181,280	0	200,000	0	0	200,000
Economic services																
Loan 68 - Trayning Unmanned Fuel S	68	WATC*	3.07%	88,770	(16,689)	(2,718)	72,081	88,771	(16,690)	(2,690)	72,081	104,959	0	(16,189)	(3,797)	88,770
Loan 70 - Trayning Unmanned Fuel S 70		WATC*	2.69%	44,194	(6,887)	(1,455)	37,307	44,193	(6,890)	(1,145)	37,303	50,900	0	(6,706)	(1,691)	44,194
				630,191	(56,504)	(20,782)	573,687	630,190	(56,625)	(16,600)	573,565	466,942	200,000	(36,751)	(17,964)	630,191
Self Supporting Loans																
Recreation and culture																
Loan 67 - SSL - Bowls Resurface *	67	WATC*	3.69%	22,293	(4,642)	(827)	17,651	22,293	(4,645)	(805)	17,648	26,768	0	(4,475)	(1,130)	22,293
				22,293	(4,642)	(827)	17,651	22,293	(4,645)	(805)	17,648	26,768	0	(4,475)	(1,130)	22,293
				652,484	(61,146)	(21,609)	591,338	652,483	(61,270)	(17,405)	591,213	493,710	200,000	(41,226)	(19,094)	652,484

* 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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17. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	(9,454)	0
Total amount of credit unused	210,546	220,000
Loan facilities		
Loan facilities - current	62,802	61,146
Loan facilities - non-current	528,536	591,338
Lease liabilities - current	1,951	1,951
Lease liabilities - non-current	1,139	3,091
Total facilities in use at balance date	594,428	657,526
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 27.

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2021

Comprises

Current
Non-current

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 from other WA local governments

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	101,688	42,303	143,991
Non-current provisions	0	15,688	15,688
	101,688	57,991	159,679
Additional provision	97,903	18,983	116,886
Amounts used	(86,599)	(4,038)	(90,637)
Balance at 30 June 2021	112,992	72,936	185,928
Comprises			
Current	112,992	18,627	131,619
Non-current	0	54,309	54,309
	112,992	72,936	185,928
	2021	2020	
	\$	\$	
Less than 12 months after the reporting date	53,534	15,024	
More than 12 months from reporting date	161,144	163,455	
Expected reimbursements from other WA local governments	(28,750)	(18,800)	
	185,928	159,679	

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

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

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 (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

SHIRE OF TRAYNING
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Other long-term employee benefits

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

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.

19. 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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	2,572,383	957,933	2,125,730

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,123,690	3,198	534,626
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,940)	0	0
Depreciation on non-current assets	1,028,517	903,334	990,322
(Profit)/loss on sale of asset	(33,015)	1,815	479,455
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(26,401)	0	25,430
(Increase)/decrease in other assets	(10,573)	0	(865)
(Increase)/decrease in inventories	14,166	0	6,253
Increase/(decrease) in payables	160,903	0	134,649
Increase/(decrease) in employee provisions	26,249	0	(20,103)
Increase/(decrease) in other liabilities	(20,017)	0	(2,568)
Non-operating grants, subsidies and contributions	(925,241)	(1,057,887)	(973,038)
Net cash from operating activities	1,336,338	(149,540)	1,174,161

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	1,396,083	1,322,972
General purpose funding	92,723	0
Law, order, public safety	116,633	95,975
Health	115,784	55,208
Education and welfare	243,299	250,378
Housing	2,252,453	2,211,836
Community amenities	282,950	260,856
Recreation and culture	6,087,587	5,893,627
Transport	47,827,561	46,763,219
Economic services	382,686	365,319
Other property and services	240,230	242,213
Unallocated	2,030,074	2,378,733
	61,068,063	59,840,336

21. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Trayning has identified the following sites to be possible sources of contamination:

Kununoppin Landfill Site
Yelbeni Landfill Site
Trayning Landfill Site (former site)

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Environment Regulation Guidelines.

SHIRE OF TRAYNING
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22. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	12,350	12,350	12,350
Deputy President's allowance	3,088	3,088	3,087
Meeting attendance fees	22,581	27,500	21,588
Annual allowance for ICT expenses	12,600	14,700	11,217
Travel and accommodation expenses	1,608	5,250	2,759
	52,227	62,888	51,001

23. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	434,077	445,523
Post-employment benefits	53,850	54,038
Other long-term benefits	15,508	20,905
Termination benefits	33,352	10,950
	536,787	531,416

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).

Transactions with related parties

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

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Purchase of goods and services	133,589	138,917
Amounts payable to related parties:		
Trade and other payables	1,221	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

SHIRE OF TRAYNING
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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.

24. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

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 \$32,193 in 2020/21 and \$28,637 in 2019/20.

This arrangement ceased as of 31 December 2020.

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 \$64,023 in 2020/21 and \$38,787 in 2019/20. 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.

SHIRE OF TRAYNING
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25. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

Kununoppin Trayning

Yelbeni

Commercial

Unimproved valuations

Rural

Mining

Sub-Total

Minimum payment

Gross rental valuations

Kununoppin Trayning

Yelbeni

Commercial

Unimproved valuations

Rural

Mining

Sub-Total

Discounts/concessions (Note 25(b))

Total amount raised from general rate

Ex-gratia rates

Totals

	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Gross rental valuations												
Kununoppin Trayning	0.22373	104	541,840	121,226	2,676	3,031	126,933	123,969			123,969	144,078
Yelbeni	0.22373	3	10,360	2,318	0	0	2,318	2,318			2,318	2,440
Commercial	0.22373	12	70,846	13,277	0	0	13,277	15,850			15,850	16,684
Unimproved valuations												
Rural	0.0197	204	52,481,000	1,033,876	2,049	(12,708)	1,023,217	1,031,747			1,031,747	1,034,456
Mining	0.0197	0	0	0	185	0	185				0	0
Sub-Total		323	53,104,046	1,170,697	4,910	(9,677)	1,165,930	1,173,884	0	0	1,173,884	1,197,658
Minimum payment												
Gross rental valuations												
Kununoppin Trayning	400	29	10,079	11,600	0	0	11,600	10,800			10,800	9,450
Yelbeni	400	6	925	2,400	0	0	2,400	2,400			2,400	2,100
Commercial	400	2	420	800	0	0	800	800			800	700
Unimproved valuations												
Rural	400	8	111,708	3,200	0	0	3,200	2,000			2,000	1,903
Mining	400	0	0	0	0	0	0	0			0	0
Sub-Total		45	123,132	18,000	0	0	18,000	16,000	0	0	16,000	14,153
Discounts/concessions (Note 25(b))												
Total amount raised from general rate												
Ex-gratia rates												
Totals												

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.

25. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which Discount is Granted
Discount on rates	5.00%	N/A	47,763	51,000	49,261	Rates to be paid in full by the due date
			47,763	51,000	49,261	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
A627 42 Coronation Street	Write-off			105	0	6,671
				105	0	6,671
Total discounts/concessions (Note 25(a))				47,868	51,000	55,932

25. 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	16/09/2020	0	0.00%	8.00%
Option Two				
First instalment	16/09/2020	0.00	0.00%	8.00%
Second instalment	16/11/2020	15.00	5.50%	8.00%
Third instalment	15/01/2021	15.00	5.50%	8.00%
Fourth instalment	18/03/2021	15.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	7,142	4,000	7,482
Interest on instalment plan	1,406	1,000	1,226
Charges on instalment plan	315	1,350	1,395
	8,863	6,350	10,103

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26. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2020/21	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(33,415)	(12,000)	(12,171)
Less: Movement in liabilities associated with restricted cash		9	0	0
Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,940)	0	0
Movement in pensioner deferred rates (non-current)		8,731	0	0
Movement in employee benefit provisions (non-current)		38,621	227	(17,139)
Add: Loss on disposal of assets	11(a)	400	13,815	491,626
Add: Depreciation on non-current assets	11(b)	1,028,517	903,334	990,322
Non cash amounts excluded from operating activities		1,040,923	905,376	1,452,638
(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	(704,233)	(739,208)	(651,680)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(4,815)		(4,642)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a)	62,802	61,270	61,146
- Current portion of lease liabilities		1,951	0	1,951
- Employee benefit provisions		22,630	22,849	22,623
Total adjustments to net current assets		(621,665)	(655,089)	(570,602)
Net current assets used in the Rate Setting Statement				
Total current assets		2,719,713	1,068,762	2,241,348
Less: Total current liabilities		(726,807)	(413,673)	(596,639)
Less: Total adjustments to net current assets		(621,665)	(655,089)	(570,602)
Net current assets used in the Rate Setting Statement		1,371,241	0	1,074,107

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. 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 and financial assets.	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
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.13%	2,572,383	1,204,233	0	1,368,150
2020					
Cash and cash equivalents	0.0014%	2,125,730	751,060	1,374,670	0

Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity*

* Holding all other variables constant

	2021	2020
	\$	\$
	0	21,257

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 17(b).

SHIRE OF TRAYNING
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27. 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. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 and 30 June 2020 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	2.14%	1.60%	2.66%	29.64%	
Gross carrying amount	25,452	9,438	10,726	53,110	98,726
Loss allowance	544	151	285	15,743	16,723
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	131,562
Loss allowance	892	259	397	17,494	19,041

The loss allowance as at 30 June 2021 and 30 June 2020 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 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	12,153	2,747	1,987	22,793	39,680
Loss allowance	0	0	0	0	0
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

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	372,283	0	0	372,283	372,282
Borrowings	78,583	286,878	328,160	693,621	591,338
Contract liabilities	158,153	0	0	158,153	158,153
Lease liabilities	1,951	1,140		3,091	3,090
	610,970	288,018	328,160	1,227,148	1,124,863
2020					
Payables	211,380	0	0	211,380	211,379
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
	290,078	365,012	328,160	983,250	863,863

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the 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 1059 Service Concession Arrangements: Grantors

Shire of Trayning has no service concession arrangements in place as of 30 June 2021.

29. 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 end of the reporting period.

SHIRE OF TRAYNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	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.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Food quality and pest control, immunisation services and community health service inspection.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Operation of Home and Community Care services, assistance to playgroups and other voluntary services.
HOUSING To provide and maintain staff and elderly residents housing.	Control and maintenance of staff and other rental housing, including aged accommodation units.
COMMUNITY AMENITIES To provide services required by the community.	Refuse collection services, operation of refuse sites, maintenance of cemeteries, septic tank inspection and pump out services, storm water drainage maintenance and regional development.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, community centres, aquatic centre, recreation facilities and reserves, operation of library, television retransmission and preparation of Shire history.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets and roads; cleaning and lighting of streets; depot maintenance, airstrip maintenance and vehicle licensing services.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	Regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and economic services.
OTHER PROPERTY AND SERVICES To monitor and control council's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

31. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	2.58	2.43	4.63
Asset consumption ratio	0.70	0.71	0.58
Asset renewal funding ratio	0.81	N/A	N/A
Asset sustainability ratio	1.09	0.75	0.77
Debt service cover ratio	15.09	9.47	12.34
Operating surplus ratio	0.13	(0.29)	(0.02)
Own source revenue coverage ratio	0.50	0.40	0.45

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Trayning

To the Councillors of the Shire of Trayning

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Trayning (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on other legal and regulatory requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) For approximately 22% of transactions sampled the Shire did not have a sufficient number of supplier quotes as required under the Shire's purchasing policy or there was no documentation to explain why other quotes were not sought; and
 - b) Five users (excluding administrators) have super user access to the Shire's systems, one of which was a contractor to the Shire. There were an additional 12 users that had the same profile without access to payroll system.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio for all three years and the Asset Renewal Funding Ratio for 2021 included in the financial report were supported by verifiable information and reasonable assumptions.

Other matter

The financial ratios for 2019 in Note 30 of the financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2019. The auditor expressed an unmodified opinion on the financial report for that year.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Trayning for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
23 November 2021



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