



*Rock Solid*

# Shire of Trayning



## ANNUAL REPORT 2015 / 2016

Adopted by Resolution of Council  
14th December 2016

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# GENERAL INFORMATION

## Administration Office

**Address**  
Railway Street,  
Trayning, WA 6488

**Postal Address**  
PO Box 95  
Trayning WA 6488

**Telephone** (08) 9683 1001  
**Fax** (08) 9683 1040

**E-mail:** [admin@trayning.wa.gov.au](mailto:admin@trayning.wa.gov.au)  
**Website:** [www.trayning.wa.gov.au](http://www.trayning.wa.gov.au)

**Office hours:**  
Mon to Fri 8.30 am - 4.30 pm

## Other

**Towns:** Trayning, Kununoppin, Yelbeni

**Area:** 1,632 sq kms

**Distance from Perth:** 235 km

**Population:** 467

**Number of Electors:** 341

**Number of Dwellings:** 255

**Total Rates Levied:** \$ 933,534

**Total Revenue:** \$3,749,756

**Number of Employees:** 18 (16 FTE)



## Significant Local Events

New Years Eve Community Party, Australia Day Community BBQ at the Trayning Aquatic Centre, Tractor Mudbog and Burnout Competition.

## Tourist Attractions

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

## Accommodation

Trayning Hotel/Motel, Trayning Caravan Park.

## Sporting & Recreation Facilities

Ninghan Fitness Centre - Community Gym, Aquatic Centre, 4 Grass Tennis Courts, Bowls, Yelbeni Golf Course and Clubhouse with 18 holes (in recession), Swimming Club, BMX Tracks in Trayning & Kununoppin, Skate Boarding Park, Community/School Oval and excellent BBQ/Playground areas.

# SHIRE PRESIDENT'S REPORT

The 2015/16 annual report has been presented to council by staff. It is my pleasure to present the annual report to the community.

The past 12 months has seen the departure of Councils Work's Supervisor, Mr Bill Mckenna and the welcoming to the Shire and the community of Mr Rob Tanner as his replacement. October saw the departure of our CEO, Ms Tanika McLennan after working for the Shire for 7yrs.

Early 2016 saw the arrival of Stephen Rowling to take up the position of CEO. After a 3month trial, Stephen departed from the CEO position. Since this time council has employed acting CEO's which has, at times, not been an ideal situation for Shire staff, Councillors or the community. Council are working together to employ a permanent CEO as soon as possible.

October 2015 was an election year for Local Government with Cr Valda Knott (2003-2015) and Cr Pace Vernon (2007-2015) deciding not to renominate, I would like to thank both departing councillors for their contribution to Council and the community during their time on council. With the departure of both of these councillors, we welcomed Cr Melanie Brown and Cr Greg Yates to Council and wish them well in there new positions. The positons of Shire President and Deputy Shire President was put to Council for a vote with myself being elected to the position of Shire President and Cr Geoff Waters being elected as Deputy President, both for a 2 year term.

I would like to thank all fellow councillors for the time and dedication they have given to the community. I would especially like to thank Deputy President Geoff Waters on his dedication to Council and his assistance to myself.

Councillors attended meetings on the third Wednesday of each month for ordinary council meetings as well as subcommittee meetings as below:

- ◆ NEWROC
- ◆ NEW Health
- ◆ NEW Travel
- ◆ Kununoppin Medical Practice
- ◆ Local emergency management committee
- ◆ WALGA Great Eastern Country Zone
- ◆ Central Eastern Aged Care Alliance
- ◆ Regional Road Group

Plus many community based groups. Councillors also attended training sessions in Kellerberrin and Perth.

## PROJECTS

This year has been another busy year for both office staff and outside works staff with the following projects being completed:

- ◆ Delivery of the Kununoppin Independent Living Units
- ◆ Trayning Sporting Club Refurbishment
- ◆ Road Maintenance/ Upgrades
- ◆ Fuel station
- ◆ Skate Park
- ◆ New contract for Doctor services

## APPRECIATION

I would like to extend my Thanks' to our Local Volunteer Emergency Services personnel who have assisted in various fires, accidents and with storm damage. I would like to express how proud I am to be part of this community with such volunteers. Their dedication to helping others in need not just in our community but during the recent Yarloop/Harvey fires and several others they attended outside our Shire.



Cr Freda Tarr

Shire President



# **SHIRE PRESIDENT'S REPORT**

## **Continued**

Our volunteer Ambulance drivers have had a busy year. The Shire recognised Mr Peter Geraghty for his dedication to the St Johns Ambulance Sub Centre by bestowing on him the distinction of Honorary Freeman of the Shire of Trayning.

To the staff I express my appreciation for your continued dedication and loyalty to achieving Council's objectives in a very difficult year. I look forward to continuing working with the community, councillors and staff to achieve the Shire's goals and to making this a great community to live in and be part of.

Cr Freda Tarr

**SHIRE PRESIDENT**



# CHIEF EXECUTIVE OFFICERS REPORT



**Graham Merrick**

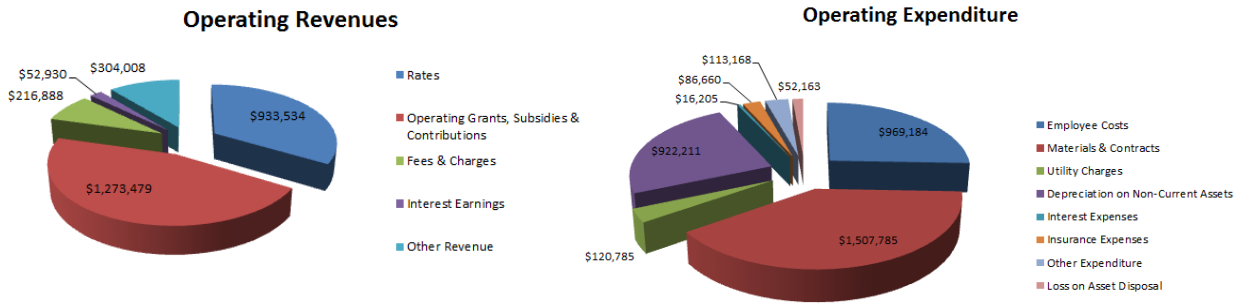
Chief Executive Officer

It is with pleasure that I present my First annual Report to the residents and ratepayers of the Shire of Trayning. It is pertinent to note that this Report, which covers the period 1 July 2015 to 30 June 2016. As I commenced my tenure on 15 November 2016, the entire reporting period was under the administration of former Chief Executive Officers and Acting Chief Executive Officers.

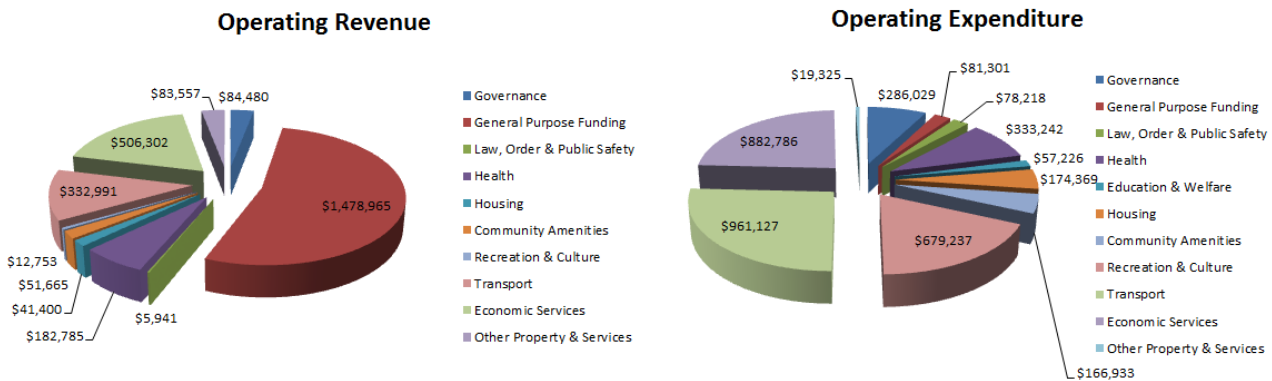
## FINANCIAL INFORMATION

The following is an indication of operating income and expenditure for the reporting year.

### By Nature or Type

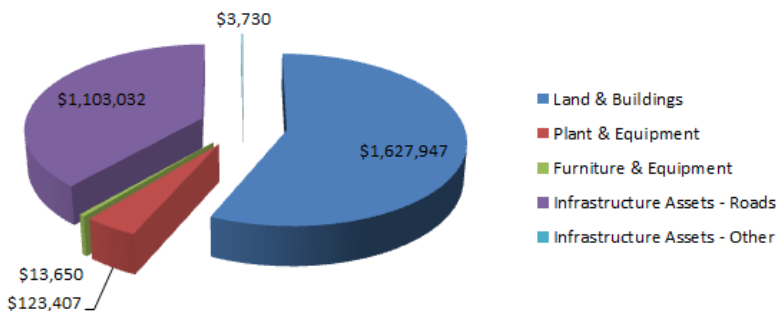


### By Program



### Capital Expenditure

#### Capital Expenditure



It is reported that Council will end the 2015/2016 financial year with cash and cash equivalents of \$1,505,772. This amount is higher than budget expectations due the prepayment of 50% of the Federal Governments Assistance Grants and Untied Roads Grants that were disbursed by the Western Australian Local Government Grants Commission at the end of June 2015



# **CHIEF EXECUTIVE OFFICERS REPORT**

## **Continued**

### **TRAYNING UNMANNED FUEL FACILITY**

Work on this facility was completed in the 2015/2016 financial year at a cost of \$250,203 with an expected additional amount of \$57,000 to be incurred in the 2016/2017 financial year for sealing the driveways and surrounds to prevent the need for ongoing maintenance to the gravelled areas.

### **KUNUNOPPIN MEDICAL PRACTICE**

With the withdrawal of Regional Health Outcomes in January 2016 from the management contract for the Kununoppin Medical Practice, Council undertook to manage the practice on behalf of the Kununoppin Medical Practice Committee members until a replacement provider could be sourced. After an exhaustive search and negotiations being commenced with suitable practitioners, Dr Brian Walker took over the management and medical services provided by the Kununoppin Practice on the 1st of July 2016. I would like to express my thanks to Mr Dirk Sellenger, then Acting Chief Executive Officer, for all of the hard work put into attaining this most satisfactory outcome.

### **KUNUNOPPIN INDEPENDENT LIVING UNITS**

As of the 30th June 2016, work on the Independent Living Units located in Kununoppin has progressed to the point where the accommodation units are in place and much of the utilities and services have been connected. Landscaping and other final touches are yet to be completed but it is expected that these units will be available for occupation prior to December 2016.

### **COMMUNITY RECREATION CENTRE**

Work on the Community Recreation Centre has commenced and is expected to be completed in the first quarter of the 2016/2017 Financial year. Council resolved to take out an additional \$350,000 loan to ensure that the renovations, where ever possible, were undertaken to a standard expected by all parties. Council has committed \$185,000 in funds along with a contribution by the Trayning Community Centre Planning Committee of \$90,000.

### **UNVEILING OF THE DR RADUNOVICH MEMORIAL BUST**

The memorial bust of Dr John Radunovich was unveiled at a ceremony held in the grounds of the Kununoppin District Hospital on the 8th of June 2015. The event was well attended by both members of the Radunovich family and residents of the various communities that Dr Radunovich served.

In conclusion, on behalf of the Shire of Trayning Staff, I take this opportunity to wish all residents and rate payers a very successful and rewarding 2016-2017 period.

Graham Merrick  
**CHIEF EXECUTIVE OFFICER**





# CHIEF EXECUTIVE OFFICERS REPORT

## Continued

Opening of Trayning Unmanned Fuel Facility



Kununoppin Independent Living Units being Installed



Unveiling of Dr John Radunovich Memorial Bust





**Rob  
Tanner**

Works  
Supervisor

# WORKS SUPERVISOR'S REPORT

The Works Projects that have been completed for the financial year 2015 -2016 are:

- ◆ **Kellerberrin - Bencubbin Road (RRG001)** – Widening shoulders, profiled and 2 coat sealed.
- ◆ **Bencubbin – Kellerberrin Road (RRG013)** – Apply 1 coat seal.
- ◆ **Adam Street Trayning (RCC003)** – Removed trees, profiled, final trimmed, 2 coat sealed, constructed new footpath on west side and laid new asphalt to bus pick up and drop off and kiss and drop off area in front of school and line marked.
- ◆ **Hughes and Cooper Street Kununoppin (RTR025)** – Widen and 1 coat seal applied.
- ◆ **Yelbeni-Kellerberrin Road (RTR001)** - Reformation and gravel re-sheet a section of the road.
- ◆ **Mandiga-Trayning Road (RTR010)** – Reformation and gravel re-sheet a section of the road.
- ◆ **Billyacatting Road (RTR021)** – Reformation and gravel re-sheet a section of the road.
- ◆ **Lairds Road (RTR022)** - Reformation and gravel re-sheet a section of the road.
- ◆ **Hewitt Road (RTR024)** - Reformation and gravel re-sheet a section of the road.
- ◆ **Kellerberrin-Bencubbin Road Sth (RTR023)** – Cement stabilisation blow outs and 2 coat seal applied.
- ◆ **Living Independent Units, Hughes Street, Kununoppin (BC51)** – Units installed, concrete footpaths, concrete drive ways, all electrical complete, leach drain constructed and areas fully fenced.
- ◆ **11 Wilson Street, Kununoppin (BC20)** – 1 coat seal applied to driveway.
- ◆ **Refuse Sites** – Ongoing Maint.
- ◆ **Town Streets** – Street sweeping of Trayning and Kununoppin town sites with our own bobcat road sweeper.
- ◆ **Skate Park, Trayning** – Surface asphalted and new equipment installed and open to the public.
- ◆ **Winter Maintenance Grading** – Shire and Contractor shared grading.
- ◆ **Trayning Swimming Pool** – Lawns verti mowed and top dressed. Outside area landscaped and resheeted car park with gravel and rolled.
- ◆ **Road Verge Slashing, Mulching and Weed Spraying** – various roads. **Kununoppin Airstrip** – Weed spraying and general maintenance.
- ◆ **Trayning Caravan Park** – Resheeted Caravan Park areas and mulched applied.
- ◆ **Tree Planting** – Trees planted in the Trayning Tip Rehab areas.
- ◆ **Trayning Primary School** – Oval was reconditioned and is now maintained by the Shire of Trayning.
- ◆ **Gravel Pushing** – Various gravel pits.
- ◆ **Depot** – Removed old fuel tanks and bund from depot yard and cleaned up. Constructed new archive room in shed. Cleaned up yard and removed unwanted items to pig yard. Installed new safety signage throughout the depot. All electrical and extinguishers had their yearly inspection completed and we updated the emergency procedures throughout the depot.
- ◆ **Trayning Town** – Ongoing routine maint. Tidy up works along Sutherland Street. Installed Skate park shelter and bench and bike rack. Started to mow extra areas throughout the township on all entries and town site.
- ◆ **Kununoppin Town** – Ongoing routine maint. Dressed up area surrounding the community centre (Old School). Shoulder works on all roads and road patching throughout the township and general tidy up of most of the township and will continue to do so.
- ◆ **Yelbeni Town** – Ongoing routine maint. Resheeted gravel around the small town increased our mowing programme throughout the area including mowing regularly out at the golf course surrounding the club rooms only.
- ◆ **Trayning Fuel Facility** – Now completed and servicing all
- ◆ **Reserves and Parks** – Ongoing routine maint. Replaced wooden table and chairs at Billyacatting Reserve. Emptied toilet as needed. Cleared paths and parking areas on all reserves and parks.
- ◆ **Mulcahy Sand Pit** – Brought excavator in to complete works to all batters to make safe and installed windrows for protection. Replaced all signage to the perimeter fence line as they were faded and not readable.



# WORKS SUPERVISOR'S REPORT

## Continued

- ◆ **Chemical shed in Trayning** – Cleaned out area, replaced all signage due to the old ones were faded and UN readable. Installed fire extinguisher and updated the MSDS folder. Repaired the safety shower and replaced the sign.
- ◆ **Works Request** – Currently completed 80% to date.
- ◆ **Camp fire Project Trayning** – Installed lighting and completed works.

Plant and equipment that was:

Purchased –

- ◆ Mustang Skid Steer
- ◆ Fork Lift
- ◆ 3 inch pump
- ◆ Various hand tools

Repaired –

- ◆ Komatsu Grader GD555-5 – Mirror and lights replaced
- ◆ John Deere Tractor slasher – Main drive unit on slasher replaced, Tyres replaced.
- ◆ Volvo Loader – Cutting edges replaced
- ◆ Cat Backhoe – Hydraulic hoses replaced, extender boom re-shimmed and air conditioning serviced. Main knuckle on arm replaced. Tyres replaced
- ◆ Daf Truck – Repairs on hydraulic tank stand and brakes replaced.

Services –

All services on vehicles and machinery are up to date.

Staff –

- ◆ Grader Operator - current status – Full Time Employee
- ◆ Daf Side Tipping Truck Operator – current status – full time employee.
- ◆ Parks and Gardens – current status – Full time employee and permanent part-time employee.
- ◆ Plant Operators – current status - Four full time employees.

Rob Tanner

**WORKS SUPERVISOR**



# NATURAL RESOURCE MANAGEMENT

ANNUAL REPORT 2015/2016

## FEDERAL GOVERNMENT- BIODIVERSITY FUND

NEWROC NRM in partnership with WEROC and SEAVROC NRM receive funding for a 6 year Biodiversity fund project with the aim of 'Connecting Biodiversity across the Wheatbelt of Western Australia'. Trayning Shire is responsible for administering the finance for the project. Landholders who successfully submitted projects for the 2016 planting season have now completed planting seedlings and fencing projects where appropriate.

The project is winding up at the end of the 2015-16 financial year. Seedlings will be offered for delivery in June 2017, to infill previous revegetation sites where the seedling survival rate was low. There will also be one more round of offers to fence remnant bushland.

## TRAYNING WATER STRATEGY

A strategic assessment of stormwater capture and reuse infrastructure in the Trayning townsite was prepared by consulting hydrologist Matt Giraud, including recommendations for additional works required to facilitate the use of stormwater for irrigation of the school oval.

## STATE NRM GRANT

The "Protecting Trayning's Biodiversity" project has been acquitted, and a new SNRM grant applied for, "Enhancing and Connecting Remnants in Trayning, Nungarin and Koorda Shires." This project, if approved, will assist landholders with fencing and supply seedlings for revegetation works, to protect or expand remnant bushland on their properties.

## NUNGARIN/TRAYNING/MERREDIN SKELETON WEED LOCAL ACTION GROUP

There have been several meetings and training sessions held throughout the year- the 2015-16 season de-brief in Perth at the end of March, Skeleton weed Map Portal training Merredin in May, Field Intelligence System (FIS) training workshop in Perth in July, and the 2016-17 pre-season meeting at Northam in October.

I have delivered farmers information packs to landholders with known infestations in the Nungarin, Trayning and Merredin Shires, including Landholder Assistance Agreements.

Surveillance searching will start in late January 2017. So far there have been no reports of new finds this season in the Shire of Trayning.

## CORELLA CULL

Over 3 weekends in November/December 2015 members of Conservation Australia Inc. culled 32 corellas, 13 rabbits, 6 feral cats, 11 feral pigeons and 10 foxes from around the Trayning townsite, the trotting track, golfcourse, the Old Trayning Tip and the Yelbeni and Kununoppin Tips.

Altogether 39 members attended over the 3 weekends and were accommodated at the Trayning Caravan Park



Glen  
Buder

Natural  
Resource  
Management  
Officer



# **NATURAL RESOURCE MANAGEMENT**

## **Continued**

### **TRAYNING TIP OFFSET SITE**

Infill of the revegetation project at the Northern end of the Old Trayning Tip was conducted as part of the Shire's responsibility for offsetting the gravel pits used during the Grain Freight Route work.

### **RURAL TOWNS PROJECT**

Monitoring of 12 piezometers in the Yeelanna Catchment plus in Town sites (2) Yelbeni, (5) Kununoppin and (16) Trayning has continued through 2015/16.

Glen Buder

**NATURAL RESOURCE MANAGEMENT OFFICER**



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# COUNCILLORS AND MEETINGS

## YOUR COUNCIL

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

The current members of Council consist of:

### Shire President

Freda Tarr  
Commenced—2011  
Term Expiry—2019

### Deputy President

Geoff Waters  
Commenced—1996  
Term Expiry—2019

### Councillors

Melanie Brown  
Commenced—2015  
Term Expiry—2019

Trevor Lamond  
Commenced—1984  
Term Expiry—2017

Greg Yates  
Commenced—2015  
Term Expiry—2019

Wallace Knott  
Commenced—2009  
Term Expiry—2017

Andrew Woodfield  
Commenced—2009  
Term Expiry—2017

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 Wednesday 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: Bush Fires Advisory Committee, Great Eastern Zone of WALGA, NEW Travel, Pioneer Pathways, Local Health Advisory Group, Regional Road Group, Local Emergency Management as well as others.

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

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



# COUNCIL STAFF

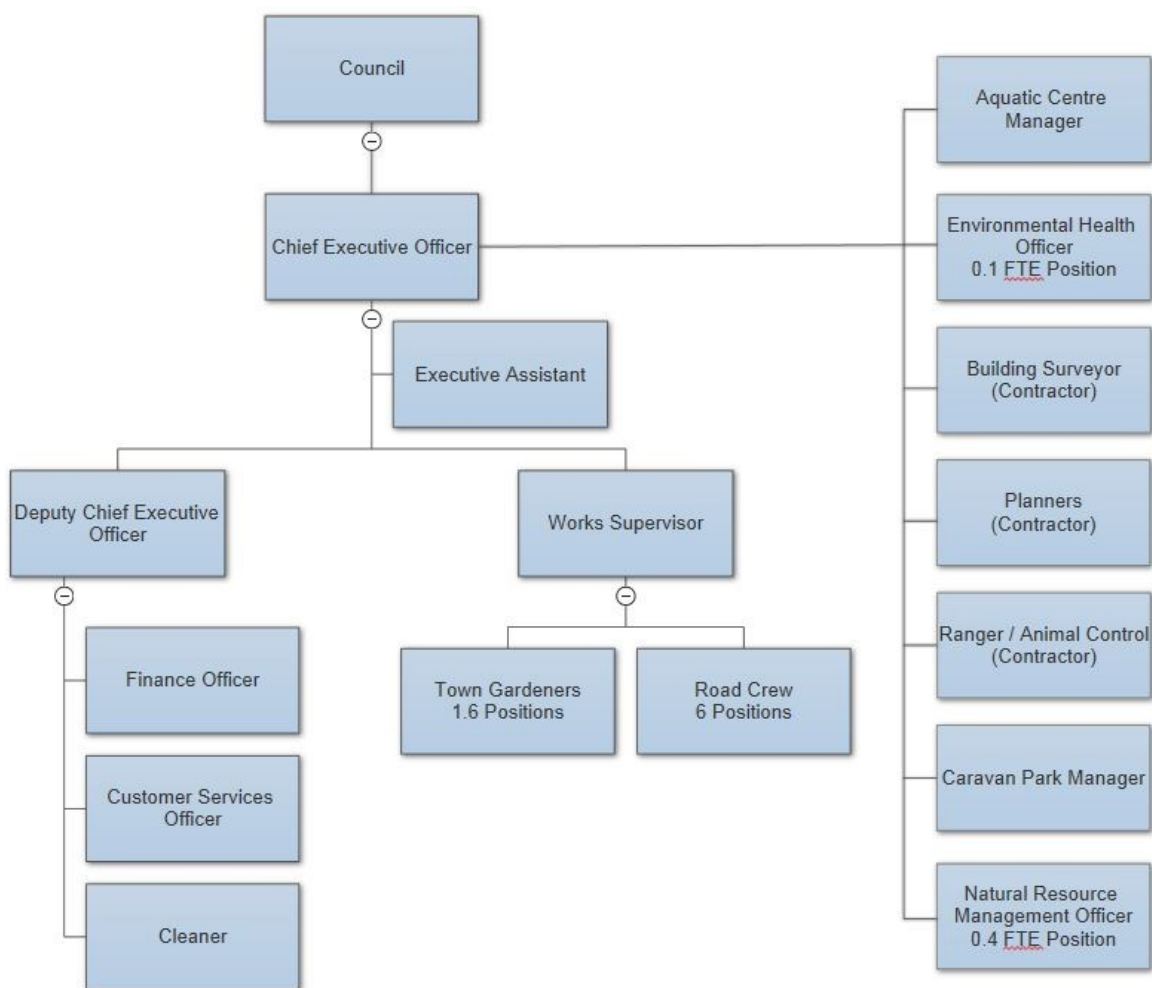
## As at 30 June 2016

### ADMINISTRATION STAFF

Chief Executive Officer	Dirk Sellenger
Deputy Chief Executive Officer	Cameron Watson
Environmental Health Officer	William Hardy
Executive Assistant	Belinda Taylor
Finance Officer	Evelin Ojaper
Customer Service Officer	Noelene Young
NRM Officer	Glen Buder
Aquatic Centre Manager	Wendy Hurley
Cleaner	Caroline Ferns
Caravan Park Manager	Lennard Richards

### WORKS TEAM

Works Supervisor	Rob Tanner
Works crew	Paul Lansdown
	Tristan Bell
	Keith Hubbert
	Anthony Bell
Town Crew	Peter Salo
	Sheree Rayner





# HOW YOUR COUNCIL WORKS

## LAW, ORDER & PUBLIC SAFETY

The Shire of Trayning is covered by a local FESA Unit which consists of three fire trucks, one fast attack fire utility and emergency and road rescue vehicles. Council has minimal expenses in this area, however Council still considers this area as a high priority by providing staff and equipment, as required.

The Shire of Trayning receives Police coverage and support from the Bencubbin Police Station. The Bencubbin and surrounding police carry out regular day and night patrols of the area to assist in keeping crime to a minimum.

Council has responsibility for the Local Emergency Management Committee which meets on a regular basis and conducts desktop exercises.

The Shire carries out the requirements of the Dog Act through the Central Wheatbelt Ranger Service and internal staff. The Ranger carries out weekly patrols of the Shire. Council has its own dog pound which is situated in the Shire depot.



## HEALTH & BUILDING

Council administers the requirements of the Health Act and Building Code in the Shire and is a member of the North Eastern Wheatbelt Health Scheme, which employs William Hardy as its Principal Environmental Health Officer and Building Surveyor. He ensures that the required standards are being met by shop owners and builders, and provides general advice to residents on health and building matters.

Council supports the Kununoppin and Districts Health Service when required and in conjunction with the Shires of Mt Marshall, Mukinbudin and Nungarin has constructed a house to assist in attracting a doctor, and a vehicle is also provided for the Doctor.

The Shires of Trayning, Mt Marshall, Mukinbudin and Nungarin have purchased the Kununoppin Medical Practice.

## EDUCATION & WELFARE

Council owns and maintains the Playgroup building situated at Twine Street, Trayning and provides it free of charge for use by the KTY Playgroup. Council supports the Wheatbelt Agcare and Counselling Service situated in Nungarin. Council also works closely with and provides support to the Trayning Primary School.

Council maintains and provides, free of charge, the Kununoppin Community Centre & Trayning Playgroup and Kununoppin Hall for the use of seniors and a second hand shop respectively.

## HOUSING

Council in conjunction with Homeswest provide six-aged person's units and two young person's units in Trayning. Council also provides housing for various staff employed by the Shire.

# HOW YOUR COUNCIL WORKS

## Continued

### COMMUNITY AMENITIES

There are refuse sites based in Kununoppin and Yelbeni for the disposal of various types of waste. General household refuse collection is carried out by Avon Waste each Monday, with recycling collected fortnightly on a Tuesday. Council also provides recycling bins at each post office for farmers to utilise.

Council administers and maintains the cemeteries at Kununoppin, Trayning and Yelbeni including 2 niche walls.

Council provides public toilets throughout the Shire for the use of tourists and general public.

### RECREATION & CULTURE

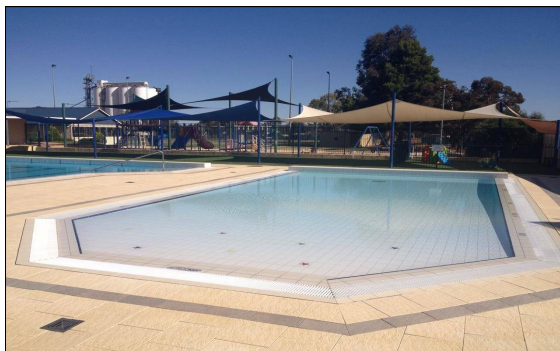
Council is responsible for the maintenance of the town halls in Kununoppin & Trayning and also relies on a community committee to assist with the Kununoppin hall. The Shire also maintains a community centre in Kununoppin and Trayning.

The Trayning Aquatic Centre continues to be a focal point for the community during summer and with the shade sails at the southern and northern ends of the aquatic centre it provides a sun smart environment. The aquatic centre is well managed by the Pool Manager, Wendy Hurley. It is also important as a facility where our children are educated in water safety via VACSWIM, school and local swimming club.

General parks and gardens are maintained by Council's town gardeners who ensure these areas are maintained to the highest of standards. The Shire of Trayning also contracts the services of Trayning Tyre Services to manage the Tennis Courts, Bowling Green, BBQ Playground area and Caravan Park.

The BBQ Playground area is enhanced with a modern fitness centre/gym and ablutions with enclosed verandah. Council also provides a new stainless steel BBQ in the park area for members of the community and tourists to utilise.

The Shire provides a fully stocked public library including public access for the community to an internet service.



# HOW YOUR COUNCIL WORKS

## Continued

### TRANSPORT

Council provides a full range of licensing facilities for vehicles, boats, firearm and motor drivers licenses. Council also has the facilities for the compulsory photographic Drivers and Firearms licence cards.

Council handles new Motor Driver Licensing applications, Computerised Theory Tests and Hazard Perception Tests.

Roads are the Shire's major commitment and consume the largest part of the annual budget. As well as ongoing maintenance, the Shire has carried out network improvements and major preservation projects during the year.

The Kununoppin airstrip is also a facility maintained by Council for the Kununoppin and Districts Hospital and the Royal Flying Doctor Service.

### ECONOMIC SERVICES

Council continues to contribute towards noxious weed control, vermin control, Natural Resource Management, Landcare and rural conservation services. The Shire employs Glen Buder as the Natural Resource Management Officer and contract two days per week of his time to the Shire of Nungarin.

The Ninghan News is fully funded and compiled on a fortnightly basis by the Shire administration staff and is distributed in each town and via mail to subscribers. No publications are produced during January.

Council compiles and produces a local telephone and business directory for the Shire of Trayning which can be purchased through the Shire Office.

Council maintains its support for tourism and area promotion in the Shire and region with its involvement in NEWTravel, Pioneer's Pathway, the Wheatbelt Way and through the maintenance of the Tourist Information Bay and Local Tourism Brochure.

The Billyacatting Hill Nature Reserve and Gnamma Holes in conjunction with beautiful wildflowers & orchards are just a few of the unique tourism assets within the community and attract tourists from everywhere.

### PRIVATE WORKS

Private works for residents is a service provided by the Council, and also extended to private organisations and Government Departments. Fees and charges are reviewed annually during the budget process, these are available by contacting the Shire Office staff.

### FINANCE AND BORROWING

Council currently has a number of loans for various purposes including the construction of Housing, construction of Ninghan Fitness Centre, relocation of the Trayning Caravan Park and purchase of Plant and Equipment. Detailed information on income and expenditure, refer to the following Financial Report.



# PLAN FOR THE FUTURE OVERVIEW

## AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT

### a) **General Purpose Income**

This area is a major determinant in the planning of the activities of the Shire with Rates and Operating Grants and Subsidies continuing to provide operating costs for the provision of services to the community

### b) **Administration and Governance**

Council and Staff continue to work together towards the common goal. It is encouraging to report on the innovative and positive attitude Council present in providing facilities and determining future developments in our Shire, which ultimately leads to a benefit for all.

### c) **Community Amenities**

The object of this facility is to provide an efficient and effective service to the community in the areas of Refuse Management and management of the Town Planning functions.

### d) **Recreation and Culture**

The object of this activity is to maintain and enhance lifestyle opportunities for the community and to this end the Shire continues to support sporting and recreational groups with funding and assistance in obtaining grant funds through the Department of Sport and Recreation. Council's current focus in this area is the upgrade of the Trayning Community Recreation Centre.

### e) **Transport**

The transport activity covers the construction and maintenance of the road network together with footpath and street lighting facilities. The Shire apply significant resources to this area and make substantial budget provision to provide and maintain this activity.

### f) **Economic Services**

The purpose of this activity is to facilitate business opportunities, natural resource management tourism and potential for economic development. The Shire continues to support local and regional groups.

### g) **Land and Buildings**

This is a major area of the Shire assets with an obligation to ensure that a reasonable and commercial return is achieved and appropriate management of assets is applied.

### h) **Plant, Equipment and Machinery**

This area remains an important part of Council direction. Plant budgeted is purchased within set parameters.

### i) **Infrastructure Assets**

This extensive area includes roads, footpaths, drainage, parks, gardens, ovals, kerbing, lighting and street trees.

## Major Initiatives Proposed or to Continue During 2016/2017

- Trayning Community Recreation Facility
- Fencing of the Yelbeni & Kununoppin Tip Sites
- Renovations to Staff Housing
- Kununoppin Independent Living Units
- Replace leased light vehicles with Shire Owned to enable savings on leasing costs and FBT



# DISABILITY SERVICES PLAN

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

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

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

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

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

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

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

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

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

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

## GENERAL COMMENTS

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

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

Copies of the Disability Access and Inclusion Plan 2012-2017 are available upon request from the Shire Administration Office.



# RECORD KEEPING PLAN

The Shire of Trayning remains committed to meeting the requirements of the State Records Act 2000.

Records are a core information resource and sound record keeping practices are acknowledged to contribute to overall effectiveness and efficiency of the organisation.

The Shire of Trayning's Record Keeping Plan was reviewed and approved by the State Records Commission and adopted at the April 2008 Meeting.

The Record Keeping Plan was reviewed in April 2013.

## **RETENTION AND DISPOSAL SCHEDULE**

The Shire of Trayning utilises the general disposal authority of Local Government records as produced by the State Records Office for retention and disposal of records.

## **DISPOSAL PROGRAM IMPLEMENTED**

The Shire of Trayning has implemented the General Disposal Authority for Local Government Records and conducts regular disposal of records and archiving on an annual basis.

## **AUTHORISATION FOR DISPOSAL OF RECORDS**

Before any records are destroyed or transferred to the SRO they are reviewed by the Chief Executive Officer for the Shire of Trayning and authorised for destruction or transfer.

## **PERFORMANCE INDICATORS IN PLACE**

The following performance indicator/control mechanisms has been developed to measure the efficiency and effectiveness of the Shire of Trayning's recordkeeping systems:

1. Perpetual diary system to check accuracy by random check of stored records
2. The annual destruction of records confirms whether or not the records are in the location the register records that they should be.

## **STAFF TRAINING, INFORMATION SESSIONS**

The Shire of Trayning has implemented the following activities to ensure that all staff are aware of their record keeping responsibilities and compliance with the Record Keeping Plan:

- Presentations on various aspects of the Shire of Trayning's record keeping program are delivered as required
- In-house training sessions are conducted for the organisation's staff as required
- From time to time an external consultant is brought in to run a training session for staff. Staff are also encouraged to attend training courses outside the organisation whenever practicable.
- Staff information sessions are conducted as required.



# 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 p.a. this negates further action or reporting obligation.

## LEGISLATION REVIEW

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. As the Local Laws were made in 2001, this review is now due. A consultant has been engaged to carry out the review.

## STRUCTURAL REFORM

Before Local Governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

Where applicable, all Local Governments in Australia must report their adherence to structural reform principles. At present, this requirement has a very limited impact on Local Government in Western Australia, and most will not need to provide this information.



# 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
- Plan for the Future of the District-Five Year
- Five Year Financial Plan
- 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 was one formal request 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.

## 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 = 1

Entitled to an annual salary of 120,000 to 129,999 = 2

Entitled to an annual salary of 130,000 to 139,999 = 0



**SHIRE OF TRAYNING**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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SHIRE OF TRAYNING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Trayning being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire of Trayning at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 24<sup>TH</sup> day of NOVEMBER 2016



---

Graham Merrick  
Chief Executive Officer

**SHIRE OF TRAYNING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	22	933,534	932,793	863,525
Operating grants, subsidies and contributions	29	1,273,479	1,322,731	2,826,543
Fees and charges	28	216,888	237,601	224,313
Interest earnings	2(a)	52,930	43,464	53,667
Other revenue	2(a)	304,008	199,682	224,342
		<u>2,780,839</u>	<u>2,736,271</u>	<u>4,192,390</u>
<b>Expenses</b>				
Employee costs		(969,184)	(1,358,574)	(882,395)
Materials and contracts		(1,507,785)	(1,308,945)	(1,554,051)
Utility charges		(120,785)	(117,702)	(108,419)
Depreciation on non-current assets	2(a)	(922,211)	(969,595)	(929,636)
Interest expenses	2(a)	(16,205)	(17,161)	(19,545)
Insurance expenses		(86,660)	(83,156)	(86,953)
Other expenditure		(113,168)	(91,630)	(104,684)
		<u>(3,735,998)</u>	<u>(3,946,763)</u>	<u>(3,685,683)</u>
		(955,159)	(1,210,492)	506,707
Non-operating grants, subsidies and contributions	29	968,917	1,058,640	1,907,973
Profit on asset disposals	20	0	75,000	0
(Loss) on asset disposals	20	(52,163)	(181,133)	(8,325)
<b>Net result</b>		<b>(38,405)</b>	<b>(257,985)</b>	<b>2,406,355</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(86,624)	0	45,854,945
<b>Total other comprehensive income</b>		<b>(86,624)</b>	<b>0</b>	<b>45,854,945</b>
<b>Total comprehensive income</b>		<b><u>(125,029)</u></b>	<b><u>(257,985)</u></b>	<b><u>48,261,300</u></b>

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 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		84,480	45,900	81,361
General purpose funding		1,478,965	1,488,939	2,445,165
Law, order, public safety		5,941	7,600	17,031
Health		182,785	97,926	98,679
Housing		41,400	98,756	64,448
Community amenities		51,665	57,915	52,332
Recreation and culture		12,753	77,190	18,993
Transport		332,991	369,636	775,894
Economic services		506,302	603,043	550,457
Other property and services		83,557	81,820	88,030
		<u>2,780,839</u>	<u>2,928,725</u>	<u>4,192,390</u>
<b>Expenses</b>	2(a)			
Governance		(286,029)	(294,452)	(290,590)
General purpose funding		(81,301)	(82,641)	(85,212)
Law, order, public safety		(78,218)	(82,604)	(71,698)
Health		(333,242)	(201,417)	(181,966)
Education and welfare		(57,226)	(50,095)	(35,690)
Housing		(174,369)	(246,462)	(156,443)
Community amenities		(166,933)	(170,053)	(187,423)
Recreation and culture		(679,237)	(765,182)	(636,452)
Transport		(961,127)	(1,196,839)	(965,166)
Economic services		(882,786)	(996,228)	(1,008,012)
Other property and services		(19,325)	(36,083)	(47,486)
		<u>(3,719,793)</u>	<u>(4,122,056)</u>	<u>(3,666,138)</u>
<b>Finance costs</b>	2(a)			
Governance		0	(200)	0
Housing		(813)	(1,168)	(2,339)
Recreation and culture		(1,776)	(1,706)	(2,069)
Transport		(4,099)	(4,340)	(6,264)
Economic services		(4,838)	(4,830)	(2,888)
Other property and services		(4,679)	(4,917)	(5,985)
		<u>(16,205)</u>	<u>(17,161)</u>	<u>(19,545)</u>
		(955,159)	(1,210,492)	506,707
Non-operating grants, subsidies and contributions	29	968,917	1,058,640	1,907,973
Profit on disposal of assets	20	0	75,000	0
(Loss) on disposal of assets	20	(52,163)	(181,133)	(8,325)
<b>Net result</b>		<u>(38,405)</u>	<u>(257,985)</u>	<u>2,406,355</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(86,624)	0	45,854,945
<b>Total other comprehensive income</b>		<u>(86,624)</u>	<u>0</u>	<u>45,854,945</u>
<b>Total comprehensive income</b>		<u>(125,029)</u>	<u>(257,985)</u>	<u>48,261,300</u>

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

**SHIRE OF TRAYNING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,505,772	2,987,026
Trade and other receivables	4	192,317	204,107
Inventories	5	24,086	48,194
<b>TOTAL CURRENT ASSETS</b>		<u>1,722,175</u>	<u>3,239,327</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	76,598	79,706
Property, plant and equipment	6	11,042,155	10,109,236
Infrastructure	7	62,631,574	61,869,411
<b>TOTAL NON-CURRENT ASSETS</b>		<u>73,750,327</u>	<u>72,058,353</u>
<b>TOTAL ASSETS</b>		<u>75,472,502</u>	<u>75,297,680</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	194,638	213,628
Current portion of long term borrowings	9	96,013	111,470
Provisions	10	148,110	146,130
<b>TOTAL CURRENT LIABILITIES</b>		<u>438,761</u>	<u>471,228</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	630,902	306,915
Provisions	10	18,310	9,979
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>649,212</u>	<u>316,894</u>
<b>TOTAL LIABILITIES</b>		<u>1,087,973</u>	<u>788,122</u>
<b>NET ASSETS</b>		<u>74,384,529</u>	<u>74,509,558</u>
<b>EQUITY</b>			
Retained surplus		20,093,485	19,538,055
Reserves - cash backed	11	1,092,747	1,686,582
Revaluation surplus	12	53,198,297	53,284,921
<b>TOTAL EQUITY</b>		<u>74,384,529</u>	<u>74,509,558</u>

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

**SHIRE OF TRAYNING  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>17,462,331</b>	<b>1,355,951</b>	<b>7,429,976</b>	<b>26,248,258</b>
Comprehensive income					
Net result		2,406,355	0	0	2,406,355
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>45,854,945</u>	<u>45,854,945</u>
Total comprehensive income		2,406,355	0	45,854,945	48,261,300
Transfers from/(to) reserves		(330,631)	330,631	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2015</b>		<b>19,538,055</b>	<b>1,686,582</b>	<b>53,284,921</b>	<b>74,509,558</b>
Comprehensive income					
Net result		(38,405)	0	0	(38,405)
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>(86,624)</u>	<u>(86,624)</u>
Total comprehensive income		(38,405)	0	(86,624)	(125,029)
Transfers from/(to) reserves		593,835	(593,835)	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2016</b>		<b><u>20,093,485</u></b>	<b><u>1,092,747</u></b>	<b><u>53,198,297</u></b>	<b><u>74,384,529</u></b>

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

**SHIRE OF TRAYNING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		919,012	982,793	820,523
Operating grants, subsidies and contributions		1,347,013	1,297,731	2,826,543
Fees and charges		216,888	237,601	184,212
Interest earnings		53,410	43,464	53,667
Goods and services tax		291,098	0	359,891
Other revenue		313,652	199,682	214,698
		<u>3,141,073</u>	<u>2,761,271</u>	<u>4,459,534</u>
<b>Payments</b>				
Employee costs		(945,129)	(1,358,574)	(879,819)
Materials and contracts		(1,512,582)	(1,386,445)	(1,676,378)
Utility charges		(120,785)	(117,702)	(108,419)
Interest expenses		(17,179)	(16,961)	(11,160)
Insurance expenses		(86,660)	(83,156)	(86,953)
Goods and services tax		(351,373)	0	(487,330)
Other expenditure		(113,168)	(91,630)	(104,684)
		<u>(3,146,876)</u>	<u>(3,054,468)</u>	<u>(3,354,743)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>(5,803)</u>	<u>(293,197)</u>	<u>1,104,791</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,765,003)	(1,936,254)	(411,822)
Payments for construction of infrastructure		(1,106,761)	(1,556,774)	(1,452,298)
Advances to community groups		0	0	(45,000)
Non-operating grants, subsidies and contributions		968,917	1,058,640	2,442,183
Proceeds from sale of fixed assets		115,000	205,000	10,996
<b>Net cash provided by (used in) investment activities</b>		<u>(1,787,847)</u>	<u>(2,229,388)</u>	<u>544,059</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(111,470)	(111,689)	(101,881)
Proceeds from self supporting loans		3,866	(3,867)	1,881
Proceeds from new debentures		420,000	270,000	210,000
<b>Net cash provided by (used in) financing activities</b>		<u>312,396</u>	<u>154,444</u>	<u>110,000</u>
<b>Net increase (decrease) in cash held</b>		(1,481,254)	(2,368,141)	1,758,850
Cash at beginning of year		2,987,026	2,987,025	1,228,176
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>1,505,772</u></u>	<u><u>618,884</u></u>	<u><u>2,987,026</u></u>

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



**SHIRE OF TRAYNING  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<u>1,216,836</u> 1,216,836	<u>1,222,548</u> 1,222,548	<u>120,985</u> 120,985
<b>Revenue from operating activities (excluding rates)</b>			
Governance	84,480	45,900	81,361
General purpose funding	556,784	562,903	1,586,676
Law, order, public safety	5,941	7,600	17,031
Health	182,785	97,926	98,679
Housing	41,400	143,756	64,448
Community amenities	51,665	57,915	52,332
Recreation and culture	12,753	77,190	18,993
Transport	332,991	399,636	775,894
Economic services	506,302	603,043	550,457
Other property and services	83,557	81,820	88,030
	<u>1,858,658</u>	<u>2,077,689</u>	<u>3,333,901</u>
<b>Expenditure from operating activities</b>			
Governance	(286,029)	(294,452)	(290,590)
General purpose funding	(81,301)	(82,641)	(85,212)
Law, order, public safety	(78,218)	(82,604)	(71,698)
Health	(333,242)	(201,417)	(181,966)
Education and welfare	(57,226)	(50,095)	(35,690)
Housing	(222,140)	(331,963)	(158,782)
Community amenities	(166,933)	(170,053)	(187,423)
Recreation and culture	(681,013)	(863,688)	(638,521)
Transport	(970,431)	(1,201,179)	(979,755)
Economic services	(887,624)	(1,001,058)	(1,010,900)
Other property and services	(24,004)	(41,000)	(53,471)
	<u>(3,788,161)</u>	<u>(4,320,150)</u>	<u>(3,694,008)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	20	0	(75,000)
Loss on disposal of assets	20	52,163	181,133
Movement in deferred pensioner rates (non-current)		(902)	0
Movement in employee benefit provisions (non-current)		8,331	683
Movement in LSL Reserve (Added Back)		794	0
Movement in Work in Progress (Expensed)		684	0
Depreciation on assets	2(a)	<u>922,211</u>	<u>969,595</u>
<b>Amount attributable to operating activities</b>		<u>270,614</u>	<u>697,304</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		968,917	1,058,640
Proceeds from disposal of assets	20	115,000	205,000
Purchase of property, plant and equipment	6(b)	(1,765,003)	(1,953,442)
Purchase and construction of infrastructure	7(b)	<u>(1,106,761)</u>	<u>(1,473,647)</u>
<b>Amount attributable to investing activities</b>		<u>(1,787,847)</u>	<u>(2,163,449)</u>
<b>FINANCING ACTIVITIES</b>			
Advances to community groups		0	0
Repayment of debentures	21(a)	(111,470)	(111,689)
Proceeds from new debentures	21(a)	420,000	270,000
Proceeds (Repayment) from Overdraft		0	0
Proceeds from self supporting loans		3,866	(3,867)
Transfers to reserves (restricted assets)	11	(660,104)	(315,929)
Transfers from reserves (restricted assets)	11	<u>1,253,939</u>	<u>1,438,941</u>
<b>Amount attributable to financing activities</b>		<u>906,231</u>	<u>1,277,456</u>
<b>Surplus(deficiency) before general rates</b>		<u>(611,002)</u>	<u>(829,495)</u>
<b>Total amount raised from general rates</b>	22	<u>922,181</u>	<u>926,036</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<u><u>311,179</u></u>	<u><u>96,541</u></u>
		<u><u>1,216,836</u></u>	<u><u>1,216,836</u></u>

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

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

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(c) Cash and Cash Equivalents**

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

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(f) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

***Depreciation***

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

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

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

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

Buildings	30 - 50 years	2.0% - 3.3%
Furniture and Equipment	10 years	10%
Plant and Equipment	10 years	10%
Infrastructure		
- Sealed Roads		
R/Base	50 years	2%
Bitumen	10 years	10%
- Gravel Roads		
R/Base	50 years	2%
Bitumen	10 years	10%
- Formed/Unsealed Roads		
R/Base	50 years	2%
- Footpaths	10 years	10%
- Water Drainage	40 years	2.5%
- Airstrip		
G/Sheet	10 years	10%
Bitumen	10 years	10%

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.

***Capitalisation threshold***

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

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

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.

***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.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

**Income approach**

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

**Cost approach**

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

***Classification and subsequent measurement (continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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



**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the 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.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

The 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.

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

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

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

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

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

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

**(r) Superannuation**

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(v) Budget Comparative Figures**

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.  It will require changes to reflect the impact of AASB 15.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(x) Adoption of New and Revised 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 new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities



**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>2. REVENUE AND EXPENSES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	22,436	19,500
- Other Services	2,080	14,891
<b>Depreciation</b>		
Buildings - non-specialised	55,265	50,600
Buildings - specialised	136,992	161,026
Furniture and equipment	8,645	4,987
Plant and equipment	91,358	76,946
Roads	513,635	512,239
Footpaths	14,252	14,438
Drainage	0	3,474
Airstrip	9,980	30,234
Water	13,253	2,331
Other	78,831	73,361
	<u>922,211</u>	<u>929,636</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	16,205	19,545
	<u>16,205</u>	<u>19,545</u>
<b>Rental charges</b>		
- Operating leases	60,992	65,896
	<u>60,992</u>	<u>65,896</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Reimbursements and recoveries	273,437	182,037
Other	30,571	42,305
	<u>304,008</u>	<u>224,342</u>
	<u>922,211</u>	<u>929,636</u>
	<b>2016</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		
- Loans receivable - clubs/institutions	2,027	0
- Reserve funds	17,896	12,964
- Other funds	22,266	25,000
Other interest revenue (refer note 27)	10,741	10,130
	<u>52,930</u>	<u>53,667</u>
	<u>52,930</u>	<u>53,667</u>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective**

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

***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.

***Shire of Trayning Vision Statement***

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 good social values and engaged youth. Our natural assets are valued, protected and enhanced for future generations.

**GOVERNANCE**

Administration and operation of facilities and services to members of Council. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various local laws, fire prevention, emergency services and animals.

**HEALTH**

Food quality control, pest control, immunisation services and community health service inspection.

**EDUCATION AND WELFARE**

Operation of Home and Community Care services, assistance to playgroups and other voluntary services.

**HOUSING**

Maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

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**

Maintenance of halls, community centres, aquatic centre, recreation facilities and reserves, operation of library, TV retransmission and preparation of Shire history.

**TRANSPORT**

Construction and maintenance of streets and roads, cleaning and lighting of streets, depot maintenance, airstrip maintenance and vehicle licensing services.

**ECONOMIC SERVICES**

Regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and economic services.

**OTHER PROPERTY & SERVICES**

Private works operations, plant repairs and operation costs.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Dept. of Agriculture - Dry Season Assistance	GPF	1,398		(1,398)	0			0
MRWA - Grain Freight Route	Transprt	116,038	469,600	(585,638)	0			0
Dept. of Regional Development & Lands - CLGF (Individual) - Accommodation Units	Housing	347,999	0	(54,695)	293,304 <sup>(**)</sup>	0	(293,304)	0
Dept. of Regional Development & Lands - CLGF (Regional) - Accommodation Units	Housing	0	735,260	0	735,260 <sup>(**)</sup>	0	(735,260)	0
NEWROC - Biofund	Economic Services	442,265	491,128	(648,157)	285,236	440,480	(487,574)	238,142
NRM - Biodiversity Grant	Economic Services	15,477	0	(7,011)	8,466	0	(4,582)	3,884
Wheatbelt Development Commission - Creating Aged Friendly Communities	Education & Welfare	0	44,374	0	44,374	0	(44,374)	0
Department of Water - Community Water Grant	Economic Services	0	40,920	(37,896)	3,024	0	(3,024)	0
Department of Infrastructure & Regional Development - Roads to Recovery Grant	Transprt	0	0	0	0	604,571	(567,451)	37,120
<b>Total</b>		<b>923,177</b>	<b>1,781,282</b>	<b>(1,334,795)</b>	<b>1,369,664</b>	<b>1,045,051</b>	<b>(2,135,569)</b>	<b>279,146</b>

**Notes:**

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

- Unspent Grants have been represented as follows:

	2015/16 \$	2014/15 \$
Muni Funds Restricted - Note 3	279,146	341,100
(**) Unspent Grants Reserve - Note 3	0	1,028,564
	<u>279,146</u>	<u>1,369,664</u>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Cash on Hand - Unrestricted		400	400
Cash at Bank - Municipal		412,625	1,300,044
Restricted - Reserves		<u>1,092,747</u>	<u>1,686,582</u>
		<u><u>1,505,772</u></u>	<u><u>2,987,026</u></u>

Cash at Bank - Municipal

Unrestricted Cash		133,479	958,944
Restricted Cash (refer to note 2(c))		<u>279,146</u>	<u>341,100</u>
		<u><u>412,625</u></u>	<u><u>1,300,044</u></u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave reserve	11	28,509	27,715
Plant reserve	11	355,061	207,423
Building reserve	11	8,792	8,547
Facilities Reserve	11	7,249	7,047
Medical Reserve	11	53,404	51,916
Rubbish Tip Reserve	11	28,719	14,157
Swimming Pool Reserve	11	8,639	8,399
Unspent Grants & Loans Reserve	11	350,000	1,162,939
Community Recreation Centre Reserve	11	<u>252,374</u>	<u>198,439</u>
		<u><u>1,092,747</u></u>	<u><u>1,686,582</u></u>

**4. TRADE AND OTHER RECEIVABLES**

**Current**

Rates outstanding		126,419	112,799
Sundry debtors		67,456	121,859
GST receivable		58,104	0
Loans receivable - clubs/institutions		4,010	3,866
Less: Provision for Doubtful Debts		(67,821)	(48,690)
Accrued Income		4,149	4,629
Prepayments		<u>0</u>	<u>9,644</u>
		<u><u>192,317</u></u>	<u><u>204,107</u></u>

**Non-current**

Rates outstanding - pensioners		41,355	40,453
Loans receivable - clubs/institutions		<u>35,243</u>	<u>39,253</u>
		<u><u>76,598</u></u>	<u><u>79,706</u></u>

**5. INVENTORIES**

**Current**

Fuel and materials		24,086	48,194
		<u>24,086</u>	<u>48,194</u>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2015 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent Valuation 2014 - Level 2	236,000	236,000
- Independent Valuation 2014 - Level 3	<u>24,000</u>	<u>24,000</u>
	260,000	260,000
	<u>260,000</u>	<u>260,000</u>
Buildings - non-specialised at:		
- Independent Valuation 2014 - Level 2	1,690,000	1,860,000
- Additions after valuation - cost	323,773	318,243
Less: accumulated depreciation	<u>(97,823)</u>	<u>(50,600)</u>
	1,915,950	2,127,643
Buildings - specialised at:		
- Independent Valuation 2014 - Level 3	10,350,756	10,350,756
- Additions after valuation - cost	1,461,028	97,935
Less: accumulated depreciation	<u>(3,620,105)</u>	<u>(3,483,113)</u>
	8,191,679	6,965,578
	<u>10,107,629</u>	<u>9,093,221</u>
Total land and buildings	<u>10,367,629</u>	<u>9,353,221</u>
Furniture and equipment at:		
- Management Valuation 2013 - Level 3	0	49,875
- Management Valuation 2016 - Level 2	12,704	0
- Management Valuation 2016 - Level 3	45,913	0
- Additions after valuation - cost	0	28,527
Less accumulated depreciation	<u>0</u>	<u>(9,974)</u>
	58,617	68,428
Plant and equipment at:		
- Independent Valuation 2013 - Level 2	0	714,546
- Management Valuation 2013 - Level 3	0	1,194
- Independent Valuation 2016 - Level 2	615,909	0
- Additions after valuation - cost	0	117,976
Less accumulated depreciation	<u>0</u>	<u>(146,813)</u>
	615,909	686,903
Works in Progress	0	684
	<u>11,042,155</u>	<u>10,109,236</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 property, plant and equipment to be shown at fair value.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Other \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	260,000	0	0	0	0	0	0	0	260,000
<b>Total land</b>	<b>260,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>260,000</b>
Buildings - non-specialised	2,127,643	5,530	(161,958)	0	0	0	(55,265)	0	1,915,950
Buildings - specialised	6,965,578	1,622,416	0	0	0	0	(136,992)	(259,323)	8,191,679
<b>Total buildings</b>	<b>9,093,221</b>	<b>1,627,946</b>	<b>(161,958)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(192,257)</b>	<b>(259,323)</b>	<b>10,107,629</b>
<b>Total land and buildings</b>	<b>9,353,221</b>	<b>1,627,946</b>	<b>(161,958)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(192,257)</b>	<b>(259,323)</b>	<b>10,367,629</b>
Furniture and equipment	68,428	13,650	(3,096)	(2,872)	0	0	(8,645)	(8,848)	58,617
Plant and equipment	686,903	123,407	(2,109)	(83,752)	0	0	(91,358)	(17,182)	615,909
Works in Progress	684	0	0	0	0	(684)	0	0	0
<b>Total property, plant and equipment</b>	<b>10,109,236</b>	<b>1,765,003</b>	<b>(167,163)</b>	<b>(86,624)</b>	<b>0</b>	<b>(684)</b>	<b>(292,260)</b>	<b>(285,353)</b>	<b>11,042,155</b>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Land - freehold	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare
Land - freehold	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2016	Price per item

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

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2015 \$
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Management Valuation 2015 - Level 3	71,194,015	71,194,015
- Additions after valuation - cost	1,103,031	0
Less accumulated depreciation	<u>(13,444,716)</u>	<u>(12,931,081)</u>
	58,852,330	58,262,934
Footpaths		
- Management Valuation 2015 - Level 3	1,071,597	1,071,597
Less accumulated depreciation	<u>(734,537)</u>	<u>(720,285)</u>
	337,060	351,312
Airstrip		
- Management Valuation 2015 - Level 3	891,072	891,072
Less accumulated depreciation	<u>(78,927)</u>	<u>(68,947)</u>
	812,145	822,125
Water		
- Management Valuation 2015 - Level 3	657,000	657,000
Less accumulated depreciation	<u>(441,253)</u>	<u>(428,000)</u>
	215,747	229,000
Other		
- Independent Valuation 2014 - Level 3	2,678,064	2,678,064
- Additions after valuation - cost	455,302	157,636
Less accumulated depreciation	<u>(719,074)</u>	<u>(631,660)</u>
	2,414,292	2,204,040
	<u>62,631,574</u>	<u>61,869,411</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.



**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	58,262,934	1,103,031	0	0	0	0	(513,635)	0	58,852,330
Footpaths	351,312	0	0	0	0	0	(14,252)	0	337,060
Airstrip	822,125	0	0	0	0	0	(9,980)	0	812,145
Water	229,000	0	0	0	0	0	(13,253)	0	215,747
Other	2,204,040	3,730	0	0	0	0	(78,831)	285,353	2,414,292
<b>Total infrastructure</b>	<b><u>61,869,411</u></b>	<b><u>1,106,761</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(629,951)</u></b>	<b><u>285,353</u></b>	<b><u>62,631,574</u></b>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Footpaths</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Airstrip</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Water</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Other</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	119,458	149,047
GST Payable	0	2,171
PAYG Payable	17,771	13,414
FBT Liability	10,523	8,996
Accrued Interest on Loans	3,946	4,920
Accrued Salaries and Wages	42,940	35,080
	<b>194,638</b>	<b>213,628</b>
	<b>194,638</b>	<b>213,628</b>

**9. LONG-TERM BORROWINGS**

**Current**

Secured by floating charge  
 Debentures

	96,013	111,470
	<b>96,013</b>	<b>111,470</b>
	<b>96,013</b>	<b>111,470</b>

**Non-current**

Secured by floating charge  
 Debentures

	630,902	306,915
	<b>630,902</b>	<b>306,915</b>
	<b>630,902</b>	<b>306,915</b>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	51,633	94,497	146,130
Non-current provisions		9,979	9,979
	<b>51,633</b>	<b>104,476</b>	<b>156,109</b>
Additional provision	15,034	0	15,034
Amounts used	0	(4,723)	(4,723)
<b>Balance at 30 June 2016</b>	<b>66,667</b>	<b>99,753</b>	<b>166,420</b>
	<b>66,667</b>	<b>99,753</b>	<b>166,420</b>
<b>Comprises</b>			
Current	66,667	81,443	148,110
Non-current	0	18,310	18,310
	<b>66,667</b>	<b>99,753</b>	<b>166,420</b>
	<b>66,667</b>	<b>99,753</b>	<b>166,420</b>

**SHIRE OF TRAYNING**  
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**11. RESERVES - CASH BACKED**

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	27,715	794	0	28,509	27,359	693		28,052	26,682	1,033		27,715
Plant reserve	207,423	238,638	(91,000)	355,061	204,762	237,536	(91,000)	351,298	210,437	206,986	(210,000)	207,423
Building reserve	8,547	245	0	8,792	8,458	25,000	0	33,458	8,249	298	0	8,547
Facilities Reserve	7,047	202	0	7,249	7,047	176	0	7,223	6,835	212	0	7,047
Medical Reserve	51,916	1,488	0	53,404	51,251	1,298	0	52,549	49,982	1,934	0	51,916
Rubbish Tip Reserve	14,157	14,562	0	28,719	14,039	354	0	14,393	13,641	516	0	14,157
Swimming Pool Reserve	8,399	240	0	8,639	8,312	210	0	8,522	8,116	283	0	8,399
Unspent Grants & Loans Reserve	1,162,939	350,000	(1,162,939)	350,000	1,162,941	0	(1,162,941)	0	923,177	1,163,141	(923,379)	1,162,939
Community Recreation Centre Reserve	198,439	53,935	0	252,374	197,131	50,662	(185,000)	62,793	108,832	194,607	(105,000)	198,439
	<u>1,686,582</u>	<u>660,104</u>	<u>(1,253,939)</u>	<u>1,092,747</u>	<u>1,681,300</u>	<u>315,929</u>	<u>(1,438,941)</u>	<u>558,288</u>	<u>1,355,951</u>	<u>1,569,010</u>	<u>(1,238,379)</u>	<u>1,686,582</u>

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

In accordance with council resolutions 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
Leave reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Plant reserve	Ongoing	- to be used for the purchase of major plant.
Building reserve	Ongoing	- to be used for the construction of housing and other facilities.
Facilities Reserve	Ongoing	- to be used to provide new facilities to the shire.
Medical Reserve	Ongoing	- to be used to maintain the services of a doctor and other medical services.
Rubbish Tip Reserve	Ongoing	- to be used to upgrade and expand rubbish tips within the Shire.
Swimming Pool Reserve	Ongoing	- to be used upgrade the swimming pool and aquatic centre facilities.
Unspent Grants & Loans Reserve	Ongoing	- to be used to set aside grant and loan funds received and committed to be spent on specific projects or in future financial reporting periods.
Community Recreation Centre Reserve	June 2017	- to be used for the construction of a Community Recreation Centre

**12. REVALUATION SURPLUS**

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	5,629,650	0	0	0	5,629,650	5,629,650	0	0	0	5,629,650
Furniture and equipment	16,290	0	(2,872)	(2,872)	13,418	16,290	0	0	0	16,290
Plant and equipment	167,051	0	(83,752)	(83,752)	83,299	167,051	0	0	0	167,051
Roads	44,605,609	0	0	0	44,605,609	0	44,605,609	0	44,605,609	44,605,609
Footpaths	324,341	0	0	0	324,341	0	324,341	0	324,341	324,341
Airstrip	734,439	0	0	0	734,439	0	734,439	0	734,439	734,439
Water	190,556	0	0	0	190,556	0	190,556	0	190,556	190,556
Other	1,616,985	0	0	0	1,616,985	1,616,985	0	0	0	1,616,985
	<u>53,284,921</u>	<u>0</u>	<u>(86,624)</u>	<u>(86,624)</u>	<u>53,198,297</u>	<u>7,429,976</u>	<u>45,854,945</u>	<u>0</u>	<u>45,854,945</u>	<u>53,284,921</u>

Movements on revaluation of fixed assets 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.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>1,505,772</u>	<u>618,884</u>	<u>2,987,026</u>

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

Net result	(38,405)	(257,985)	2,406,355
Non-cash flows in Net result:			
Depreciation	922,211	969,595	929,636
(Profit)/Loss on sale of asset	52,163	106,133	8,325
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	11,032	25,200	447,718
(Increase)/Decrease in inventories	24,108	(2,500)	(9,599)
(Increase)/Decrease in work in progress	684	0	0
Increase/(Decrease) in payables	(18,990)	(75,000)	(236,319)
Increase/(Decrease) in provisions	10,311	0	858
Grants contributions for the development of assets	<u>(968,917)</u>	<u>(1,058,640)</u>	<u>(2,442,183)</u>
Net cash from operating activities	<u>(5,803)</u>	<u>(293,197)</u>	<u>1,104,791</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	200,000	200,000
Credit card limit	7,000	7,000
Credit card balance at balance date	<u>(1,720)</u>	<u>0</u>
<b>Total amount of credit unused</b>	<u>205,280</u>	<u>207,000</u>
<b>Loan facilities</b>		
Loan facilities - current	96,013	111,470
Loan facilities - non-current	<u>630,902</u>	<u>306,915</u>
<b>Total facilities in use at balance date</b>	<u>726,915</u>	<u>418,385</u>
<b>Unused loan facilities at balance date</b>	<u>350,000</u>	<u>134,376</u>

**SHIRE OF TRAYNING**  
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**14. CONTINGENT LIABILITIES**

Council have no Contingent Liabilities at 30 June 2016.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	20,425	60,992
- later than one year but not later than five years	<u>0</u>	<u>20,425</u>
	<u><u>20,425</u></u>	<u><u>81,417</u></u>

**(b) Capital Expenditure Commitments**

Contracted for:		
- capital expenditure projects	479,112	0
Payable:		
- not later than one year	479,112	0

The capital expenditure project outstanding amount of \$479,112 at the end of the current reporting period is for the upgrade of the Community Recreation Centre.

Capital expenditure commitment figures above are excluding GST.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. JOINT VENTURE ARRANGEMENTS**

The Shire together with the Shires of Wyalkatchem, Koorda and Mt Marshall have a joint venture arrangement with regard to the provision of an Environmental Health Service. The assets previously identified no longer exist and have consequently been removed from the asset register during the 2012/2013 year.

The Shire together with the Shires of Mt Marshall, Mukinbudin and Nungarin have a joint venture arrangement with regard to the Kununoppin Medical Practice. There are no Assets. Council has a percentage based agreement with the other shires, whereby income and expenditure is split four ways as follows: Shire of Trayning 30%, Shire of Mt Marshall 30%, Shire of Mukinbudin 30%, Nungarin 10%. There is no profit on this Joint Venture.

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	1,199,707	2,018,240
General purpose funding	167,774	153,252
Law, order, public safety	97,117	98,383
Health	53,404	51,916
Education and welfare	248,047	298,101
Housing	4,343,505	4,336,361
Community amenities	211,980	199,855
Recreation and culture	6,304,913	5,985,616
Transport	60,950,850	60,233,136
Economic services	822,725	769,484
Other property and services	982,083	1,038,179
Unallocated	90,397	115,157
	<u>75,472,502</u>	<u>75,297,680</u>

**SHIRE OF TRAYNING**  
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<b>18. FINANCIAL RATIOS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Current ratio	0.85	2.73	0.89
Asset sustainability ratio	1.12	1.79	4.01
Debt service cover ratio	(0.54)	11.92	3.03
Operating surplus ratio	(0.67)	0.37	4.51
Own source revenue coverage ratio	0.40	0.37	0.37

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

**(a)** Information relating to the **Asset Consumption Ratio** and **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 56 of this document.

**(b)** For 2016,

The Debt Service Cover and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2016 which saw the advance payment of the of the following year's grants cease. This created a timing difference which resulted in an amount of some \$748,031 less revenue for the year.

**(c)** For 2015,

The Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by an item of revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAG's) of \$748,031 which was received prior to year-end.

**(d)** For 2014,

The Debt Service Cover and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment of the first quarter of the following year cease. This created a timing difference which resulted in an amount of some \$682,286 less revenue for the year.

Items (b) to (d) mentioned above are considered "one-off" timing/non cash in nature and, if they are ignored, the calculations disclosed in the columns above would be as follows:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Current Ratio	As above	1.05	As above
Debt Service Cover Ratio	5.32	5.76	8.91
Operating Surplus Ratio	(0.17)	(0.18)	5.07



**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**19. TRUST FUNDS**

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Football Club Funds	3,348	0	0	3,348
Councillor Nominations	0	320	(320)	0
Toy Library	771	0	0	771
Red FM Radio/Gym	317	0	0	317
Kununoppin Fire Brigade	500	0	0	500
Shire Housing Bonds	6,942	3,960	(2,594)	8,308
Trayning Golf Club	4,103	0	0	4,103
Badminton Funds	387	0	0	387
Unidentified Deposits	3,017	0	0	3,017
South Ninghan Catchment Group Funds	2,416	0	0	2,416
Repertory Funds	1,707	0	0	1,707
Aqua Bubble Donations	971	0	0	971
Ninghan Farm Focus Group	250	0	0	250
Ninghan Fitness Centre	707	470	(703)	474
Trayning Golf Club	0	1,800	0	1,800
Playgroup Funds	0	1,226	0	1,226
	<u>25,436</u>			<u>29,595</u>

**20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Housing</b>								
House - Lot 142 Adam St, Trayning	161,958	115,000	0	(46,958)	164,333	80,000	0	(84,333)
House - Lot 59 Glass St, Trayning	0	0	0	0	25,000	70,000	45,000	0
<b>Recreation and culture</b>								
Anglican Church - Trayning	0	0	0	0	121,800	25,000	0	(96,800)
<b>Transport</b>								
Old Tipper Bowl	0	0	0	0	0	30,000	30,000	0
F & E Under Threshold	3,096	0	0	(3,096)	0	0	0	0
P & E Under Threshold	2,109	0	0	(2,109)	0	0	0	0
	<u>167,163</u>	<u>115,000</u>	<u>0</u>	<u>(52,163)</u>	<u>311,133</u>	<u>205,000</u>	<u>75,000</u>	<u>(181,133)</u>

**SHIRE OF TRAYNING**  
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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>								
Loan 63 - Construction of GEHA House	25,743	0	25,743	25,743	0	0	813	1,168
<b>Recreation &amp; Culture</b>								
Loan 62 - Gymnasium Building & Equipment	5,163	0	5,163	5,162	0	1	142	150
Loan 69 - CRC Renovations	0	350,000	0	0	350,000	0	128	
<b>Transport</b>								
Loan 62 - Portion of Vibe Roller	3,933	0	3,933	3,933	0	0	108	114
Loan 66 - Grader	80,732	0	30,920	30,920	49,812	49,812	3,991	4,226
<b>Economic services</b>								
Loan 62 - Stage 1 Caravan Park Relocation (Construction of Ablution Block)	3,196	0	3,196	3,196	0	0	88	93
Loan 68 - Trayning Fuel Station	165,000	0	14,331	14,551	150,669	150,449	4,730	4,737
Loan 69 - Caravan Park Ablutions	0	0	0	0	0	200,000	0	0
Laon 70 - Trayning Fuel Station	0	70,000	0	0	70,000	70,000	20	0
<b>Other property and services</b>								
Loan 65 - Construction of Works Crew House	91,499	0	24,318	24,317	67,181	67,182	4,679	4,917
	375,266	420,000	107,604	107,822	687,662	537,444	14,699	15,405
<b>Self Supporting Loans</b>								
<b>Recreation &amp; Culture</b>								
Loan 67 - Bowls Surface (*)	43,119	0	3,866	3,867	39,253	39,252	1,506	1,556
	43,119	0	3,866	3,867	39,253	39,252	1,506	1,556
	418,385	420,000	111,470	111,689	726,915	576,696	16,205	16,961

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

**SHIRE OF TRAYNING**  
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**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent
	Actual	Budget						Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Loan 70 - Trayning Fuel Station	70,000	70,000	WATC	Debenture	10	10,272	2.69%	70,000	70,000	0
New Loan - Caravan Park Ablutions	0	200,000	WATC	Debenture	15	0	4.00%	0	200,000	0
Loan 69 - CRC Renovations	350,000	0	WATC	Debenture	20	132,628	3.34%	0	0	350,000
	<u>420,000</u>	<u>270,000</u>				<u>142,900</u>		<u>70,000</u>	<u>270,000</u>	<u>350,000</u>

(c) Unspent Debentures

Particulars	Date Borrowed	Balance	Borrowed	Expended	Balance	
		1 July 15	During Year	During Year	30 June 16	
		\$	\$	\$	\$	
Loan 68 - Trayning Fuel Station	Jan 2015	134,376	0	(134,376)	0	@
Loan 69 - CRC Renovations	Jun 2016	0	350,000	0	350,000	#
		<u>134,376</u>	<u>350,000</u>	<u>(134,376)</u>	<u>350,000</u>	

@ - The unspent loan funds were transferred to the Shire's Unspent Grants & Loans Reserve as at 30 June 2015.

# - The unspent loan funds have been transferred to the Shire's Unspent Grants & Loans Reserve as at 30 June 2016.

(d) Overdraft

Overdraft - Council has an overdraft facility of \$200,000 with Westpac Bank which was taken out in June 2007. The balance of the bank overdraft at the bank as at 30 June 2015 and 30 June 2016 was \$Nil.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>General Rate</b>											
<b>Gross rental value valuations</b>											
GRV - Kununoppin / Trayning/Yelbeni	21.2192	108	588,236	124,819	(605)	0	124,214	124,819	0	0	124,819
GRV - Commercial	21.2192	12	84,010	17,826	0	0	17,826	17,826	0	0	17,826
<b>Unimproved value valuations</b>											
UV - Rural	1.9465	207	41,353,500	804,946	0	0	804,946	805,491	0	0	805,491
<b>Sub-Total</b>		327	42,025,746	947,591	(605)	0	946,986	948,136	0	0	948,136
<b>Minimum payment</b>											
<b>Minimum payment</b>	\$										
<b>Gross rental value valuations</b>											
GRV - Kununoppin / Trayning/Yelbeni	300	36	13,148	10,800	0	0	10,800	10,800	0	0	10,800
GRV - Commercial	300	2	455	600	0	0	600	600	0	0	600
<b>Unimproved value valuations</b>											
UV - Rural	300	5	42,400	1,500	0	0	1,500	1,500	0	0	1,500
<b>Sub-Total</b>		43	56,003	12,900	0	0	12,900	12,900	0	0	12,900
		<b>370</b>	<b>42,081,749</b>	<b>960,491</b>	<b>(605)</b>	<b>0</b>	<b>959,886</b>	<b>961,036</b>	<b>0</b>	<b>0</b>	<b>961,036</b>
Discounts/concessions (refer note 26)							(37,705)				(35,000)
<b>Total amount raised from general rate</b>							<b>922,181</b>				<b>926,036</b>
Specified Area Rate (refer note 24)							0				0
Movement in Excess Rates							432				0
Ex-gratia rates							11,756				11,757
Rates Written Off							(835)				(5,000)
<b>Totals</b>							<b>933,534</b>				<b>932,793</b>

**SHIRE OF TRAYNING**  
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**23. NET CURRENT ASSETS**

Composition of net current assets

	<b>2016</b> <b>(30 June 2016</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>	<b>2016</b> <b>(1 July 2015</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>	<b>2015</b> <b>(30 June 2015</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>311,179</u>	<u>1,216,836</u>	<u>1,216,836</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	133,879	959,344	959,344
Restricted	1,371,893	2,027,682	2,027,682
Receivables			
Rates outstanding	126,419	112,799	112,799
Sundry debtors	67,456	121,859	121,859
GST receivable	58,104	0	0
Loans receivable - clubs/institutions	4,010	3,866	3,866
Less: Provision for Doubtful Debts	(67,821)	(48,690)	(48,690)
Accrued Income	4,149	4,629	4,629
Prepayments	0	9,644	9,644
Inventories			
Fuel and materials	24,086	48,194	48,194
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry Creditors	(119,458)	(149,047)	(149,047)
GST Payable	0	(2,171)	(2,171)
PAYG Payable	(17,771)	(13,414)	(13,414)
FBT Liability	(10,523)	(8,996)	(8,996)
Accrued Interest on Loans	(3,946)	(4,920)	(4,920)
Accrued Salaries and Wages	(42,940)	(35,080)	(35,080)
Current portion of long term borrowings			
Secured by floating charge	(96,013)	(111,470)	(111,470)
Provisions			
Provision for annual leave	(66,667)	(51,633)	(51,633)
Provision for long service leave	(81,443)	(94,497)	(94,497)
<b>Unadjusted net current assets</b>	<u><b>1,283,414</b></u>	<u><b>2,768,099</b></u>	<u><b>2,768,099</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,092,747)	(1,686,582)	(1,686,582)
Less: Loans receivable - clubs/institutions	(4,010)	(3,866)	(3,866)
Add: Current portion of long term borrowings			
Secured by floating charge	96,013	111,470	111,470
Add: Component of Leave Liability not required to be funded	28,509	27,715	27,715
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><u><b>311,179</b></u></u>	<u><u><b>1,216,836</b></u></u>	<u><u><b>1,216,836</b></u></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF TRAYNING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

No specified area rates were levied in the 2015/16 financial year.

**25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

**Rates Discounts**

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General Rates	5.00%	37,705	35,000	A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice
Rate Assessment	Write-Off	835	5,000	
		<u>38,540</u>	<u>40,000</u>	

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment with discount	18-Sep-15			11.00%
<b>Option Two</b>				
Single full payment with no discount	02-Oct-15			11.00%
<b>Option Three</b>				
First Instalment	02-Oct-15			11.00%
Second Instalment	02-Dec-15	5	5.50%	11.00%
Third Instalment	02-Feb-16	5	5.50%	11.00%
Fourth Instalment	02-Apr-16	5	5.50%	11.00%
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			8,974	4,000
Interest on instalment plan			1,267	1,300
Interest on Unpaid ESL			500	200
Charges on instalment plan			1,020	1,000
			<u>11,761</u>	<u>6,500</u>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>28. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	26,354	7,491
General purpose funding	1,020	830
Law, order, public safety	1,441	3,392
Health	30,720	33,908
Housing	40,694	56,398
Community amenities	51,665	48,922
Recreation and culture	8,959	8,722
Economic services	24,827	19,774
Other property and services	31,208	44,876
	<u>216,888</u>	<u>224,313</u>

There were two changes during the year to the schedule fees or charges detailed in the original budget. Promotional material in the form of coffee cups and stubby holders were added to the Shire's schedule of fees and charges.

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	0	15,000
General purpose funding	494,008	1,527,691
Law, order, public safety	4,000	13,091
Housing	0	4,160
Recreation and culture	2,000	0
Transport	332,991	775,473
Economic services	440,480	491,128
	<u>1,273,479</u>	<u>2,826,543</u>
<b>Non-operating grants, subsidies and contributions</b>		
Education and welfare	0	44,374
Housing	0	735,260
Recreation and culture	46,051	146,260
Transport	922,762	941,159
Economic services	104	40,920
	<u>968,917</u>	<u>1,907,973</u>
	<u>2,242,396</u>	<u>4,734,516</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>17</u>	<u>16</u>
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**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>31. ELECTED MEMBERS REMUNERATION</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	<b>\$</b>
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	34,485	33,155	30,360
President's allowance	12,350	12,350	12,350
Deputy President's allowance	8,300	3,088	8,200
Additional Duties Allowance	0	5,212	0
Travelling expenses	4,543	4,500	4,067
IT Allowance	4,125	3,850	0
Telecommunications allowance	11,625	10,850	10,850
	<u>75,428</u>	<u>73,005</u>	<u>65,827</u>

**32. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16 financial year.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**34. FINANCIAL RISK MANAGEMENT**

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

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 Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	1,505,772	2,987,026	1,505,772	2,987,026
Receivables	268,915	283,813	268,915	283,813
	<u>1,774,687</u>	<u>3,270,839</u>	<u>1,774,687</u>	<u>3,270,839</u>
<b>Financial liabilities</b>				
Payables	194,638	213,628	194,638	213,628
Borrowings	726,915	418,385	763,571	435,387
	<u>921,553</u>	<u>632,013</u>	<u>958,209</u>	<u>649,015</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(a) Cash and Cash Equivalents**

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

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

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

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	23,741	23,150
- Statement of Comprehensive Income	23,741	23,150

*Notes:*

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

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

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

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

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

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

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

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	60%	83%
- Overdue	40%	17%

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

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

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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.

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	194,638	0	0	194,638	194,638
Borrowings	121,606	292,342	495,977	909,925	726,915
	<u>316,244</u>	<u>292,342</u>	<u>495,977</u>	<u>1,104,563</u>	<u>921,553</u>
<b><u>2015</u></b>					
Payables	213,628	0	0	213,628	213,628
Borrowings	129,172	225,590	121,403	476,165	418,385
	<u>342,800</u>	<u>225,590</u>	<u>121,403</u>	<u>689,793</u>	<u>632,013</u>

**SHIRE OF TRAYNING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Payables**  
**Borrowings (continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	49,812	67,181	0	0	609,922	726,915	3.63%
Weighted average Effective interest rate		5.78%	5.75%			3.22%		
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	38,035	0	80,732	91,499	0	208,119	418,385	4.50%
Weighted average Effective interest rate	5.95%		5.78%	5.75%		3.20%		

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## **INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF TRAYNING**

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Trayning, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

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

#### **Auditor's Responsibility**

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

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

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial report of the Shire of Trayning is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF TRAYNING (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

During the course of the audit we became aware of the following instance where the Shire did not comply with the Local Government Act (as amended) 1995:

**Budgeted General Rates**

Ministerial approval was not received for the amount of general rates in the budget being more than 110% of the budget deficiency in accordance with s6.34 of the Local Government Act.

**Fees and Charges**

Local public notice was not given in relation to a new short term rental charge for lot 111 Coronation Street of \$500 per week in accordance with s6.19 of the Local Government Act.

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 56 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 25 November 2016  
Perth, WA



**SHIRE OF TRAYNING  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.64	0.63	0.49
Asset renewal funding ratio	0.95	0.94	0.89

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$