



ANNUAL REPORT

2018-2019



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General Information

Administration Office

Address
Lot 66 Railway Street,
Trayning WA 6488

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

E-mail: admin@trayning.wa.gov.au

Website: 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: 350

Number of Electors: 241

Number of Dwellings: 130

Total Rates Levied: \$ 1.1 M

Total Revenue: \$ 3.26 M

Number of Employees: 12 (11 FTE)

SIGNIFICANT LOCAL EVENTS

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, Historical Rance Caravan, Trayning Tree Library Walk Trail, Historic Wells and members of the Wheatbelt Way and Pioneer Pathways.

ACCOMMODATION

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

SPORTING & RECREATION FACILITIES

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



Shire President's Report

Councillor Melanie Brown

SHIRE PRESIDENTS REPORT 2018/19

I am delighted to present the Presidents Report for the financial year ended 30th June 2019. Council have continued to work together as a united group making many decisions in relation to the community of the Shire of Trayning. The Community Consultation Policy that was adopted by Council this year has enabled us to have a stronger understanding of our residents needs and wishes for the Shire. We look forward to working with Staff and community on enhancing, maintaining and improving the wonderful place that is KTY.

COUNCILLORS

The 2018/19 year has been one of consolidation for Councillors and has seen us all work hard to bring a sense of stability to our roles. Cr Dale Vernon, who was first elected to Council in October 2017, resigned from Council in June 2018. An extraordinary election was held on 15 December 2018 and Jim Wilkins was duly elected to Council.

The addition of Cr Wilkins saw us return to our full contingent of seven councillors for the start of 2019.

Councillors have continued to be offered training opportunities to educate and up skill in all areas that are associated with Local Government. The first phase of the Local Government Act review has been completed and will have an impact on training requirements for all Councillors. I have attended courses on CEO Performance Management, Strategic Planning and Budgeting and Finance along with participating in a number of webinars. Cr Waters and I attended the WALGA Local Government Convention and met with representatives for the Minister for Transport. This meeting resulted in consultants from Main Roads coming out to look at the road between Trayning and Nembudding and gave Council and local transport operators an opportunity to advocate for an upgrade to occur.

Councillors have attended monthly Council meetings as well as external meetings and local committee meetings including but not limited to:

- North Eastern Wheatbelt Regional Organisation of Councils (NEWROC)
- NEW Travel
- NEW Health
- Regional Road Group
- WALGA Great Eastern Country Zone
- Central Eastern Aged Care Alliance (CEACA)



Shire President's Report

Continued

Local Emergency Management Committee (LEMC)

Kununoppin Medical Practice

Local Health Advisory Group (LHAG)

KTY Development Group

Kununoppin Sports & Progress

I would like to thank all of our Councillors for their continued contribution and dedication in advocating effectively on behalf of our community and residents. Thanks, must also go to our Deputy President, Cr Waters, for his ongoing guidance and sage advice. Serving on Council is a rewarding experience but also very time consuming. I would like to take this opportunity to acknowledge our partners, families and work places for the wonderful support that they provide to us in our roles.

STAFF

We began the 2018/19 year with Mr Stephen Tindale (July) & Mr Pascoe Durtanovich (August) in Acting CEO roles. Mr Paul Sheedy filled the Acting CEO role from September 2018 until April 2019. Council was extremely lucky to secure the services of such experienced CEO's whilst we carried out our recruitment process with WALGA. Many thanks to them all for their work with Council and staff. I would like to express our gratitude to Mr Paul Sheedy for the eight months he spent with us. Paul worked tirelessly with staff, Council and community and was pivotal in guiding us through some difficult decisions and helping us to move forward with many projects.

Council were pleased to appoint Mr Brian Jones to the position of CEO in April 2019. Brian is a highly experienced CEO and Council are looking forward to working with Brian to achieve the goals outlined in our Strategic Community Plan and to continue to progress projects that are in their preliminary stages. I encourage you all to make Brian feel welcome amongst the community.

EMERGENCY MANAGEMENT & VOLUNTEERS

A core group of community members continue to volunteer their time across many levels within the Shire. The ongoing dedication of our St John Ambulance & Local Volunteer Fire & Emergency Services people is recognised and highly valued by Council & community alike.

The VFES members have attended fire events at local farm properties, Billyacatting Reserve, Trayning Primary School and a house fire in Trayning. The Primary School have also enjoyed a visit from the fire truck and the recovery vehicle during the course of the year. The staff and students always look forward to these informative and educational incursions.



Shire President's Report

Continued



I would like to use this forum to express my personal thanks and Councils for the diligent & professional manner that our local volunteers have displayed throughout the year.

Thank you to all of our community members who volunteer their time and are actively engaged in our many and varied groups that help to make our towns a wonderful place to reside. Volunteering develops a feeling of belonging amongst residents of all ages and can be very rewarding for the participants.

COUNCIL ACTIVITIES & PROJECTS

Strategic Community Plan

Council was pleased to complete our Strategic Community Plan for the period 2019 to 2029. This plan will form the basis for the community's long-term visions, values and priorities. The plan is a working document that will have a desktop review every two years to re-evaluate and measure our performance.

Trayning Aquatic Centre

During the financial year the Shire was successful in being allocated Federal Funding of \$363,317 under the Building Better Regions Fund program towards the proposed redevelopment of the Trayning Aquatic Centre building with the Shire required to match this funding. A Working Group consisting of community members, Councillors and the Acting Chief Executive Officer was formed to develop the plans for the new building which were completed in early 2019, with tenders being called in May 2019.

All tenders received were well over Budget and Council agreed to reduce the size and scope of the project to fit within the allocated Budget. At the end of the financial year the CEO was working with builders Cooper & Oxley to revise the plans accordingly.

Council would like to thank Melissa Price MP for her assistance in the Shire being successful with the Federal Government funding application and also to KTY Electrical Services, Great Southern Fuels, Trayning Hotel/Motel and Kununoppin Agencies who agreed to contribute cash to the project.

DFES Building

The Shire was also fortunate to receive a \$650,000 from the Department of Fire and Emergency Services (DFES) to construct a four (4) Bay appliance facility to allow for the housing of all the existing emergency service vehicles in one locality, with the Shire reserve land in Sutherland Street, Trayning being identified as suitable site. The Shire has now completed the changing of the purpose of the Reserve to allow the development to proceed in 2019/20.

Shire President's Report

Continued

Aged Housing (CEACA)

The two CEACA aged care units are well on the way to being finished in Kununoppin. The CEACA group has appointed Mr Terry Waldron as the independent chair and Mr Waldron is excited to be leading this project into the next stage.

Medical Services

Council continues to enjoy a good working relationship with Dr Walker and the Kununoppin Medical Practice committee. We were indeed fortunate and very pleased to have engaged the services of Dr Walker for another three years. The medical practice and the hospital form an integral part of the fabric of our community in providing care and employment for many of our residents. Our heartfelt thanks to Dr Walker and all of the staff at Kununoppin for their continued genuine manner in caring for all in our community and surrounds. I would also like to acknowledge the members of the Hospital Auxiliary for the amazing work and the financial assistance that they continue to provide for the hospital and patients. In particular I would like to commend them on the aged friendly garden that is nearly complete, this innovative project will not only benefit but bring much pleasure to our aged residents at Ninghan Lodge for many years to come.

The contribution to our Shire made by residents, ratepayers and the wider community is to be congratulated. Working together and grasping all opportunities available will ensure that our unique Shire of KTY continues to blossom and provide a wonderful place to live for many years to come. I am looking forward to continuing to engage with the community and working as a team to achieve & develop projects that reflect the nature of our Shire.



Chief Executive Officer's Report

Mr Brian Jones



I commenced as Chief Executive Officer on the 29 April 2019 following a period of Acting CEO's after the departure of Graham Merrick in June 2018. I would like to acknowledge the work done by Mr Paul Sheedy who was Acting CEO from August 2018 to April 2019.

This is a report by the Chief Executive Officer, in accordance with section 5.53 of the Local Government Act 1995, which states that the annual report is to include a report by the CEO and other prescribed information, such as the local government financials and the auditors' report.

FINANCIAL INFORMATION

The audited financial reports for the Shire of Trayning for the 2018/19 financial year are included in this Annual Report. In reading the financial reports it should be noted that the closing surplus (at 30 June 2019) of \$1,112,869 includes general purpose grants received from the grants commission in June 2019 of \$840,951 which are for the 2019/20 financial year and \$180,738 for a grant that has not been spent. When these two items are taken into account, the actual closing surplus is \$91,180.

STAFF MOVEMENTS

The 2018/19 financial year has seen a significant movement in staff with Works Supervisor, Rob Tanner, Pool Manager, Shaun Malone, Parks and Gardens staff David Dhu and Taran Palmer and Customer Service Officers, Jenny de Waal and Mary-Ann Summers leaving the organisation. All of these staff members are thanked for their efforts and commitments during their period of employment with the Shire.

Consequently the Shire welcomed a number of new staff during the financial year being; Parks & Gardens Leading Hand, Malcolm Tabner, Gardener Chantelle Frensham and Customer Service Officers, Jessica Bell and Ashlee Clarke.

ROADWORKS

The Shire completed the following road construction projects during the year:

Regional Road Group (two-thirds funded by MRWA)

Kununoppin-Mukinbudin Rd \$478,759 widen carriageway & reconstruct pavement, various sections

Roads to Recovery (100% Federal government funded)

Kellerberrin-Yelbeni Rd \$182,019 reformation & gravel sheeting.

Black Spot

Council also received \$76,660 towards the Black Spot road works program of \$114,990 to improve the intersection at the Doodlakine-Kununoppin/Letchford/Purdy/Kodjin Kodjan Roads, with this work being completed this financial year.

Chief Executive Officer's Report

Continued



STAFF HOUSING

The renovation of the staff house at 139A Felgate Parade, Trayning was completed during the financial year and has now been tenanted to a staff member. Council also took the opportunity during the year to dispose of surplus Shire housing with houses in Adam and Glass Streets, Trayning being sold to private landowners.

INFRASTRUCTURE DEVELOPMENT

Trayning Caravan Park Ablutions

The ongoing issues of water overflow, lifting floor coverings etc. in the Trayning Caravan Park ablutions was rectified with \$24,000 being spent on replacing the existing floor covering with tiles, rectifying the shower water drainage, retiling the shower area, rectifying damaged walls and installation of shower screens. This has greatly improved the appearance of the ablution and laundry areas and will substantially reduce future maintenance costs.

Shade Sails, Kununoppin

New shade sails over the playground equipment at the Kununoppin Community Centre at a cost of \$14,000 has greatly improved the ability to utilise this playground equipment during the hot summer months and provide protection to the young people using it.

Footpath Construction, Kununoppin

The construction of a new concrete footpath along Hughes Street, Kununoppin linking the seniors housing to the Community centre was completed during the financial year at a cost of \$25,600.

REGISTER OF MINOR COMPLAINTS

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

The Complaints Officer did not receive any minor breach complaints, pursuant to s5.121 of the Local Government Act 1995, during 2018-19 financial year

Brian Jones
Chief Executive Officer

Principal Environmental Health Officer's Report

Mr Peter Toboss

Overview of NEWHealth

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

Staffing

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

Project Works

The following works and project were undertaken during the 2018/19 financial year.

Health Services:

1. Food Safety

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

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

In 2018/19 financial year, there were 4 food businesses registered and operating in the shire. The PEHO completed 7 inspections over that period. Reports were issued for any issues requiring attention. No Improvement Orders or Prohibition Orders have been issued.

Food recalls are co-ordinated through the Shire of Trayning of which 44 were received for the 2018 – 2019 period and delivered out to respective food business where necessary.

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



Principal Environmental Health Officer's Report

Mr Peter Toboss



2. Public Building and Events

Under the Health (Public Buildings) Regulations 1992 the shire must create and maintain a Register of all the Public Buildings in their area. On taking up the role the PEHO updated this register. The PEHO carries out routine inspections of the Public Buildings and reports to the owner of the building on their condition.

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

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

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

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

3. Disability Access and Inclusion Plan

The Disability Services Act requires that shire have such a plan and report on its progress each year. Such a report and an updated version of the Shire of Trayning Plan was submitted to the Disability Services Commission (DSC) prior to its due date of 1 July 2019. The plan is currently being reviewed and updated to for next five years.

4. Trayning Aquatic Centre

The Health (Aquatic Facilities) Regulations requires that all public pools such as the Trayning pool are sampled and tested each month before and during the summer season. The Shire pool has been sampled throughout the swimming season of 2018/19. There were no failed samples in that period, indicating that the pool water quality was well managed and safe.

Principal Environmental Health Officer's Report

Mr Peter Toboss



5. Private Swimming Pool Inspection

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

6. Effluent Disposal Systems

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

The PEHO approved one system to one property during the 2018/19 period.

7. Recycling & Waste

The PEHO attended the 2018 Waste & Recycling conference as a representative of NEWROC Shires. The PEHO has a role in Shire waste management by providing the annual waste data to the relevant department.

Building Services

The number of building licences issued for the 2018/19 year was 5. The PEHO in consultation with the contract building surveyor completed and submitted monthly reports on:

- Building Services Levy (BSL) and;

Building Construction Industry Training Fund (BCITF).

The new *Building Act 2011* has added considerably to the permit requirements and the Building Surveyor encourages and welcomes people intending to build to come into the Shire office in order to find out what is now required. The PEHO has worked well to put everything on the right track and to expedite the building certification and permit process.

Planning Services

The Principal Environmental Health Officer worked with the Shires CEO and Planning Consultants in relation to the Shire Local Planning Scheme and other planning services during the 2018/19 financial year.

PETER TOBOSS

PRINCIPAL ENVIRONMENTAL HEALTH OFFICER.



Councillors and Meetings

Cr Melanie Brown

Cr Geoff Waters

Cr Freda Tarr

Cr Michelle McHugh

Cr Greg Yates

Cr Marlon Hudson

Cr Jim Wilkins



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.

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

The current members of Council consist of:

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

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

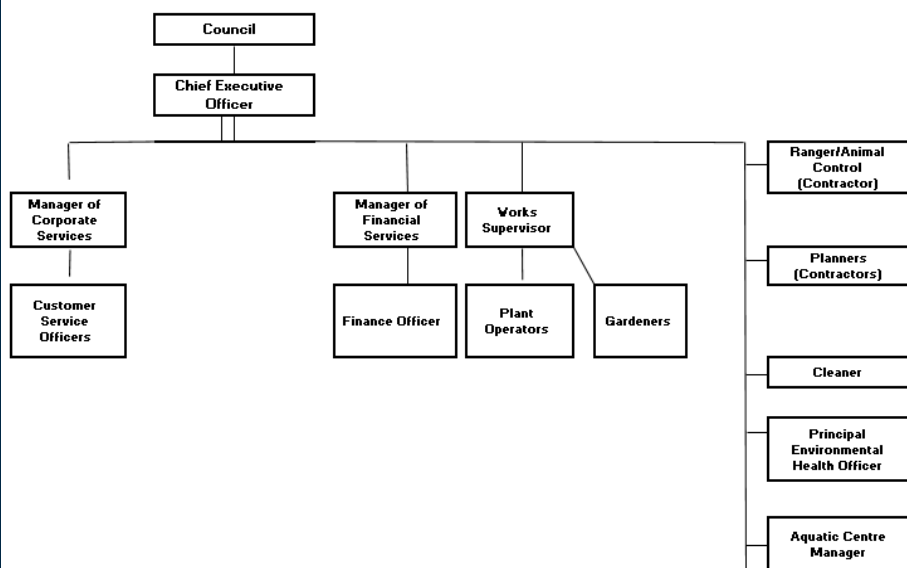
Council is also a member of the North Eastern Wheatbelt Regional Organisation of Councils, (NEWROC) which includes the Shires of Koorda, Nungarin, Mt Marshall, Mukinbudin and Wyalkatchem. The group works together to achieve greater resource sharing abilities.

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

Council Staff

As at 30 June 2019

Shire of Trayning Organisation Structure 2019



Administration Staff

Chief Executive Officer	Brian Jones
Environmental Health Officer	Peter Toboss
Manager of Corporate Services	Belinda Taylor
Manager of Financial Services	Jacqueline Cook

Customer Service Officers	Abbie Herrick
	Jessica Bell
	Ashlee Clarke

Works Staff

Works Supervisor	Robert Tanner
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Works Crew	Peter Salo
	Jade Griffiths
	Malcom Tabner
	Chantelle Frensham
	Anthony Bell
	Alfonso Ricetti
	Marc Pitts
	Gavin Cook

Aquatic Centre Manager	Shaun Malone
Shire Cleaner	Kade Taylor



Plan for the Future Overview

AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT

Major Initiatives Proposed or to Continue During 2018/2019

- Fencing of the Yelbeni & Kununoppin Tip Sites - Completed
- Renovations to Staff Housing - Completed
- Kununoppin Independent Living Units - Completed
- KTY Aquatic Centre Building Redevelopment – to be completed 2019/20
- Construction of DFES 4 Bay Appliance Facility - ongoing
- Kununoppin Playground Shade Sails - Completed

Major Initiatives Proposed or to Continue During 2019/2020

- KTY Aquatic Centre Building Redevelopment
- Construction of DFES 4 Bay Appliance Facility
- New Shire website
- Rance Caravan Display



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 2018-2023 are available upon request from the Shire Administration Office.



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.

LOCAL LAWS

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

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



Freedom Of Information

THE FOLLOWING COUNCIL DOCUMENTS AVAILABLE FOR INSPECTION

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

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

Council also delivers information to the public via the following:

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

FREEDOM OF INFORMATION REQUESTS

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

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

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

The Freedom of Information Officer

Shire of Trayning

PO Box 95

TRAYNING WA 6488



Other Statutory Requirements

PUBLIC INTEREST DISCLOSURE

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

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

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

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

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

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

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



Other Statutory Requirements

INFORMATION ON EMPLOYEE PAYMENTS

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

Shown below in bands is the number of employees:

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

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

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

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



Section 2

Financial



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SHIRE OF TRAYNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

To be an active, safe and vibrant community that works together with honesty and is respectful of the values of all.

Principal place of business:
Railway Street
Trayning WA 6488

**SHIRE OF TRAYNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Trayning for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Trayning at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 20th day of January 2020



BRIAN JONES

Name of Chief Executive Officer

SHIRE OF TRAYNING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	21(a)	1,145,159	1,138,848	1,144,145
Operating grants, subsidies and contributions	2(a)	1,733,430	1,572,709	1,610,166
Fees and charges	2(a)	239,444	223,762	271,220
Interest earnings	2(a)	20,054	37,521	42,429
Other revenue	2(a)	133,653	214,821	179,391
		3,271,740	3,187,661	3,247,351
Expenses				
Employee costs		(1,339,891)	(141,994)	(1,380,587)
Materials and contracts		(689,245)	(1,790,474)	(935,356)
Utility charges		(136,522)	(20,110)	(130,602)
Depreciation on non-current assets	10(b)	(922,347)	(1,016,630)	(846,259)
Interest expenses	2(b)	(18,789)	(17,508)	(21,930)
Insurance expenses		(93,272)	(129,643)	(89,534)
Other expenditure		(102,485)	0	(162,054)
		(3,302,551)	(3,116,359)	(3,566,322)
		(30,811)	71,302	(318,971)
Non-operating grants, subsidies and contributions	2(a)	524,904	388,005	912,936
Profit on asset disposals	10(a)	40,529	0	0
(Loss) on asset disposals	10(a)	(77,896)	(49,500)	(4,064)
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	52,551	0	0
		540,088	338,505	908,872
Net result for the period		509,277	409,807	589,901
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(16,439,125)
Total other comprehensive income for the period		0	0	(16,439,125)
Total comprehensive income for the period		509,277	409,807	(15,849,224)

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Governance		88,463	101,980	59,535
General purpose funding		2,323,178	2,231,664	2,158,771
Law, order, public safety		8,374	11,712	15,034
Health		55,257	81,054	103,000
Education and welfare		1,698	5,200	672
Housing		73,013	70,012	52,598
Community amenities		61,635	59,670	59,298
Recreation and culture		13,707	15,723	16,122
Transport		583,713	519,079	623,089
Economic services		12,101	10,550	76,337
Other property and services		50,601	81,017	82,895
		3,271,740	3,187,661	3,247,351
Expenses				
Governance		(482,181)	(510,331)	(571,340)
General purpose funding		(75,066)	(85,793)	(18,698)
Law, order, public safety		(39,495)	(40,458)	(40,007)
Health		(135,859)	(136,471)	(138,971)
Education and welfare		(103,198)	(97,203)	(126,322)
Housing		(140,109)	(123,462)	(139,133)
Community amenities		(152,497)	(150,817)	(142,052)
Recreation and culture		(689,147)	(551,206)	(508,592)
Transport		(1,301,349)	(1,106,622)	(1,559,320)
Economic services		(166,274)	(132,422)	(286,382)
Other property and services		1,413	(164,066)	(13,575)
		(3,283,762)	(3,098,851)	(3,544,392)
Finance Costs				
	2(b)			
Governance		(323)	(471)	(1,820)
Recreation and culture		(13,024)	(11,860)	(13,658)
Transport		0	0	(352)
Economic services		(5,442)	(5,177)	(6,100)
		(18,789)	(17,508)	(21,930)
		(30,811)	71,302	(318,971)
Non-operating grants, subsidies and contributions	2(a)	524,904	388,005	912,936
Profit on disposal of assets	10(a)	40,529	0	0
(Loss) on disposal of assets	10(a)	(77,896)	(49,500)	(4,064)
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	52,551	0	0
		540,088	338,505	908,872
Net result for the period		509,277	409,807	589,901
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(16,439,125)
Total other comprehensive income for the period		0	0	(16,439,125)
Total comprehensive income for the period		509,277	409,807	(15,849,224)

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

SHIRE OF TRAYNING
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,926,362	1,602,837
Trade receivables	5	122,240	156,094
Other financial assets	7(a)	4,475	4,315
Inventories	6	20,419	18,832
TOTAL CURRENT ASSETS		2,073,496	1,782,078
NON-CURRENT ASSETS			
Trade receivables	5	42,878	40,989
Other financial assets	7(b)	74,844	26,768
Property, plant and equipment	8	10,376,033	10,740,078
Infrastructure	9	46,462,665	46,074,593
TOTAL NON-CURRENT ASSETS		56,956,420	56,882,428
TOTAL ASSETS		59,029,916	58,664,506
CURRENT LIABILITIES			
Trade and other payables	12	76,730	169,264
Borrowings	13(a)	41,226	54,160
Employee related provisions	14	146,955	163,018
TOTAL CURRENT LIABILITIES		264,911	386,442
NON-CURRENT LIABILITIES			
Borrowings	13(a)	452,484	493,710
Employee related provisions	14	32,827	13,937
TOTAL NON-CURRENT LIABILITIES		485,311	507,647
TOTAL LIABILITIES		750,222	894,089
NET ASSETS		58,279,694	57,770,417
EQUITY			
Retained surplus		22,900,164	22,493,836
Reserves - cash backed	4	755,069	652,120
Revaluation surplus	11	34,624,461	34,624,461
TOTAL EQUITY		58,279,694	57,770,417

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 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		21,357,758	1,198,297	51,063,586	73,619,641
Comprehensive income					
Net result for the period		589,901	0	0	589,901
Other comprehensive income	11	0	0	(16,439,125)	(16,439,125)
Total comprehensive income		589,901	0	(16,439,125)	(15,849,224)
Transfers from/(to) reserves	4	546,177	(546,177)	0	0
Balance as at 30 June 2018		22,493,836	652,120	34,624,461	57,770,417
Comprehensive income					
Net result for the period		509,277	0	0	509,277
Total comprehensive income		509,277	0	0	509,277
Transfers from/(to) reserves	4	(102,949)	102,949	0	0
Balance as at 30 June 2019		22,900,164	755,069	34,624,461	58,279,694

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,198,011	1,138,848	1,144,330
Operating grants, subsidies and contributions		1,645,088	1,568,394	1,544,637
Fees and charges		239,444	223,762	271,220
Interest received		20,428	37,521	42,429
Goods and services tax received		193,041	198,791	109,443
Other revenue		197,420	214,821	179,391
		3,493,432	3,382,137	3,291,450
Payments				
Employee costs		(1,385,867)	(141,994)	(1,300,368)
Materials and contracts		(736,794)	(1,858,372)	(932,379)
Utility charges		(136,522)	(20,110)	(130,602)
Interest expenses		(19,381)	(17,508)	(20,646)
Insurance paid		(93,272)	(129,643)	(89,534)
Goods and services tax paid		(188,024)	(198,791)	(60,625)
Other expenditure		(101,368)	0	(162,054)
		(2,661,228)	(2,366,418)	(2,696,208)
Net cash provided by (used in) operating activities	15	832,204	1,015,719	595,242
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(253,965)	(589,000)	(366,595)
Payments for construction of infrastructure	9(a)	(977,192)	(943,733)	(979,711)
Non-operating grants, subsidies and contributions	2(a)	524,904	388,005	912,936
Proceeds from self supporting loans	13(b)	4,315	4,315	4,160
Proceeds from sale of property, plant & equipment	10(a)	247,419	493,450	47,273
Net cash provided by (used in) investment activities		(454,519)	(646,963)	(381,937)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(54,160)	(54,161)	(83,032)
Net cash provided by (used in) financing activities		(54,160)	(54,161)	(83,032)
Net increase (decrease) in cash held		323,525	314,595	130,273
Cash at beginning of year		1,602,837	650,954	1,472,565
Cash and cash equivalents at the end of the year	15	1,926,362	965,549	1,602,837

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

SHIRE OF TRAYNING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	815,863	(53,626)	215,903
		815,863	(53,626)	215,903
Revenue from operating activities (excluding rates)				
Governance		88,463	101,980	59,535
General purpose funding		1,190,247	1,092,816	1,026,854
Law, order, public safety		8,374	11,712	15,034
Health		55,257	81,054	103,000
Education and welfare		1,698	5,200	672
Housing		113,542	70,012	52,598
Community amenities		61,635	59,670	59,298
Recreation and culture		13,707	15,723	16,122
Transport		583,713	519,079	623,089
Economic services		12,101	10,550	76,337
Other property and services		103,152	81,017	82,895
		2,231,889	2,048,813	2,115,434
Expenditure from operating activities				
Governance		(511,391)	(551,802)	(573,160)
General purpose funding		(75,066)	(85,793)	(18,698)
Law, order, public safety		(39,495)	(40,458)	(40,007)
Health		(135,859)	(144,971)	(143,035)
Education and welfare		(103,198)	(97,203)	(126,322)
Housing		(158,109)	(123,462)	(139,133)
Community amenities		(166,970)	(150,817)	(142,052)
Recreation and culture		(702,171)	(563,066)	(522,250)
Transport		(1,301,349)	(1,106,622)	(1,559,672)
Economic services		(171,716)	(137,599)	(292,482)
Other property and services		(15,123)	(164,066)	(13,575)
		(3,380,447)	(3,165,859)	(3,570,386)
Non-cash amounts excluded from operating activities	22(a)	924,261	1,066,130	841,787
Amount attributable to operating activities		591,566	(104,542)	(397,262)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	524,904	388,005	912,936
Proceeds from disposal of assets	10(a)	247,419	493,450	47,273
Purchase of property, plant and equipment	8(a)	(253,965)	(589,000)	(366,595)
Purchase and construction of infrastructure	9(a)	(977,192)	(943,733)	(979,711)
Amount attributable to investing activities		(458,834)	(651,278)	(386,097)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(54,160)	(54,161)	(83,032)
Transfers to reserves (restricted assets)	4	(102,949)	(493,140)	(600,845)
Proceeds from self supporting loans	13(b)	4,315	4,315	4,160
Transfers from reserves (restricted assets)	4	0	178,545	1,147,022
Amount attributable to financing activities		(152,794)	(364,441)	467,305
Surplus/(deficit) before imposition of general rates		(20,062)	(1,120,261)	(316,054)
Total amount raised from general rates	21	1,132,931	1,126,620	1,131,917
Surplus/(deficit) after imposition of general rates	22(b)	1,112,869	6,359	815,863

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

1. BASIS OF PREPARATION

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

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

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

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 24 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	1,157,856	1,053,630	972,550
Law, order, public safety	0	4,000	0
Education and welfare	1,500	4,500	0
Transport	574,074	509,579	613,476
Economic services	0	1,000	24,140
	1,733,430	1,572,709	1,610,166
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	181,818
Transport	524,904	388,005	731,118
	524,904	388,005	912,936
Total grants, subsidies and contributions	2,258,334	1,960,714	2,523,102

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

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 20. 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.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries	76,680	119,942	0
Other	56,973	94,879	179,391
	133,653	214,821	179,391
Fees and Charges			
Governance	21,750	56,500	27,965
General purpose funding	1,530	0	1,665
Law, order, public safety	3,686	1,500	1,723
Health	21,439	0	35,125
Housing	73,013	70,012	52,458
Community amenities	60,374	59,670	59,298
Recreation and culture	12,973	15,723	14,901
Economic services	12,096	10,550	16,782
Other property and services	32,583	9,807	61,303
	239,444	223,762	271,220
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Loans receivable - clubs/institutions	733	1,133	1,221
Reserve accounts interest	2,949	15,332	14,710
Rates instalment and penalty interest (refer Note 21(c))	13,774	10,157	16,016
Other interest earnings	2,598	10,899	10,482
	20,054	37,521	42,429

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	25,300	27,000	49,805
- Other services	0	0	30,151
	25,300	27,000	79,956
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	18,789	17,508	17,477
Other interest expenses	0	0	4,453
	18,789	17,508	21,930
Rental charges			
- Operating leases	1,955	2,136	2,133
	1,955	2,136	2,133

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		1,926,362	1,602,837
		1,926,362	1,602,837
Comprises:			
- Unrestricted cash and cash equivalents		975,736	767,925
- Restricted cash and cash equivalents		950,626	834,912
		1,926,362	1,602,837
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Leave Reserve	4	22,599	22,502
Reserves cash backed - Plant	4	532,176	430,321
Reserves cash backed - Building	4	91,153	90,763
Reserves cash backed - Facilities	4	7,540	7,507
Reserves cash backed - Medical	4	55,507	55,268
Reserves cash backed - Rubbish tip	4	29,229	29,104
Reserves cash backed - Swimming pool	4	9,168	9,129
Reserves cash backed - Performance & retention	4	7,697	7,526
		755,069	652,120
Other restricted cash and cash equivalents			
Unspent grants/contributions	20	180,738	182,792
Other bonds and deposits held	12,24	14,819	0
Total restricted cash and cash equivalents		950,626	834,912

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	22,502	97	0	22,599	29,025	28,684	0	57,709	28,905	69,303	(75,706)	22,502
(b) Reserves cash backed - Plant	430,321	101,855	0	532,176	425,000	209,567	(159,500)	475,067	284,988	316,203	(170,870)	430,321
(c) Reserves cash backed - Building	90,763	390	0	91,153	89,640	2,288	0	91,928	8,914	81,849	0	90,763
(d) Reserves cash backed - Facilities	7,507	33	0	7,540	7,414	189	0	7,603	7,350	157	0	7,507
(e) Reserves cash backed - Medical	55,268	239	0	55,507	54,585	1,393	0	55,978	54,145	1,123	0	55,268
(f) Reserves cash backed - Rubbish tip	29,104	125	0	29,229	28,744	733	0	29,477	4,118	24,986	0	29,104
(g) Reserves cash backed - Swimming pool	9,129	39	0	9,168	9,016	230	0	9,246	8,759	13,166	(12,796)	9,129
(h) Reserves cash backed - Performance & retention	7,526	171	0	7,697	7,530	7,691	0	15,221	0	7,526	0	7,526
(i) Reserves cash backed - Unspent grants & loans	0	0	0	0	0	0	0	0	783,394	86,442	(869,836)	0
(j) Reserves cash backed - Community recreation centre	0	0	0	0	0	0	0	0	17,724	90	(17,814)	0
(k) Reserves cash backed - Staff housing	0	0	0	0	0	174,620	0	174,620	0	0	0	0
(l) Reserves cash backed - Information Technology	0	0	0	0	0	20,000	(19,045)	955	0	0	0	0
(m) Reserves cash backed - Caravan Park Upgrade	0	0	0	0	0	47,745	0	47,745	0	0	0	0
	652,120	102,949	0	755,069	650,954	493,140	(178,545)	965,549	1,198,297	600,845	(1,147,022)	652,120

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
(a) Reserves cash backed - Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Reserves cash backed - Plant	Ongoing	To be used for the purchase of major plant
(c) Reserves cash backed - Building	Ongoing	To be used for the construction of housing and other facilities
(d) Reserves cash backed - Facilities	Ongoing	To be used to provide new facilities to the shire
(e) Reserves cash backed - Medical	Ongoing	To be used to maintain the services of a doctor and other medical services
(f) Reserves cash backed - Rubbish tip	Ongoing	To be used to upgrade and expand rubbish tips within the shire
(g) Reserves cash backed - Swimming pool	Ongoing	To be used to upgrade the swimming pool and aquatic centre facilities
(h) Reserves cash backed - Performance & retention	Ongoing	To be used for a bonus arrangement to assist in personnel fulfilling their contract terms
(i) Reserves cash backed - Unspent grants & loans	Ongoing	To be used to set aside grant and loan funds received and committed to be spent on specific projects or in future reporting periods
(j) Reserves cash backed - Community recreation centre	June/18	To be used for the construction of a Community recreation centre
(k) Reserves cash backed - Staff housing	Ongoing	To be used for renewal of staff housing in the shire
(l) Reserves cash backed - Information Technology	Ongoing	To be used for the systematic replacement of IT assets in a structured way
(m) Reserves cash backed - Caravan Park Upgrade	Ongoing	To be used for upgrading of the caravan park

5. TRADE RECEIVABLES

Current

Rates receivable
Sundry receivables
GST receivable
Accrued Income
Allowance for impairment of receivables
Prepayments

Non-current

Pensioner's rates and ESL deferred

2019	2018
\$	\$
64,573	119,314
78,443	35,194
191	8,680
0	49,322
(20,967)	(66,060)
0	9,644
122,240	156,094
42,878	40,989
42,878	40,989

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

Fuel & materials

	2019	2018
	\$	\$
	20,419	18,832
	20,419	18,832
	18,832	24,819
	(33,468)	(53,441)
	35,055	47,454
	20,419	18,832

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

7. OTHER FINANCIAL ASSETS

(a) Current assets

Other loans and receivables

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

(b) Non-current assets

Financial assets at fair value through profit and loss

Other loans and receivables

Financial assets at fair value through profit and loss

- Unlisted equity investments

Local government house unit trust

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

During the year, the following gains/(losses) were recognised in profit and loss:
Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

2019	2018
\$	\$
4,475	4,315
4,475	4,315
4,475	4,315
4,475	4,315
52,551	0
22,293	26,768
74,844	26,768
52,551	0
52,551	0
22,293	26,768
22,293	26,768
52,551	0
52,551	0

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 13(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 25 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	236,000	969,000	8,623,112	9,828,112	63,779	780,183	10,672,074
Additions	0	99,798	51,501	151,299	11,818	203,478	366,595
(Disposals)	0	0	0	0	0	(51,337)	(51,337)
Depreciation (expense)	0	(28,571)	(102,113)	(130,684)	(6,955)	(83,204)	(220,843)
Transfers	0	0	(26,411)	(26,411)	0	0	(26,411)
Carrying amount at 30 June 2018	236,000	1,040,227	8,546,089	9,822,316	68,642	849,120	10,740,078
Comprises:							
Gross carrying amount at 30 June 2018	236,000	1,068,798	8,648,202	9,953,000	82,374	1,003,611	11,038,985
Accumulated depreciation at 30 June 2018	0	(28,571)	(102,113)	(130,684)	(13,732)	(154,491)	(298,907)
Carrying amount at 30 June 2018	236,000	1,040,227	8,546,089	9,822,316	68,642	849,120	10,740,078
Additions	0	0	74,423	74,423	0	179,542	253,965
(Disposals)	(36,000)	(47,799)	0	(83,799)	0	(195,514)	(279,313)
Depreciation (expense)	0	(32,030)	(207,594)	(239,624)	(7,055)	(92,019)	(338,698)
Carrying amount at 30 June 2019	200,000	960,398	8,412,918	9,573,316	61,587	741,129	10,376,032
Comprises:							
Gross carrying amount at 30 June 2019	200,000	1,006,798	8,722,626	9,929,424	82,374	969,644	10,981,442
Accumulated depreciation at 30 June 2019	0	(46,400)	(309,707)	(356,107)	(20,787)	(228,515)	(605,409)
Carrying amount at 30 June 2019	200,000	960,398	8,412,919	9,573,317	61,587	741,129	10,376,033

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Airstrip	Infrastructure - Water supply	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	59,396,802	322,808	802,165	202,493	1,408,744	62,133,012
Additions	895,644	55,548	8,979	0	19,540	979,711
Revaluation increments / (decrements) transferred to revaluation surplus	(16,349,603)	82,441	(189,393)	17,430	0	(16,439,125)
Depreciation (expense)	(551,622)	(14,252)	(9,980)	(13,253)	(36,309)	(625,416)
Transfers	0	0	0	0	26,411	26,411
Carrying amount at 30 June 2018	43,391,221	446,545	611,771	206,670	1,418,386	46,074,593
Comprises:						
Gross carrying amount at 30 June 2018	63,780,754	1,031,104	658,049	697,214	1,456,452	67,623,573
Accumulated depreciation at 30 June 2018	(20,389,533)	(584,559)	(46,278)	(490,544)	(38,066)	(21,548,980)
Carrying amount at 30 June 2018	43,391,221	446,545	611,771	206,670	1,418,386	46,074,593
Additions	930,282	25,650	0	0	21,260	977,192
(Disposals)	0	0	0	0	(5,473)	(5,473)
Depreciation (expense)	(496,389)	(14,036)	(10,659)	(13,859)	(48,704)	(583,647)
Carrying amount at 30 June 2019	43,825,114	458,159	601,112	192,811	1,385,469	46,462,665
Comprises:						
Gross carrying amount at 30 June 2019	64,711,036	1,056,754	658,049	697,214	1,471,763	68,594,816
Accumulated depreciation at 30 June 2019	(20,885,922)	(598,595)	(56,937)	(504,403)	(86,294)	(22,132,151)
Carrying amount at 30 June 2019	43,825,114	458,159	601,112	192,811	1,385,469	46,462,665

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY
Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, 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.

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 2019

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	36,000	0	0	(36,000)	10,000	10,000	0	0	0	0	0	0
Buildings - non-specialised	47,799	88,328	40,529	0	0	0	0	0	0	0	0	0
Plant and equipment	195,514	159,091	0	(36,423)	532,950	483,450	0	(49,500)	51,337	47,273	0	(4,064)
Infrastructure - Other	5,473	0	0	(5,473)	0	0	0	0	0	0	0	0
	284,786	247,419	40,529	(77,896)	542,950	493,450	0	(49,500)	51,337	47,273	0	(4,064)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Governance	\$	\$	\$	\$
Toyota Prado KTY0	51,218	38,182	0	(13,036)
Toyota Prado 0KTY	51,218	39,091	0	(12,127)
Toyota Prado Wagon	54,633	50,909	0	(3,724)
Other property and services				
Toyota Hilux SR5	38,445	30,909	0	(7,536)
	195,514	159,091	0	(36,423)
Land				
Other Property and Services				
Land - 15 Adams St	9,000	0	0	(9,000)
Land - 11 Glass St	9,000	0	0	(9,000)
	18,000	0	0	(18,000)
Buildings - Non specialised				
Housing				
House - Lot 59 Glass St	14,288	44,191	29,903	0
House - Lot 75 Adam St	33,511	44,137	10,626	0
	47,799	88,328	40,529	0
 Assets under \$5,000 written off	 23,473	 0	 0	 (23,473)
	284,786	247,419	40,529	(77,896)

On 1 July 2018 Paragraph (5) of Regulation 17A was inserted into the Local Government (Financial Management) Regulation 1996.

The regulation stated that an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000. The adoption of the regulation constitutes a change in accounting policy.

Due to the effect on the financial statements not being material, the Shire did not retrospectively apply the changes in accounting policy arising from the new regulations nad has not restated comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018, amounting to \$23,473, have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	32,030	233,560	28,571
Buildings - specialised	207,594	0	102,113
Furniture and equipment	7,055	8,140	6,955
Plant and equipment	92,019	82,556	83,204
Infrastructure - Roads	496,391	549,557	551,622
Infrastructure - Footpaths	14,036	26,643	14,252
Infrastructure - Airstrip	10,659	0	9,980
Infrastructure - Water supply	13,859	13,141	13,253
Infrastructure - Other	48,704	103,033	36,309
	922,347	1,016,630	846,259

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	6 to 40 years
Buildings - specialised	16 to 80 years
Furniture and equipment	10 years
Plant and equipment	10 years
Sealed roads and streets	
formation	not depreciated
pavement	14 to 50 years
seal	
- bituminous seals	10 years
Gravel roads	
formation	not depreciated
pavement	14 to 50 years
gravel sheet	10 years
Footpaths - slab	30 years
Sewerage piping	40 years
Water supply piping and drainage systems	40 years
Airstrip	
formation	not depreciated
seal - bituminous seals	10 years
gravel sheet	30 years
Other infrastructure	10 to 70 years

Depreciation (Continued)

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

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

SHIRE OF TRAYNING
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11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	223,626	0	0	0	223,626	223,626	0	0	0	223,626
Revaluation surplus - Buildings - non-specialised	4,295,504	0	0	0	4,295,504	4,295,504	0	0	0	4,295,504
Revaluation surplus - Furniture and equipment	13,418	0	0	0	13,418	13,418	0	0	0	13,418
Revaluation surplus - Plant and equipment	83,299	0	0	0	83,299	83,299	0	0	0	83,299
Revaluation surplus - Infrastructure - Roads	28,256,006	0	0	0	28,256,006	44,605,609	0	(16,349,603)	(16,349,603)	28,256,006
Revaluation surplus - Infrastructure - Footpaths	406,782	0	0	0	406,782	324,341	82,441	0	82,441	406,782
Revaluation surplus - Infrastructure - Airstrip	545,046	0	0	0	545,046	734,439	0	(189,393)	(189,393)	545,046
Revaluation surplus - Infrastructure - Water supply	207,986	0	0	0	207,986	190,556	17,430	0	17,430	207,986
Revaluation surplus - Infrastructure - Other	592,794	0	0	0	592,794	592,794	0	0	0	592,794
	34,624,461	0	0	0	34,624,461	51,063,586	99,871	(16,538,996)	(16,439,125)	34,624,461

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued salaries and wages
ATO liabilities
Accrued expenses
Other deposits and bonds held
Accrued interest on long term borrowings

2019	2018
\$	\$
56,039	29,730
3,863	9,638
0	46,500
0	78,943
14,819	0
2,009	4,453
76,730	169,264

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

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 2019

13. INFORMATION ON BORROWINGS

(a) Borrowings	2019	2018
	\$	\$
	41,226	54,160
	452,484	493,710
	493,710	547,870

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																		
Lot 90 Railway Street	65	WATC	5.75%	14,209	0	14,209	324	0	14,209	0	14,209	471	0	41,446	0	27,237	1,538	14,209
Recreation and culture																		
Community Recreation Centre	69	WATC	3.34%	324,487	0	13,404	11,866	311,083	324,487	0	13,405	10,727	311,082	337,455	0	12,968	11,071	324,487
Transport																		
Grader	66	WATC	5.78%	0	0	0	0	0	0	0	0	0	0	17,079	0	17,079	352	0
Economic services																		
Trayning Unmanned Fuel Site	68	WATC	3.07%	120,662	0	15,703	3,742	104,959	135,437	0	15,703	3,676	119,734	135,894	0	15,232	2,041	120,662
Trayning Unmanned Fuel Site	70	WATC	2.69%	57,429	0	6,529	1,699	50,900	57,428	0	6,529	1,501	50,899	63,785	0	6,356	1,636	57,429
				516,787	0	49,845	17,631	466,942	531,561	0	49,846	16,375	481,715	595,659	0	78,872	16,638	516,787
Self Supporting Loans																		
Recreation and culture																		
Bowls Resurface	67	WATC	3.69%	31,083	0	4,315	1,158	26,768	35,093	0	4,315	1,133	30,778	35,243	0	4,160	839	31,083
				31,083	0	4,315	1,158	26,768	35,093	0	4,315	1,133	30,778	35,243	0	4,160	839	31,083
				547,870	0	54,160	18,789	493,710	566,654	0	54,161	17,508	512,493	630,902	0	83,032	17,477	547,870

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

13. INFORMATION ON BORROWINGS (Continued)

	2019	2018
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	0	(971)
Total amount of credit unused	220,000	219,029
 Loan facilities		
Loan facilities - current	41,226	54,160
Loan facilities - non-current	452,484	493,710
Total facilities in use at balance date	493,710	547,870

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 23.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Opening balance at 1 July 2018

Current provisions
Non-current provisions

Additional provision
Amounts used
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate

Balance at 30 June 2019

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	115,977	47,041	163,018
Non-current provisions	0	13,937	13,937
	115,977	60,978	176,955
Additional provision	74,349	25,916	100,265
Amounts used	(97,438)	0	(97,438)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate			0
Balance at 30 June 2019	92,888	86,894	179,782
Comprises			
Current	92,888	54,067	146,955
Non-current	0	32,827	32,827
	92,888	86,894	179,782

Amounts are expected to be settled on the following basis:

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

	2019	2018
	\$	\$
Less than 12 months after the reporting date	74,465	95,500
More than 12 months from reporting date	105,317	81,455
Expected reimbursements from other WA local governments		
	179,782	176,955

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	1,926,362	965,549	1,602,837
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	509,277	409,807	589,901
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(52,551)	0	0
Depreciation	922,347	1,016,630	846,259
(Profit)/loss on sale of asset	37,367	49,500	4,064
Changes in assets and liabilities:			
(Increase)/decrease in receivables	31,965	(4,315)	(16,526)
(Increase)/decrease in inventories	(1,587)	0	5,987
Increase/(decrease) in payables	(92,534)	(67,898)	22,052
Increase/(decrease) in provisions	2,827	0	56,441
Grants contributions for the development of assets	(524,904)	(388,005)	(912,936)
Net cash from operating activities	832,207	1,015,719	595,242

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	2,511,572	1,376,670
General purpose funding	107,012	0
Law, order, public safety	97,901	98,726
Health	108,251	54,360
Education and welfare	257,457	1,091,202
Housing	2,449,748	1,745,670
Community amenities	297,262	217,133
Recreation and culture	5,803,259	5,815,145
Transport	46,682,251	45,118,391
Economic services	352,346	413,623
Other property and services	256,236	654,141
Unallocated	106,620	2,079,445
	59,029,915	58,664,506

17. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at the reporting date.

18. LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years

2019	2018
\$	\$
2,133	2,133
6,042	8,175
8,175	10,308

SIGNIFICANT ACCOUNTING POLICIES

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 of 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.

Leases (Continued)

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 on a straight line basis over the lease term.

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

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	22,642	31,215	28,760
President allowance	12,350	12,350	12,350
Deputy president allowance	3,088	3,088	3,088
Travelling expenses	3,505	2,058	6,004
IT allowance	2,658	0	7,678
Telecommunications allowance	7,492	10,850	21,038
	51,735	59,561	78,918

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	464,872	370,259
Post-employment benefits	53,662	46,097
Other long-term benefits	7,810	2,979
Termination benefits	8,909	0
	535,253	419,335

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

	2019 Actual	2018 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of wet hire of machinery and electrical services	82,598	108,622

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES Grants for fire sheds	0	181,818	0	181,818	0	(1,080)	180,738
Education and welfare							
Be Connected (Good Things) Grant	0	0	0	0	1,500	(1,500)	0
Transport							
Dept of Infrastructure & Reg Development	87,500	423,118	(510,618)	0	0	0	0
Economic services							
NEWROC - Biofund	41,134	0	(41,134)	0	0	0	0
NRM Grant	15,625	18,640	(33,291)	974	0	(974)	0
Total	144,259	623,576	(585,043)	182,792	1,500	(3,554)	180,738

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.

21. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value	2018/19 Actual Rate Revenue	2018/19 Actual Interim Rates	2018/19 Actual Back Rates	2018/19 Actual Total Revenue	2018/19 Budget Rate Revenue	2018/19 Budget Interim Rate	2018/19 Budget Back Rate	2018/19 Budget Total Revenue	2017/18 Actual Total Revenue
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
Kununoppin Trayning	0.218558	106	579,488	126,652	750	0	127,402	129,493			129,493	126,652
Yelbeni	0.218558	3	11,660	2,548	0	0	2,548	21,038			21,038	2,548
Commercial	0.218558	12	84,010	18,361	0	0	18,361	2,751			2,751	18,361
Unimproved valuations												
Rural	0.02024	209	50,177,500	1,015,593	(284)	0	1,015,309	1,016,730	0	0	1,016,730	1,017,343
Mining	0.02024	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		330	50,852,658	1,163,154	466	0	1,163,620	1,170,012	0	0	1,170,012	1,164,904
Minimum payment	\$											
Gross rental valuations												
Kununoppin Trayning	350	30	12,998	10,500	0	0	10,500	10,500	0	0	10,500	9,610
Yelbeni	350	6	925	2,100	0	0	2,100	2,100	0	0	2,100	1,860
Commercial	350	2	455	700	0	0	700	700	0	0	700	620
Unimproved valuations												
Rural	350	6	56,200	2,100	0	0	2,100	2,100	0	0	2,100	2,040
Mining							0	350	0	0	350	0
Sub-Total		44	70,578	15,400	0	0	15,400	15,750	0	0	15,750	14,130
		374	50,923,236	1,178,554	466	0	1,179,020	1,185,762	0	0	1,185,762	1,179,034
Discounts/concessions (refer Note 21(b))							(46,089)				(59,142)	(47,117)
Total amount raised from general rate							1,132,931				1,126,620	1,131,917
Ex-gratia rates							12,228				12,228	12,228
Totals							1,145,159				1,138,848	1,144,145

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

21. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee			2019	2019	2018	
Discount Granted	Discount	Discount	Actual	Budget	Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$	\$	
Discount on rates	5.00%	N/A	46,089	59,142	47,117	Rates to be paid in full by the due date including arrears
			46,089	59,142	47,117	

Waivers or Concessions/Write-offs

Rate or Fee and
Charge to which
the Waiver or

Concession is Granted	Type	Waiver/ Concession	Waiver/ Concession	2019	2019	2018
		%	\$	Actual	Budget	Actual
				\$	\$	\$
General rates for Assessment A260	Write-off	N/A	N/A	13,036	13,300	0
General rates for Assessment A259	Write-off	N/A	N/A	11,053	11,300	0
General rates for Assessment A73	Write-off	N/A	N/A	23,928	23,900	0
General rates	Write-off	N/A	N/A	1,622	5	119
				49,639	48,505	119

21. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	13 Aug 2018	0.00	0.00%	11.00%
Option Two				
Four instalments	13 Aug 2018	0.00	0.00%	11.00%
	15 Oct 2018	15.00	5.50%	11.00%
	13 Dec 2018	15.00	5.50%	11.00%
	13 Feb 2019	15.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	12,236	8,500	14,359
Interest on instalment plan	1,538	1,657	1,657
Sub-Total	13,774	10,157	16,016
Charges on instalment plan	1,530	1,665	1,665
	15,304	11,822	17,681

22. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget (30 June 2019)	2017/18 (30 June 2018)
	2018/19 (30 June 2019) Carried Forward)	Budget Carried Forward)	Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a)	(40,529)	0
Less: Movement in local government house unit trust	7(b)	(52,551)	0
Movement in pensioner deferred rates (non-current)	5	(1,889)	3,886
Movement in employee benefit provisions (non-current)	14	18,890	(12,422)
Movement in cash backed leave reserve	4	97	0
Add: Loss on disposal of assets	10(a)	77,896	4,064
Add: Depreciation on assets	10(b)	922,347	846,259
Non cash amounts excluded from operating activities		924,261	841,787
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - restricted cash	3	(755,069)	(652,120)
Less: - Financial assets at amortised cost - self supporting loans	7(a)	(4,475)	(4,315)
Add: Borrowings	13(a)	41,226	54,160
Add: Component of leave liability not expected to be paid within 12 months		22,599	22,502
Total adjustments to net current assets		(695,719)	(579,773)
Net current assets used in the Rate Setting Statement			
Total current assets		2,073,496	1,782,078
Less: Total current liabilities		(264,911)	(386,442)
Less: Total adjustments to net current assets		(695,719)	(579,773)
Net current assets used in the Rate Setting Statement		1,112,866	815,863

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.0029%	1,926,362	0	1,926,362	0
2018					
Cash and cash equivalents	0.0157%	1,602,837	0	1,602,837	0

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	19,264	16,028

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	35.52%	
Gross carrying amount	655	28,531	22,098	56,167	107,451
Loss allowance	0	0	0	19,948	19,948
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	78.70%	
Gross carrying amount	2,023	46,781	27,560	83,939	160,303
Loss allowance	0	0	0	66,060	66,060

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	4.14%	
Gross carrying amount	51,800	508	1,511	24,624	78,443
Loss allowance	0	0	0	1,019	1,019
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	12,992	936	269	20,997	35,194
Loss allowance	0	0	0	0	0

There is no impact as a result of adoption of AASB 9.

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	76,727	0	0	76,727	76,727
Borrowings	56,871	227,485	327,605	611,961	493,710
	133,598	227,485	327,605	688,688	570,437
2018					
Payables	169,264	0	0	169,264	169,264
Borrowings	71,667	227,949	384,695	684,311	547,870
	240,931	227,949	384,695	853,575	717,134

24. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	Reclassified to Restricted Cash	30 June 2019
	\$	\$	\$		\$
Ninghan Fitness Centre	352	0	0	(352)	0
Toy Library	771	0	(771)	0	0
Red FM Radio/Gym	317	0	(317)	0	0
Kununoppin Fire Brigade	500	0	(500)	0	0
Housing Bonds	6,889	2,816	(1,499)	(8,206)	0
Trayning Golf Club Funds	5,903	0	(5,903)		0
Unidentified Deposits	3,018	0	(930)	(2,088)	0
South Ninghan Catchment Group Funds	2,416	0	(2,416)		0
Repertory Funds	1,707	0	0	(1,707)	0
Aqua Bubble Donations	971	0	(971)		0
Ninghan Farm Focus Group	250	0	(250)		0
Playgroup Funds	1,226	0	0	(1,226)	0
Kununoppin Waste Site Key Bonds	200	0	0	(200)	0
Police Licensing	0	226,182	(225,222)	(960)	0
Nomination deposits	0	160	(80)	(80)	0
	24,520	229,158	(238,859)	(14,819)	0

In previous years, bonds and deposits were held as trust monies. These are now included in restricted cash at Note 3 and shown as current liabilities at Note 12.

25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

There were no adjustments as a result of adopting AASB 9.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The Shire did not designate any financial assets as at fair value through profit and loss.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise any additional impairment on the Shire's Trade receivables.

26. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*.

These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019):

		AASB 118 carrying amount		AASB 15 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Contract liabilities - current				
Unspent grants, contributions and reimbursements	20	0	180,738	180,738
Adjustment to retained surplus from adoption of AASB 15	26(d)		(180,738)	

(b) Leases

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

	Note	2019
		\$
Operating lease commitments disclosed as at 30 June 2019	18(a)	8,175
Low-value leases recognised on a straight-line basis as an expense	18(a)	8,175

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

26. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

		AASB 1004 carrying amount		AASB 1058 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Trade and other payables	12	76,730	0	76,730
Adjustment to retained surplus from adoption of AASB 1058	26(d)		0	

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

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

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			22,900,164
Adjustment to retained surplus from adoption of AASB 15	26(a)	(180,738)	
Retained surplus - 01 July 2019			22,719,426

27. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

28. ACTIVITIES/PROGRAMS

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

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

29. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	4.63	2.60	0.98
Asset consumption ratio	0.58	0.72	0.62
Asset renewal funding ratio	N/A	0.78	0.98
Asset sustainability ratio	0.77	1.13	1.44
Debt service cover ratio	12.34	5.42	12.27
Operating surplus ratio	(0.02)	(0.22)	0.31
Own source revenue coverage ratio	0.45	0.41	0.40

The above ratios are calculated as follows:

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

20 December 2019

Mr Brian Jones
Chief Executive Officer
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Dear Brian

AUDIT OF SHIRE OF TRAYNING FOR THE YEAR ENDED 30 JUNE 2019

We advise that we have completed the audit of your Shire for the year ended 30 June 2019 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the Shire President as is required by the Act. We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely



Greg Godwin
Partner
Moore Stephens

Encl.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF TRAYNING

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of the Shire of Trayning (the Shire), which comprises the Statement of Financial Position as at 30 June 2019, 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.

In our opinion, the financial report of the Shire of Trayning:

- a) is based on proper accounts and records; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

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

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

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) In our opinion, there were no matters that indicate significant adverse trends in the financial position of the Council.
- b) The following material matter indicates non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of our audit.
 - i. The Shire has not reported the Asset Renewal Funding Ratio for 2019 as there was no current asset management plan available, as required by the Local Government (Financial Management) Regulations 1996.
- c) All required information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.
- e) In our opinion, the asset consumption ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Trayning for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.


GREG GODWIN
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 20th day of December 2019.

20 December 2019

Cr Melanie Brown
The Shire President
Shire of Trayning
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Dear Cr Brown

MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2019

We advise that we have completed our audit procedures for the year ended 30 June 2019 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted two matters we wish to draw to your attention on the following pages.

UNCORRECTED MISSTATEMENTS

We advise there were no uncorrected misstatements noted during our audit.

We take this opportunity to thank you and all your staff for their assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Greg Godwin
Partner
Moore Stephens

Encl.

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Asset Renewal Funding Ratio not reported	✓		
2. Payroll reconciliation		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

FINDINGS

1. Asset Renewal Funding Ratio not reported

Finding

The Shire has not reported the Asset Renewal Funding Ratio for 2019 in the annual financial report as required by regulation 50(1)(c) of the *Local Government (Financial Management) Regulations 1996*, as the asset management plan contained only 4 years of data when 10 years of data is required for the calculation.

Rating: Significant

Implication

The financial report does not comply with regulation 50(1)(c) of the *Local Government (Financial Management) Regulations 1996*.

Recommendation

We recommend the Shire updates the asset management plan periodically and the asset renewal funding ratio be calculated based on verifiable information and reasonable assumptions and included in the financial report.

Management Comment

Council has recognised the need to update the Shire's Asset Management Plan and has allocated funds in the 2019/20 Budget for this purpose.

The Shire has recently replaced three of the four senior management positions (CEO commenced 29 April 2019; Works Supervisor commenced July 2019 and Finance Manager commenced September 2019). We now have a full complement of Senior Staff and will be reviewing all Integrated Planning & Reporting during the 2019/20 financial year. The Asset Management Plan will be reviewed and updated during the first half of 2020.

Responsible Person: Brian Jones – Chief Executive Officer

Completion Date: 31st May 2020

2. Payroll reconciliation

Finding

Our review of the payroll reconciliation noted a reconciling item in relation to rostered days off (RDO). Although this was not material for audit, management was unable to provide sufficient supporting documentation for this reconciling item.

Rating: Moderate

Implication

Transactions may not have been recorded properly.

Recommendation

To help ensure accounting records are properly maintained, reconciling items should be followed up and supported by sufficient evidence. The reconciliation should also be reviewed by an independent reviewer, who should ensure explanations for reconciling items are valid and reasonable, and ensure reconciling items are cleared in a timely manner.

Management Comment

Management accepts the finding. For each pay run the payroll data is reconciled and reviewed by Finance Manager and approved by Chief Executive officer. The changes have already been made to the way rostered day off (RDO) was recorded into the system. There are few technical issues surfaced during these changes but a team of technical analysts are working on the errors and will be resolved in near future.

Responsible Person: Parthiv Parekh – Manager of Financial Services

Completion Date: 29th February 2020



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