

Shire of Trayning

Annual Report

2013/2014





TABLE OF CONTENTS

SECTION 1 — GENERAL

General Information	2
Shire President's Report	3-4
CEO's Report	5-6
Works and Plant	7-8
Natural Resource Management	9
Health and Building	10-11
Councilors and Meetings	12
Council Staff	13
Major Projects 2013/14	14
Events and Functions 2013/14	15-16
How Your Council Works	17-19
Plan for the Future	20
Disability Services Plan	21
Record Keeping Plan	22
National Competition Policy	23
Freedom of Information	24
Other Statutory Requirements	25

SECTION 2 — FINANCIAL

Financial Report	1-54
Statement by Chief Executive Officer	2
Income Statement by Nature or Type	3
Income Statement by Program	4
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flow	8
Rate Setting Statement	9
Notes to and Forming Part of the Financial Report	10-58
Independent Audit Report	59-60



GENERAL INFORMATION

Administration Office

Address
Railway Street,
Trayning, WA 6488

Postal Address
PO Box 95
Trayning WA 6488

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

E-mail: admin@trayning.wa.gov.au
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: 467

Number of Electors: 341

Number of Dwellings: 255

Total Rates Levied: \$ 805,788

Total Revenue: \$5,389,57

Number of Employees: 20 (16 FTE)



Significant Local Events

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

Tourist Attractions

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

Accommodation

Trayning Hotel/Motel, Trayning Caravan Park.

Sporting & Recreation Facilities

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



SHIRE PRESIDENT'S REPORT



Cr Freda Tarr

Shire President

INTRODUCTION

The 2013/14 Annual Report has been presented to Council and staff. It is my pleasure to present this being my first report to the community.

COUNCIL

Council this year saw an election and the community going to the polls. Thank you to all nominees, but after voting our council remained the same.

I would like to thank Cr Trevor Lamond, who stepped down as Shire President after 17 years of dedication to the community.

I would like to thank my fellow councillors, for your support and assistance in my first year as Shire President, and all the dedicated time you have given to your community, as it has been another busy year, with attending Council meetings and various committee meetings.

- NEWROC
- NEW Health
- Kununoppin Medical Practice
- Local Emergency Management Committee
- Local Health Advisory Group
- Great Eastern Country Zone
- Central Eastern Aged Care Alliance
- Plus many community based groups

STAFF

Thank you to all the staff for your hard work and dedication to making our Shire something to be proud off. During this reporting period we welcomed Gary Clark as Acting CEO from April 2014, while Tanika had a well deserved long service leave break. Thank you for your contribution to the Shire Gary.

PROJECTS

This year has been a busy year for both office staff and outside work staff:

- Camper's Kitchen
- Works at the Pool
- Grain Freight Route
- Major & General road works
- Delivery of a new house in Kununoppin

FUTURE PROJECTS UNDER WAY

- Skate Park
- Construction of the Fuel Depot
- Independent Living Houses



SHIRE PRESIDENT'S REPORT

PRESIDENT'S REPORT Cont:

FAREWELL

This year we farewelled Dr John Radunovich by holding a memorial day at the Kununoppin Hospital after his sudden loss. A bronze bust will be placed at the Kununoppin Hospital in memory of a great Doctor.

APPRECIATION

We thank the many people who volunteer their services to benefit our community, particularly our emergency services, St John Ambulance and many other groups that help make our Shire a GREAT place to live.

FREDA TARR
SHIRE PRESIDENT



CEO'S REPORT



**Tanika
McLennan**

Chief
Executive
Officer

ROADWORKS

Roadworks remains Council's largest area of expenditure each year with in excess of \$1.09 million spent on Council's construction and maintenance program. Council has several sources of funding for road works.

- Roads to Recovery (Commonwealth)
- Roads component of the Financial Assistance Grants (State)
- Main Roads WA Regional Road Group grants (State)
- Main Roads WA Grain Freight Route Project grant (State)

Construction works were carried out on the Kununoppin Mukinbudin Road, Bencubbin Kellerberrin Road, Bencubbin Kununoppin Road, Huandanning Road, Letchford Road, Tilbrook Road, Couper Street, Twine Street and Sutherland Street.

COUNTRY LOCAL GOVERNMENT FUND

The CLGF is a \$100 million component of the larger Royalties for Regions Program implemented by the State. The \$100 million is then split into 3 smaller components, to cover an allocation for Development Commissions, and the Regional and Individual components of the Country Local Government Fund.

Council used its 2013/14 funding to complete landscaping works at the Swimming Pool and build a staff house in Kununoppin.

GRAIN FREIGHT ROUTE

With the announcement by the Minister for Transport that Tier 3 rail lines, which includes the Trayning to Merredin line, were to close, MRWA was instructed to develop a program to upgrade road transport routes. The roads in this Shire affected are Sutherland St, Twine St, and the Bencubbin-Kellerberrin Rd from Trayning to the southern boundary. Works are estimated to cost \$4.8 million over 3 financial years and due for completion in 2014/15.

KUNUNOPPIN MEDICAL PRACTICE

In partnership with the Shires of Mt Marshall, Mukinbudin and Nungarin, the Shire of Trayning purchased the Medical Practice from Dr John Radunovich in 2009. 2013 saw the introduction of a new management company, Rural Health Outcomes Inc, who now provide day to day management of the practice.

The Practice requires a substantial financial contribution from the Shires to continue operating, with the costs split 40% to Trayning, 25% to each of Mt Marshall and Mukinbudin and 10% for Nungarin. In 2013/14 Trayning's total contribution was \$92,555. At 30 June 2014, Council held \$49,982 in a cash backed reserve to be used to maintain the services of a doctor and other medical services.

COMMUNITY RECREATION CENTRE

Council is continuing to allocate a portion of rates to the cash backed CRC Reserve for the purpose of constructing a Community Recreation Centre. At 30 June 2014, Council held \$ 108,832 in this reserve.



CEO'S REPORT

CEO'S REPORT Cont:

TOURISM

It was pleasing to see steady growth in the number of tourists visiting the Shire during 2013/14. The completion of the Wheatbelt Way and the continued promotion of the region through this and other mediums has been well received and attracts numerous positive comments.

STAFF

There were a number of staff movements in the 2013/14 year and we have welcomed the following new permanent staff:

Peter Paskevicius	Deputy Chief Executive Officer
Evelin Ojaper	Finance Officer
Lesley Paskevicius	Customer Service Officer
Glen Buder	Natural Resource Management Officer
Peter Walker	Plant Operator
Stephen Venebles	Plant Operator
Benjamin Riley	Plant Operator

We also farewelled the following permanent staff:

Brigitte Gauld	Finance Officer (Maternity Relief)
Donna Simmons	Natural Resource Management Officer
Peter Boulton	Leading Hand
Murray Leahy	Plant Operator
Richard Oliver	Plant Operator

In addition, Council's Contract Greenkeepers, Phil & Sue Sachse did not renew their contract this year and were replaced by Lenny Richards and Caroline Ferns. The contract was expanded to include the on site caretaker role at the Caravan Park.

APPRECIATION

I would like to thank all staff, both old and new, for their dedication and the contribution they have made to the Shire and the community. The Shire plays an important role in the community and the staff have worked hard to ensure the Shire's services have been delivered effectively.

TANIKA McLENNAN
CHIEF EXECUTIVE OFFICER



WORKS SUPERVISOR'S REPORT



**Bill
McKenna**

Works
Supervisor

PROJECTS

Since commencing my employment with the Shire of Trayning in April 2013, the projects that have been carried out are:

- Bencubbin – Kellerberrin Road: Shoulder and Seal widening for 3.5kms.
- Kununoppin – Mukinbudin Road: 900 metres of road re-construction work and re-alignment of intersection.
- Kununoppin – Bencubbin Road: 2 kms of road re-construction.
- Couper and Riley Street intersection, Trayning: Asphalted.
- Walker Street, Trayning: 30 metre asphalt in front of Marchant Contractors Depot.
- BMX Track, Trayning: Construction of the track and 300m² pad asphalted for skateboard track.
- Letchford Road, Trayning: 2 kms road re-construction and gravel re-sheeting.
- Winter maintenance grading. All roads completed.
- Drainage and backslope grading. Various roads.
- Sutherland Street, Trayning: Backfilling behind kerbing and construction of walkways.
- Caravan Park, Trayning: Upgrade completed.
- Refuse Sites upgraded: Trenches and site clean- up.
- Road verge slashing: Various roads.
- Signs: Replaced various road signs and guide posts.
- Wheatbelt Way Trail Signs: Replaced signs and erected new directional signs.
- Camp Kitchen, Caravan Park, Trayning: Sitework construction, bollards, paving and landscaping.
- Swimming Pool, Trayning: Upgrade.
- Parks and Gardens: Garden maintenance which also included the repairs and painting of the footbridge.
- Town Streets Sweeping: Sweeping of all town streets.
- Huandanning Road – Replacement of culverts on the Floodway was completed.
- Tilbrook Road – Gravel re-sheeting was completed.
- Bitumen sealing on Bencubbin-Kellerberrin Road, Kununoppin-Bencubbin Road and Kununoppin-Mukinbudin Road were all completed.
- New house block in Wilson Street, Kununoppin – siteworks were completed.
- General maintenance and parks and gardens maintenance
- Grading road shoulders on various sealed roads
- Winter maintenance grading program
- Both Yelbeni & Kununoppin Refuse sites were generally maintained.

PLANT AND EQUIPMENT

Purchased:

- Briggs & Stratton High Pressure Jet Sprayer.
- Honda Brush Cutter
- Three inch Diesel Water Pump.
- Tyres for the Volvo 8 wheel Tip Truck, Cat Grader, Volvo Front End Loader, Cat Multi tyre Roller, Mitsubishi Tip Truck and light vehicles.
- Nissan Navara Crew Cab Utility – replaced for NRMO Officer.



WORKS SUPERVISOR'S REPORT

WORKS SUPERVISOR'S REPORT Cont:

Repaired:

- Daf 8 wheel Tip Truck – Roll over. Insurance Claim
- John Deere Tractor – Hydraulic PTO Drive shaft replaced.
- Cat Multi tyre Roller – Rear differential shafts and bearings, replaced.
- Cat Grader – Turbo and alternator replaced.
- Cat Backhoe – Air conditioner, repaired and hydraulic hoses, replaced.
- Volvo 8 wheel Tip Truck – Pressure plate and clutch replaced and the vehicle was then sold.
- Mitsubishi Tip Truck – Clutch master cylinder replaced.
- Road Slasher – PTO Drive motor and blades replaced.
- Husquvana Ride On Mower – Drive motors and Cutting Deck replaced.
- SAM Trailer – Serviced and Software upgrade.

OUTSIDE STAFF

Plant Operator/Labourer and Maintenance Grader Operator – Both positions were filled. There has been a large turnover of staff in the past nine months. This has caused some difficulties with completing works on time. I have had to hire sub contractors to assist in the completion of works.

I have found that share loading with Shire employees and sub contractors is beneficial to the construction program.

WJ (BILL) MCKENNA
WORKS SUPERVISOR



NATURAL RESOURCE MANAGEMENT



**Glen
Buder**

Natural
Resource
Management
Officer

NATURAL RESOURCE MANAGEMENT OFFICER'S REPORT

FEDERAL GOVERNMENT- BIODIVERSITY FUND

NEWROC NRM in partnership with WEROC and SEAVROC NRM receive funding for a 6 year Biodiversity fund project with the aim of 'Connecting biodiversity across the wheatbelt of Western Australia' Trayning Shire is responsible for administering the finance for the project. Landholders who successfully submitted projects for the 2014 planting season have now completed planting seedlings and fencing projects where appropriate, and site visits to evaluate progress are currently under way.

COMMUNITY WATER SUPPLY PROJECT

A grant from the state Government to the Shire of \$100,000 towards improving the water storage capacity of the town dam was agreed upon in 2013, however a geotechnical survey indicated we would need to rebuild the existing dam, which would involve very large costs to the Shire. Several alternative plans have been proposed and rejected because of cost. The Department of Water are still open to other possible amendments to the plan. A final decision on the best course to take with this still remains to be made.

LOCAL GOVERNMENT ENERGY EFFICIENCY PROGRAM

The Shire received a grant \$21,575.98 (ex GST) from the Federal Government towards installation of 5Solar Hot Water systems on Shire properties in Trayning. The Shire's co-funding contribution was \$8,224.02, including the STC rebate.

COMMUNITY GARDENS PROJECT

A grant of \$3,969.00 to develop a Community garden in Trayning was awarded by Our Neighbourhood Community Grants Program to the KTY Tourist Development Association Inc. (In September, 2013). The funds have been expended on materials, plants and trees, and was acquitted December 2014.

RURAL TOWNS PROJECT

Monitoring of 12 piezometers in the Yeelanna Catchment plus in Town sites (2) Yelbeni, (5) Kununoppin and (16) Trayning has continued through 2013/14.

GLEN BUDER
NATURAL RESOURCE MANAGEMENT OFFICER





HEALTH AND BUILDING

Council is a member of the North Eastern Wheatbelt Health Scheme (NEWHealth) which is made up of the following Shires; Trayning, Koorda, Wyalkatchem, Mt Marshall, Nungarin and Mukinbudin. The NEWHealth scheme has employed a full time Principal Environmental Health Officer/ Building Surveyor who visited each Shire weekly.

Julian Goldacre

Principal Environmental Health Officer

PROJECT WORKS

The following works and projects were undertaken during 2013/2014:

- Land encroachment issues at the Yelbeni Refuse Site continued to progress with Dept of Lands and the Department for Environment & Regulation agreeing to the reserve realignment and preparation of approving documents for tabling at State Parliament. This matter is still ongoing due to the constant change of staff at State Government Departments as they seek the never-ending goal of efficiencies which requires local government to have to explain matters in detail again and again and again. It is hoped this matter will resolve soon.
- Housing and general building maintenance advice has been provided to Council staff on Council dwellings and facilities as part of the yearly asset management review and strategy.
- The Shire of Trayning Asbestos in the Workplace document was completed and adopted by Council and the Register completed of all asbestos containing material assets owned by the Shire.
- Food businesses were routinely inspected and given a report on their status in relation to the Food Safety Standards and Food Act. Notifications to food businesses regarding food recalls are also conducted. The current state of food premises in the Shire of Trayning is good. A recommendation that future registrations and notifications as well as renewals require people handling food to complete the free online 'I'm Alert' food handling information portal provided by the Shire of Merredin and will be recommended as a future Shire Policy for adoption and forms an informative minimum standard.
- Monitoring occupancy of caravans on premises greater than 3 nights in any 28 day period which has resulted in community education to notify persons that this is not permitted.

Occupancy of caravans is restricted to 3 nights in any 28 day period OR 3 months in any 12 month period with good cause and only with Council approval OR 12 months if the caravan occupancy is for the construction of a new dwelling as approved, case by case, by Council.

- This matter was also investigated and raised due to the Wheatbelt Way concerns about affecting 'whistle stop' stays in the designated layover areas, a submission on the Nature base parks and the review of the Caravan & Camping Act was submitted to the Local Government Department addressing concerns.
- Dwelling assessments under the Health Local Laws and Health Act 1911 to ensure dwellings are in keeping with the requirements and notices being issued to ensure compliance and in one case a 'House Unfit' for habitation notice was lifted due to the dwelling being under new ownership and undergoing significant renovation which is a positive outcome.
- A Non-compliant septic system has again occurred and is being investigated.

An Occupier (tenant and the like) is responsible for the daily operation of a septic tank system which also includes 'pump-outs' as required and damage caused by the Occupier. The Owner is responsible for the septic system approval and installation as well as the repair of a defective septic system. Contact the Shires PEHO should you need any clarification of this advice.

- Working with Dept of Lands to progress the reserve rationalisation process for lands in the townsite boundary north of the railway line to better utilise the land purposes for what they are actually being used for and also developing land for future use as 'light industrial'.



HEALTH AND BUILDING

HEALTH AND BUILDING REPORT con:

- Working with the CEO and DCEO and State Government Departments to secure land and infrastructure for a fuel depot as a Shire priority.
- The Shire through the initiative and efforts of the Works manager and workcrew regularly, when required, treat water for the destruction of mosquitoes. People are invited to look closely at areas where even a small collection of water (lasting 4 days or more) will attract mosquitoes; People are urged to protect themselves from mosquito bites using quality repellent and long clothing.

Ongoing investigations of mosquito's complaints in a neighboring Shire revealed the culprit to be old corrugated iron water tanks with no protection from mosquitoes (mesh) or in such a poor state of repair the mosquitoes had full access to the water for breeding. Further to this the new plastic tanks suffer from poor fitting mesh traps which allow mosquitoes access for breeding. More often than not these issues can be fixed by use of sealant and mesh. The Shire Health Local Laws require an owner or occupier of a premises to ensure that the premises are kept free from possible mosquito breeding sites

HEALTH ORDERS/FOOD RECALLS

Various inspections were carried out on premises within the Shire of Trayning. Food recalls were issued by the Health Department during the year, although most did not apply to our Shire all notices were forwarded to the relevant outlets.

BUILDING

Enquiries regarding building matters have been received and investigated. Two building permits issued and one demolition permit issued. Certificates of Design Compliance have been done for Mt Marshall and Mukinbudin as part of the NEWROC servicing.

JULIAN GOLDACRE
PRINCIPAL ENVIRONMENTAL HEALTH OFFICER



COUNCILLORS AND MEETINGS

YOUR COUNCIL

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

The current members of Council consist of:

Shire President

Freda Tarr
Commenced—2011
Term Expiry—2015

Deputy President

Geoff Waters
Commenced—1996
Term Expiry—2015

Councillors

Valda Knott
Commenced—2003
Term Expiry—2015

Trevor Lamond
Commenced—1984
Term Expiry—2017

Pace Vernon
Commenced—2007
Term Expiry—2015

Wallace Knott
Commenced—2009
Term Expiry—2017

Andrew Woodfield
Commenced—2009
Term Expiry—2017

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

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

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

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



COUNCIL STAFF

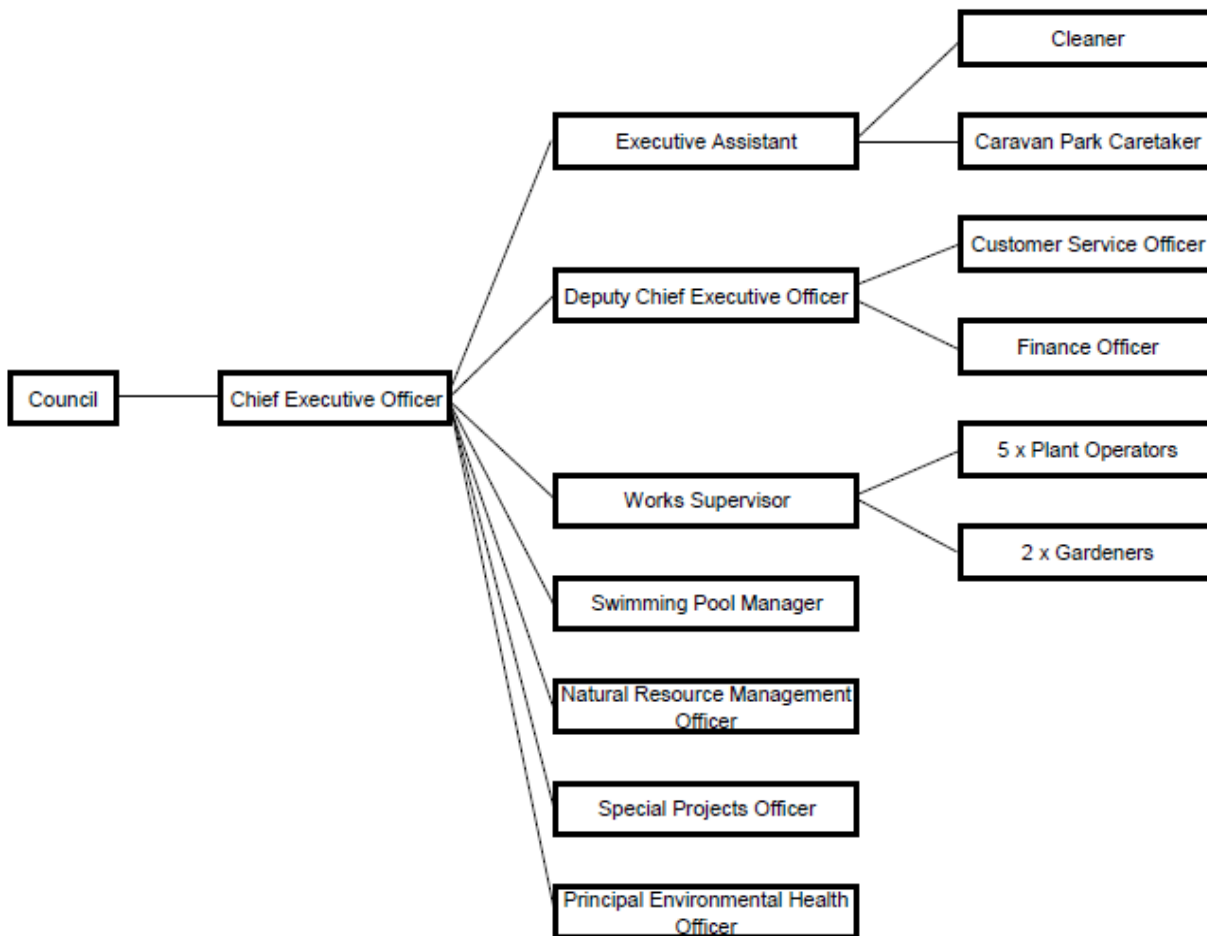
ADMINISTRATION STAFF

Chief Executive Officer	Tanika McLennan
Deputy Chief Executive Officer	Peter Paskevicius
Environmental Health Officer	Julian Goldacre
Executive Assistant	Belinda Taylor
Finance Officer	Evelin Ojaper
Customer Service Officer	Lelsey Paskevicius
NRM Officer	Glen Buder
Projects Officer	Lynda McCormack
Aquatic Centre Manager	Wendy Hurley
Cleaner	Caroline Ferns

WORKS TEAM

Works Supervisor	Bill McKenna
Works crew	Steve Venables
	Paul Lansdown
	Keith Hubbert
	Benjamin Riley
Town Crew	Peter Walker
	Sheree Rayner

Organisational Chart



MAJOR PROJECTS 2013/14

AQUATIC CENTRE

The pool area has continued to receive some concentrated attention, with major upgrade and refurbishment work completed. We were unsuccessful with a grant application to undertake the whole of the work, and so it has been staged over several years. We will continue to apply for assistance as we are able.

Stage 1- Replace pump room and all associated plant. A contract for \$264,000 has been accepted
Completed in 2010-2011

Stage 2- Work on the pool bowls themselves: inlet and outlet pipes to be replaced, rebuild the gutters to wetdeck style for safety, convenience and efficiency, lighting, replace the concourse and install pavement drainage.
Completed in 2011-2012

Stage 3- Landscaping
Completed in 2012-2013

Stage 4 - Kiosk and general works
Completed in 2013-14.

STAFF HOUSE

Using CLGF Royalties for Regions funding Council built a TR Homes, transportable house. This house is located at Lot 11 Wilson Street, Kununoppin and will be used as a staff house.

GRAIN FREIGHT ROUTE

Work continued on the Grain Freight Route this year with the Sutherland Street and Bencubbin Kellerberrin Road sections nearing completion and Twine Street works beginning. This is a three year, staged project, scheduled for completion in 2014/15.



EVENTS AND FUNCTIONS



**Lynda
McCormack**

Special
Projects Officer

SEPTEMBER 2013

Trayning Tractor Pull Association Mud Bog & Burn Out day was held at the Trayning Recreational Grounds. In addition to the Show & Shine this year was the Mud Drag and Muddy Singlet run, which proved very entertaining. Also for the kids was the return of the Bouncy Castle.

The AFL Grand Final was once again viewed on the big screen at the Trayning Sporting Club. With shared nibbles and burgers on sale it is a lovely and relaxed day for the family to enjoy.

OCTOBER 2013

Kununoppin Hospital Fete held in Bencubbin at the Oval, with a large variety of stalls from clothing to handbags, plants, sweets, Tupperware, children's face painting and jewellery etc.

Halloween this year was enjoyed by a growing group of local children between the hours of 4.30pm to 7.30pm. There was an assortment of Zombies, Dracula, Freddie Kruger, Batman, Scream, and Vampires etc on the night, all carrying loot bags and big smiles.

NOVEMBER 2014

A Melbourne Cup Day was held at Yelbeni Golf Club. Tickets provided a two course luncheon with a complimentary glass of champagne, fashion parade, hat competition and sweeps. The day was well received.

Sundowner in the Park: The Shire of Trayning played host to Chelsea Basham and Crew for the Sundowner in the Park, at Pioneer Park. This was a BYO event, with a BBQ and shared salad, running from 4.00pm to 8.00pm. A lovely and relaxed family evening spent listening to the beautiful vocals of Chelsea Basham, a local girl from Wongan Hills, and her two band members. This event was funded by the RBDC State Assistance Package.

DECEMBER 2013

Trayning Primary School's end of year concert at the Trayning Hall was a whole of school production of 'The Wizard of Oz'. Fantastic! Once again this was well received by the community.

KTY Community Christmas Tree at the Trayning Park with a BYO BBQ, shared salad, and a grand entrance from Santa himself in his custom built sleigh. Once again this event was well received by the parents, grandparents and especially the children.

Outdoor Movie Night held at Trayning Primary School oval was a free community event, providing hotdogs; beef/gravy rolls ice-cream and cool drinks. Two movies were screened; Despicable Me 2, and Man of Steel. Approximately 60 people attended. This event was funded by the RBDC State Assistance Package.

Community New Years Eve/ BBQ party at the Trayning Park with a DJ for the night's entertainment. Crowd was smaller this year but festive.

JANUARY 2014

Australia Day: To help Trayning celebrate Australia Day, Bryce Hudson was invited back home to sing and play guitar. He delivered a mixture of chart toppers and several of his own original songs. It was fantastic for everyone to see the growth and development of his talents. As is traditional for Australia Day, the crowd enjoyed a shire provided BBQ, and a mixed game of cricket.



EVENTS AND FUNCTIONS

MARCH 2014

Trayning had the pleasure of being entertained by the very funny and quick off the cuff, comedy teams 'The Big Hoo Haa'! For two hours a crew of six actors entertained the audience by delivering impromptu storylines, with their Team Leader randomly calling out for changes in direction. The quick on the spot thinking required by the actors was great to watch and very funny!

APRIL 2014

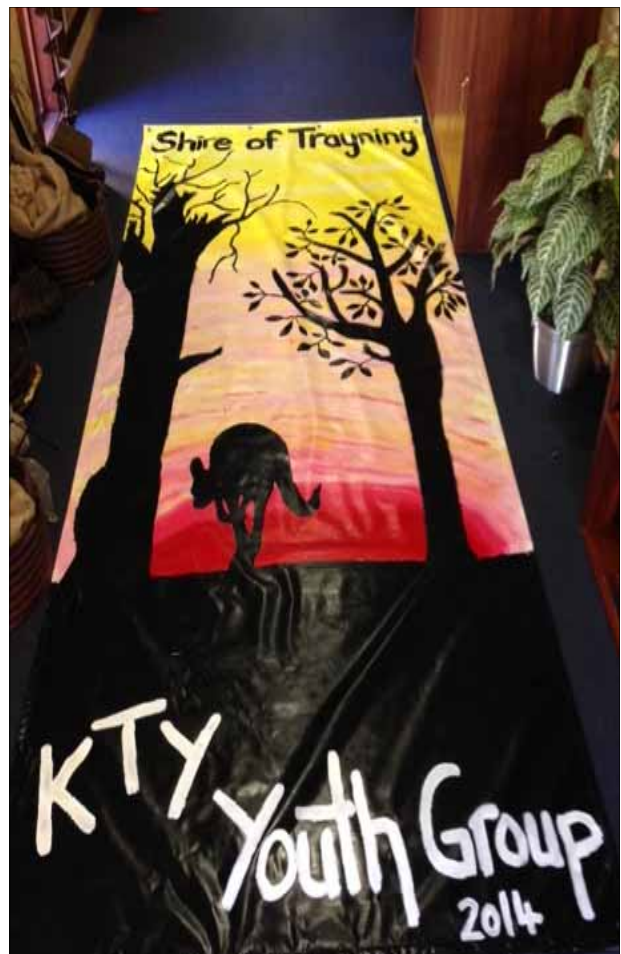
ANZAC Day service this year was held at the Kununoppin War Memorial.

JUNE 2014

KTY Youth Group Art Day: Youth Group was involved once again in the 'Banners in the Terrace' competition for Local Government week. Local kids joined in on painting a kangaroo silhouetted against a country sunset. They loved the creativity in this project, being a part of the competition and then seeing the banner displayed on the Town Hall.

LYNDA McCORMACK

SPECIAL PROJECT OFFICER



HOW YOUR COUNCIL WORKS

LAW, ORDER & PUBLIC SAFETY

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

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

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

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



HEALTH & BUILDING

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

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

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

EDUCATION & WELFARE

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

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

HOUSING

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



HOW YOUR COUNCIL WORKS

COMMUNITY AMENITIES

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

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

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

RECREATION & CULTURE

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

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

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

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

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



HOW YOUR COUNCIL WORKS

TRANSPORT

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

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

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

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

ECONOMIC SERVICES

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

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

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

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

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

PRIVATE WORKS

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

FINANCE AND BORROWING

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



PLAN FOR THE FUTURE OVERVIEW

AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT

a) **General Purpose Income**

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

b) **Administration and Governance**

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

c) **Community Amenities**

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

d) **Recreation and Culture**

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

e) **Transport**

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

f) **Economic Services**

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

g) **Land and Buildings**

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

h) **Plant, Equipment and Machinery**

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

i) **Infrastructure Assets**

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

Major Initiatives Proposed or to Continue During 2013/2014

- Trayning Community Recreation Facility
- Upgrade Trayning Grandstand
- Trayning Fuel Station
- Kununoppin Independent Living Units



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.

GENERAL COMMENTS

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

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

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



RECORD KEEPING PLAN

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

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

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

The Record Keeping Plan was reviewed in April 2013.

RETENTION AND DISPOSAL SCHEDULE

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

DISPOSAL PROGRAM IMPLEMENTED

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

AUTHORISATION FOR DISPOSAL OF RECORDS

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

PERFORMANCE INDICATORS IN PLACE

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

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

STAFF TRAINING, INFORMATION SESSIONS

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

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



NATIONAL COMPETITION POLICY

COMPETITION REFORM

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

COMPETITIVE NEUTRALITY

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

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

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

LEGISLATION REVIEW

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

Local Laws are also required to be reviewed every eight years under the Local Government Act 1995. As the Local Laws were made in 2001, this review is now due. A consultant has been engaged to carry out the review.

STRUCTURAL REFORM

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

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



FREEDOM OF INFORMATION

THE FOLLOWING COUNCIL DOCUMENTS AVAILABLE FOR INSPECTION

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

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

Council also delivers information to the public via the following:

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

FREEDOM OF INFORMATION REQUESTS

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

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

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

The Freedom of Information Officer
Shire of Trayning
PO Box 95
TRAYNING WA 6488



OTHER STATUTORY REQUIREMENTS

PUBLIC INTEREST DISCLOSURE

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

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

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

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

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

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

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

INFORMATION ON EMPLOYEE PAYMENTS

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

Shown below in bands is the number of employees:

- Entitled to an annual salary of 100,000 to 109,999 = 1
- 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 = 0



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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Rate Setting Statement	9
Notes to and Forming Part of the Financial Report	10 to 58
Independent Audit Report	59 & 60
Supplementary Ratio Information	61

SHIRE OF TRAYNING

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Trayning being the annual financial report and other information for the financial year ended 30th June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Trayning at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 11th day of December 2014



Tanika McLennan
Chief Executive Officer

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	23	769,795	784,733	742,422
Operating Grants, Subsidies and Contributions	29	1,665,175	820,265	1,552,817
Fees and Charges	28	221,599	232,047	192,138
Service Charges	25	0	0	1,955
Interest Earnings	2(a)	27,798	16,766	20,585
Other Revenue	2(a)	172,567	116,739	21,700
		<u>2,856,934</u>	<u>1,970,550</u>	<u>2,531,617</u>
Expenses				
Employee Costs		(1,071,976)	(995,396)	(793,215)
Materials and Contracts		(1,190,793)	(994,340)	(854,001)
Utility Charges		(98,836)	(92,633)	(89,417)
Depreciation on Non-Current Assets	2(a)	(724,895)	(702,734)	(754,873)
Interest Expenses	2(a)	(21,545)	(22,373)	(24,868)
Insurance Expenses		(92,410)	(75,736)	(79,669)
Other Expenditure		(84,003)	(1,551)	(48,859)
		<u>(3,284,458)</u>	<u>(2,884,763)</u>	<u>(2,644,902)</u>
		(427,524)	(914,213)	(113,285)
Non-Operating Grants, Subsidies and Contributions	29	2,928,248	4,460,770	2,758,117
Profit on Asset Disposals	21	33,584	30,000	10,856
Loss on Asset Disposal	21	(1,671)	0	(53,225)
		<u>2,532,637</u>	<u>3,576,557</u>	<u>2,602,463</u>
Net Result				
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	7,246,635	0	183,341
		<u>7,246,635</u>	<u>0</u>	<u>183,341</u>
Total Other Comprehensive Income		7,246,635	0	183,341
		<u>9,779,272</u>	<u>3,576,557</u>	<u>2,785,804</u>
Total Comprehensive Income		9,779,272	3,576,557	2,785,804

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 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		48,011	53,100	46,893
General Purpose Funding		1,302,323	1,321,499	1,650,185
Law, Order, Public Safety		7,197	5,200	14,321
Health		71,092	78,383	46,176
Education and Welfare		0	0	1,036
Housing		44,407	56,580	57,166
Community Amenities		53,048	49,770	47,298
Recreation and Culture		7,584	16,993	14,555
Transport		294,641	292,315	495,589
Economic Services		895,118	50,301	100,991
Other Property and Services		98,713	46,409	57,407
	2(a)	2,822,134	1,970,550	2,531,617
Expenses				
Governance		(276,686)	(220,334)	(174,841)
General Purpose Funding		(75,941)	(74,122)	(67,673)
Law, Order, Public Safety		(61,924)	(62,301)	(76,167)
Health		(144,617)	(165,784)	(182,967)
Education and Welfare		(23,772)	(17,098)	(15,617)
Housing		(111,030)	(85,765)	(83,449)
Community Amenities		(158,247)	(158,813)	(138,298)
Recreation and Culture		(547,405)	(516,351)	(463,583)
Transport		(1,097,819)	(1,160,259)	(1,013,156)
Economic Services		(767,070)	(381,207)	(391,354)
Other Property and Services		1,598	(20,356)	(12,929)
	2(a)	(3,262,913)	(2,862,390)	(2,620,034)
Finance Costs				
Governance		(109)	(200)	(305)
Housing		(3,767)	(4,048)	(3,738)
Recreation and Culture		(1,272)	(1,279)	(1,725)
Transport		(8,316)	(8,531)	(9,967)
Economic Services		(787)	(792)	(1,068)
Other Property and Services		(7,294)	(7,523)	(8,065)
	2(a)	(21,545)	(22,373)	(24,868)
Non-Operating Grants, Subsidies and Contributions				
Housing		382,799	0	0
Recreation & Culture		1,000	1,192,260	70,000
Transport		2,579,249	3,128,721	2,308,988
Economic Services		0	139,789	127,880
Other Property and Services		0	0	251,249
		2,963,048	4,460,770	2,758,117
Profit/(Loss) on Disposal of Assets				
Governance		0	0	(35,230)
Recreation & Culture		0	0	10,856
Transport		33,584	30,000	0
Transport		(1,671)	0	(17,995)
		31,913	30,000	(42,369)
Net Result		2,532,637	3,576,557	2,602,463

SHIRE OF TRAYNING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	<u>7,246,635</u>	<u>0</u>	<u>183,341</u>
Total Other Comprehensive Income		<u>7,246,635</u>	<u>0</u>	<u>183,341</u>
Total Comprehensive Income		<u><u>9,779,272</u></u>	<u><u>3,576,557</u></u>	<u><u>2,785,804</u></u>

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

SHIRE OF TRAYNING
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,356,351	1,419,823
Trade and Other Receivables	4	657,131	355,018
Inventories	5	38,595	38,835
TOTAL CURRENT ASSETS		<u>2,052,077</u>	<u>1,813,676</u>
NON-CURRENT ASSETS			
Other Receivables	4	31,281	23,933
Property, Plant and Equipment	6	10,139,348	5,050,222
Infrastructure	7	15,069,191	10,609,487
TOTAL NON-CURRENT ASSETS		<u>25,239,820</u>	<u>15,683,642</u>
TOTAL ASSETS		<u>27,291,897</u>	<u>17,497,318</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	449,947	341,147
Short Term Borrowings	9	128,175	132,662
Long Term Borrowings	10	100,000	94,412
Provisions	11	151,876	128,629
TOTAL CURRENT LIABILITIES		<u>829,998</u>	<u>696,850</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	210,266	310,266
Provisions	11	3,375	21,216
TOTAL NON-CURRENT LIABILITIES		<u>213,641</u>	<u>331,482</u>
TOTAL LIABILITIES		<u>1,043,639</u>	<u>1,028,332</u>
NET ASSETS		<u>26,248,258</u>	<u>16,468,986</u>
EQUITY			
Retained Surplus		17,462,331	15,701,459
Reserves - Cash Backed	12	1,355,951	584,186
Revaluation Surplus	13	7,429,976	183,341
TOTAL EQUITY		<u>26,248,258</u>	<u>16,468,986</u>

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

**SHIRE OF TRAYNING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		13,486,301	196,881	0	13,683,182
Comprehensive Income					
Net Result		2,602,463	0	0	2,602,463
Changes on Revaluation of Non-Current Assets	13	<u>0</u>	<u>0</u>	<u>183,341</u>	<u>183,341</u>
Total Comprehensive Income		2,602,463	0	183,341	2,785,804
Reserve Transfers		(387,305)	387,305	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2013		15,701,459	584,186	183,341	16,468,986
Comprehensive Income					
Net Result		2,532,637	0	0	2,532,637
Changes on Revaluation of Non-Current Assets	13	<u>0</u>	<u>0</u>	<u>7,246,635</u>	<u>7,246,635</u>
Total Other Comprehensive Income		2,532,637	0	7,246,635	9,779,272
Reserve Transfers		(771,765)	771,765	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2014		<u>17,462,331</u>	<u>1,355,951</u>	<u>7,429,976</u>	<u>26,248,258</u>

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		739,990	790,063	735,341
Operating Grants, Subsidies and Contributions		1,665,175	820,265	1,552,817
Fees and Charges		288,331	273,491	62,458
Service Charges		0	0	1,955
Interest Earnings		27,798	16,766	20,585
Goods and Services Tax		469,862	314,034	406,262
Other Revenue		168,969	116,739	23,660
		<u>3,360,125</u>	<u>2,331,358</u>	<u>2,803,078</u>
Payments				
Employee Costs		(1,048,367)	(983,954)	(797,645)
Materials and Contracts		(1,228,829)	(1,066,562)	(804,457)
Utility Charges		(98,836)	(92,633)	(89,417)
Insurance Expenses		(92,410)	(75,736)	(79,669)
Interest expenses		(33,166)	(22,373)	(27,755)
Goods and Services Tax		(321,996)	(240,000)	(453,472)
Other Expenditure		(84,003)	(1,551)	(48,859)
		<u>(2,907,607)</u>	<u>(2,482,809)</u>	<u>(2,301,274)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>452,518</u>	<u>(151,451)</u>	<u>501,804</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(65,211)	(1,800,703)	(223,648)
Payments for Construction of Infrastructure		(3,120,220)	(3,787,083)	(2,467,040)
Non-Operating Grants, Subsidies and Contributions		2,578,086	4,460,770	2,758,117
Proceeds from Sale of Plant & Equipment		190,254	30,000	19,570
		<u>190,254</u>	<u>30,000</u>	<u>19,570</u>
Net Cash Provided By (Used In) Investing Activities		(417,091)	(1,097,016)	86,999
Cash Flows from Financing Activities				
Repayment of Debentures		(94,412)	(94,412)	(89,137)
Proceeds from New Debentures		0	195,000	0
		<u>0</u>	<u>195,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		(94,412)	100,588	(89,137)
Net Increase (Decrease) in Cash Held		(58,985)	(1,147,879)	499,666
Cash at Beginning of Year		1,287,161	1,285,148	787,495
Cash and Cash Equivalents at the End of the Year	14(a)	<u>1,228,176</u>	<u>137,269</u>	<u>1,287,161</u>

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

SHIRE OF TRAYNING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		48,011	53,100	46,893
General Purpose Funding		532,528	536,766	907,763
Law, Order, Public Safety		7,197	5,200	14,321
Health		71,092	78,383	46,176
Education and Welfare		0	0	1,036
Housing		427,206	56,580	57,166
Community Amenities		53,048	49,770	47,298
Recreation and Culture		8,584	1,209,253	95,411
Transport		2,907,474	3,451,036	2,804,577
Economic Services		895,118	190,090	228,871
Other Property and Services		98,713	46,409	308,656
		<u>5,048,971</u>	<u>5,676,587</u>	<u>4,558,168</u>
Expenses				
Governance		(276,795)	(220,534)	(210,376)
General Purpose Funding		(75,941)	(74,122)	(67,673)
Law, Order, Public Safety		(61,924)	(62,301)	(76,167)
Health		(144,617)	(165,784)	(182,967)
Education and Welfare		(23,772)	(17,098)	(15,617)
Housing		(114,797)	(89,813)	(87,187)
Community Amenities		(158,247)	(158,813)	(138,298)
Recreation and Culture		(548,677)	(517,630)	(465,308)
Transport		(1,107,806)	(1,168,790)	(1,041,118)
Economic Services		(767,857)	(381,999)	(392,422)
Other Property and Services		(5,696)	(27,879)	(20,994)
		<u>(3,286,129)</u>	<u>(2,884,763)</u>	<u>(2,698,127)</u>
Net Result Excluding Rates		1,762,842	2,791,824	1,860,041
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	(31,913)	(30,000)	42,369
Movement in Deferred Pensioner Rates (Non-Current)		(7,348)	0	(16,023)
Movement in Employee Benefit Provisions (Non-Current)		(17,841)	0	(7,875)
Movement in Non Current Loan Liability		0	0	0
Movement in LSL Reserve (Added Back)		782	0	1,151
Rounding		0	(1)	0
Depreciation and Amortisation on Assets	2(a)	724,895	702,734	754,873
Capital Expenditure and Revenue				
Purchase Land Held for Resale			0	0
Purchase Land and Buildings		(65,211)	(1,650,703)	(223,648)
Purchase Plant and Equipment		0	(150,000)	0
Purchase Furniture and Equipment		0	0	0
Purchase Infrastructure Assets - Roads		(2,829,667)	(3,543,563)	(2,408,846)
Purchase Infrastructure Assets - Footpaths		0	0	0
Purchase Infrastructure Assets - Drainage		0	0	0
Purchase Infrastructure Assets - Airstrip		0	0	(57,085)
Purchase Infrastructure Assets - Water		0	0	0
Purchase Infrastructure Assets - Other		0	(243,520)	(1,109)
Purchase Infrastructure Assets - WIP		(290,553)	0	0
Proceeds from Disposal of Assets	21	190,254	30,000	19,570
Repayment of Debentures	22(a)	(94,412)	(94,412)	(89,137)
Proceeds from New Debentures	22(b)	0	195,000	0
Proceeds (Repayment) from Overdraft	22(d)	(4,487)	0	132,662
Transfers to Reserves (Restricted Assets)	12	(1,299,850)	(81,167)	(399,895)
Transfers from Reserves (Restricted Assets)	12	528,085	520,600	12,590
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	785,614	768,475	423,554
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	120,985	0	785,614
Total Amount Raised from General Rate	23(a)	<u>(769,795)</u>	<u>(784,733)</u>	<u>(742,422)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

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

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

Land Under Control

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

At 30 June 2014 there was no Crown Land identified as being operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

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

Capitalisation Threshold

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the financial report	21,777	20,603
- Other Services	5,853	2,970
Depreciation		
Buildings	132,565	122,929
Furniture and Equipment	4,987	19,414
Plant and Equipment	87,659	180,019
Infrastructure - Roads	441,332	380,071
Infrastructure - Footpaths	22,618	23,095
Infrastructure - Drainage	3,475	3,474
Infrastructure - Airstrip	30,233	24,994
Infrastructure - Water	0	0
Infrastructure - Other	2,026	877
	<u>724,895</u>	<u>754,873</u>
Interest Expenses (Finance Costs)		
Interest on Overdraft	109	305
Debentures (<i>refer Note 22(a)</i>)	21,436	24,563
	<u>21,545</u>	<u>24,868</u>
Rental Charges		
- Operating Leases	<u>65,070</u>	<u>63,044</u>
(ii) Crediting as Revenue:		
Other Revenue		
Reimbursements and Recoveries	99,046	0
Other	73,521	21,700
	<u>172,567</u>	<u>21,700</u>
	<u>2014</u>	<u>2013</u>
	<u>\$</u>	<u>\$</u>
Interest Earnings		
Investments		
- Reserve Funds	6,017	7,903
- Other Funds	16,081	7,019
Other Interest Revenue (<i>refer note 27</i>)	5,700	5,663
	<u>27,798</u>	<u>20,585</u>
	<u>2014</u>	<u>2013</u>
	<u>\$</u>	<u>\$</u>
	<u>Budget</u>	
	<u>\$</u>	

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

Shire of Trayning Mission Statement

To excel at providing fair, efficient and effective services and facilities which enhance the quality of life for all residents.

Shire of Trayning Vision Statement

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Refuse collection services, operation of refuse sites, maintenance of cemeteries, septic tank inspection and pump out services, storm water drainage maintenance and regional development.

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operation costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
		Balance (*) 1-Jul-12 \$	2012/13 \$	2012/13 \$	Balance (*) 30-Jun-13 \$	2013/14 \$	2013/14 \$	Balance 30-Jun-14 \$
Community & Crime Prevention	LOPS	12,590	0	(12,590)	0	0	0	0
Dept. of Agriculture - Dry Season Assistance	GPF	0	10,000	0	10,000 (**)	0	(8,602)	1,398 (**)
Kununoppin Hall Contributions	Recreation & Culture	4,954	0	(4,954)	0	0	0	0
MRWA - Regional Road Group	Transport	0	287,005	(275,116)	11,889 (**)	246,228	(258,117)	0
MRWA - Grain Freight Route	Transport	97,716	188,400	(399,779)	53,807 (**)	2,125,475	(2,063,244)	116,038 (**)
Airstrip Grants	Transport	6,000	27,887	(28,063)	5,824 (**)	0	(5,824)	0
Aware Program Grant	LOPS	0	9,091	(7,645)	1,446 (**)	0	(1,446)	0
Dept. of Regional Development & Lands - CLGF - Swimming Pool	Recreation & Culture	0	70,000	(12,223)	57,777 (**)	0	(57,777)	0
Dept. of Regional Development & Lands - CLGF - Staff Housing	Housing	0	251,249	0	251,249 (**)	0	(251,249)	0
Dept. of Regional Development & Lands - CLGF - Accommodation Units	Housing	0	0	0	0	347,999	0	347,999 (**)
NEWROC - Biofund	Economic Services	0	0	0	0	819,930	(377,665)	442,265 (**)
NRM - Biodiversity Grant	Economic Services	0	0	0	0	19,580	(4,103)	15,477 (**)
Total		121,260	843,632	(740,370)	391,992	3,559,212	(3,028,027)	923,177

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - 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.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

- Unspent Grants have been represented as follows:

	2013/14	2012/13
	\$	\$
Muni Funds Restricted - Note 3	0	0
(**) Unspent Grants Reserve - Note 3	923,177	391,992
	<u>923,177</u>	<u>391,992</u>

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

	2014	2013
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	400	835,637
Restricted	1,355,951	584,186
	<u>1,356,351</u>	<u>1,419,823</u>

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

Leave Reserve	26,682	25,900
Plant Reserve	210,437	19,591
Building Reserve	8,249	31,394
Facilities Reserve	6,835	6,572
Medical Reserve	49,982	48,517
Refuse Reserve	13,641	13,311
Swimming Pool Reserve	8,116	14,811
Unspent Grants Reserve	923,177	391,992
CRC Reserve	108,832	32,098
	<u>1,355,951</u>	<u>584,186</u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	78,969	56,512
Sundry Debtors	593,534	261,444
GST Receivable	0	53,056
Trust Muni Imbalance	0	(3,598)
Less: Provision for Doubtful Debts	(26,256)	(12,396)
Accrued Income	10,884	0
	<u>657,131</u>	<u>355,018</u>

Non-Current

Rates Outstanding - Pensioners	31,281	23,933
	<u>31,281</u>	<u>23,933</u>

5. INVENTORIES

Current

Fuel and Materials	38,595	38,835
	<u>38,595</u>	<u>38,835</u>

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

	2014	2013
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	260,000	0
- Cost	<u>0</u>	<u>12,374</u>
	260,000	12,374
Buildings at:		
- Independent Valuation 2014	12,210,756	0
- Cost	0	5,390,914
Less Accumulated Depreciation	<u>(3,322,087)</u>	<u>(1,314,135)</u>
	8,888,669	4,076,779
Total Land and Buildings	<u>9,148,669</u>	<u>4,089,153</u>
Furniture and Equipment - Management Valuation 2013	49,875	49,875
Furniture and Equipment - Cost	0	0
Less Accumulated Depreciation	<u>(4,987)</u>	<u>0</u>
	44,888	49,875
Plant and Equipment - Independent Valuation 2013	738,467	911,194
Plant and Equipment - Cost	0	0
Less Accumulated Depreciation	<u>(73,273)</u>	<u>0</u>
	665,194	911,194
Work in Progress	280,597	0
Total Property, Plant and Equipment	<u><u>10,139,348</u></u>	<u><u>5,050,222</u></u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to non-specialised buildings and land where a direct comparison could be made, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy). Land was valued at an estimated replacement cost (Level 3) where a direct comparison could not be made .

With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs). Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

These 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.

The revaluation of these assets resulted in an overall increase of \$5,629,650 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13(a) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

Plant and Equipment:

Plant and equipment was revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

Furniture and Equipment:

Furniture and equipment was revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

		Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Transfers	Depreciation (Expense)	Carrying Amount at the End of Year
		\$	\$	\$	\$	\$	\$	\$
Freehold Land	(Level 3)	0	0	0	24,000	0	0	24,000
Freehold Land	(Level 2)	12,374	0	0	223,626	0	0	236,000
Total Land		12,374	0	0	247,626	0	0	260,000
Non-Specialised Buildings	(Level 2)	1,333,984	0	0	567,162	0	(41,146)	1,860,000
Specialised Buildings	(Level 3)	2,742,795	65,211	0	4,814,862	(502,780)	(91,419)	7,028,669
Total Buildings		4,076,779	65,211	0	5,382,024	(502,780)	(132,565)	8,888,669
Total Land and Buildings		4,089,153	65,211	0	5,629,650	(502,780)	(132,565)	9,148,669
Furniture and Equipment	(Level 3)	49,875	0	0	0	0	(4,987)	44,888
Plant and Equipment	(Level 2)	911,194	0	(158,341)	0	0	(87,659)	665,194
Work in Progress (WIP)		0	280,597	0	0	0	0	280,597
Total Property, Plant and Equipment		5,050,222	345,808	(158,341)	5,629,650	(502,780)	(225,211)	10,139,348

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

	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	22,381,922	19,552,255
Less Accumulated Depreciation	<u>(9,663,773)</u>	<u>(9,222,441)</u>
	12,718,149	10,329,814
Footpaths - Cost	357,544	357,544
Less Accumulated Depreciation	<u>(316,135)</u>	<u>(293,517)</u>
	41,409	64,027
Drainage - Cost	138,980	138,980
Less Accumulated Depreciation	<u>(107,807)</u>	<u>(104,332)</u>
	31,173	34,648
Airstrip - Cost	302,336	302,336
Less Accumulated Depreciation	<u>(184,416)</u>	<u>(154,183)</u>
	117,920	148,153
Water - Cost	75,694	0
Less Accumulated Depreciation	<u>(44,875)</u>	<u>0</u>
	30,819	0
Other - Independent Valuation 2014	2,678,064	0
Other - Cost	0	75,694
Less Accumulated Depreciation	<u>(558,299)</u>	<u>(42,849)</u>
	2,119,765	32,845
Work in Progress	9,956	0
Total Infrastructure	<u>15,069,191</u>	<u>10,609,487</u>

Other Infrastructure:

The Shire's other infrastructure were revalued at 30 June 2014 by independent valuers.

The other infrastructure was valued having regard for its current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs). Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

These 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.

The revaluation of these assets resulted in an overall increase of \$1,616,985 in the net value of the Shire's other infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13(d) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Transfers	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$
Roads	10,329,814	2,829,667	0	0	0	(441,332)	12,718,149
Footpaths	64,027	0	0	0	0	(22,618)	41,409
Drainage	34,648	0	0	0	0	(3,475)	31,173
Airstrip	148,153	0	0	0	0	(30,233)	117,920
Water	0	0	0	0	30,819	0	30,819
Other Infrastructure (Level 3)	32,845	0	0	1,616,985	471,961	(2,026)	2,119,765
Work in Progress (WIP)	0	9,956	0	0	0	0	9,956
Total	<u>10,609,487</u>	<u>2,839,623</u>	<u>0</u>	<u>1,616,985</u>	<u>502,780</u>	<u>(499,684)</u>	<u>15,069,191</u>

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

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	12,568	300,051
GST Payable	129,610	0
PAYG Payable	15,227	12,021
FBT Liability	8,629	5,998
Accrued Expenditure	249,207	0
Accrued Interest on Loans	2,790	3,527
Accrued Salaries and Wages	31,916	19,550
	<u>449,947</u>	<u>341,147</u>
	<u><u>449,947</u></u>	<u><u>341,147</u></u>
9. SHORT-TERM BORROWINGS		
Current		
Bank Overdraft	128,175	132,662
	<u>128,175</u>	<u>132,662</u>
	<u><u>128,175</u></u>	<u><u>132,662</u></u>
10. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	100,000	94,412
	<u>100,000</u>	<u>94,412</u>
	<u><u>100,000</u></u>	<u><u>94,412</u></u>
Non-Current		
Secured by Floating Charge Debentures	210,266	310,266
	<u>210,266</u>	<u>310,266</u>
	<u><u>210,266</u></u>	<u><u>310,266</u></u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

Analysis of Total Provisions

Current	151,876	128,629
Non-Current	3,375	21,216
	<u>155,251</u>	<u>149,845</u>
	<u><u>155,251</u></u>	<u><u>149,845</u></u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance as at 1 July 2013	53,364	96,481	149,845
Additional provisions	6,378	0	6,378
Amounts used	0	(972)	(972)
Balance at 30 June 2014	<u>59,742</u>	<u>95,509</u>	<u>155,251</u>
	<u><u>59,742</u></u>	<u><u>95,509</u></u>	<u><u>155,251</u></u>

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

	2014 \$	2014 Budget \$	2013 \$
12. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	25,900	25,900	24,749
Amount Set Aside / Transfer to Reserve	782	777	1,151
Amount Used / Transfer from Reserve	0	0	0
	<u>26,682</u>	<u>26,677</u>	<u>25,900</u>
(b) Plant Reserve			
Opening Balance	19,591	19,591	18,721
Amount Set Aside / Transfer to Reserve	190,846	588	870
Amount Used / Transfer from Reserve	0	0	0
	<u>210,437</u>	<u>20,179</u>	<u>19,591</u>
(c) Building Reserve			
Opening Balance	31,394	31,394	29,999
Amount Set Aside / Transfer to Reserve	948	942	1,395
Amount Used / Transfer from Reserve	(24,093)	(24,093)	0
	<u>8,249</u>	<u>8,243</u>	<u>31,394</u>
(d) Facilities Reserve			
Opening Balance	6,572	6,572	6,285
Amount Set Aside / Transfer to Reserve	263	197	287
Amount Used / Transfer from Reserve	0	0	0
	<u>6,835</u>	<u>6,769</u>	<u>6,572</u>
(e) Medical Reserve			
Opening Balance	48,517	48,517	46,361
Amount Set Aside / Transfer to Reserve	1,465	1,456	2,156
Amount Used / Transfer from Reserve	0	0	0
	<u>49,982</u>	<u>49,973</u>	<u>48,517</u>
(f) Rubbish Tip Reserve			
Opening Balance	13,311	13,311	12,719
Amount Set Aside / Transfer to Reserve	330	399	592
Amount Used / Transfer from Reserve	0	0	0
	<u>13,641</u>	<u>13,710</u>	<u>13,311</u>
(g) Swimming Pool Reserve			
Opening Balance	14,811	14,811	14,123
Amount Set Aside / Transfer to Reserve	305	444	688
Amount Used / Transfer from Reserve	(7,000)	(7,000)	0
	<u>8,116</u>	<u>8,255</u>	<u>14,811</u>

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

	2014 \$	2014 Budget \$	2013 \$
12. RESERVES - CASH BACKED (Continued)			
(h) Unspent Grants Reserve			
Opening Balance	391,992	384,507	12,590
Amount Set Aside / Transfer to Reserve	923,177	0	391,992
Amount Used / Transfer from Reserve	<u>(391,992)</u>	<u>(384,507)</u>	<u>(12,590)</u>
	<u>923,177</u>	<u>0</u>	<u>391,992</u>
(i) Community Resource Centre Reserve			
Opening Balance	32,098	32,098	31,334
Amount Set Aside / Transfer to Reserve	181,734	76,364	764
Amount Used / Transfer from Reserve	<u>(105,000)</u>	<u>(105,000)</u>	<u>0</u>
	<u>108,832</u>	<u>3,462</u>	<u>32,098</u>
TOTAL CASH BACKED RESERVES	<u><u>1,355,951</u></u>	<u><u>137,268</u></u>	<u><u>584,186</u></u>

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

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

Leave Reserve

- to be used to fund annual and long service leave requirements.

Plant Reserve

- to be used for the purchase of major plant.

Building Reserve

- to be used for the construction of housing and other facilities.

Facilities Reserve

- to be used to provide new facilities to the shire.

Medical Reserve

- to be used to maintain the services of a doctor and other medical services.

Rubbish Tip Reserve

- to be used to upgrade and expand rubbish tips within the Shire.

Swimming Pool Reserve

- to be used upgrade the swimming pool and aquatic centre facilities.

Unspent Grants Reserve

- to be used to set aside grant funds received and committed to be spent on specific projects or in future financial reporting periods.

Community Resource Centre Reserve

- to be used for the construction of a Community Recreation Centre

The reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

13. REVALUATION SURPLUS

	2014	2013
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	0	0
Revaluation Increment	5,629,650	0
Revaluation Decrement	0	0
	<u>5,629,650</u>	<u>0</u>
(b) Plant and Equipment		
Opening balance	167,051	0
Revaluation Increment	0	167,051
Revaluation Decrement	0	0
	<u>167,051</u>	<u>167,051</u>
(c) Furniture and Equipment		
Opening balance	16,290	0
Revaluation Increment	0	16,290
Revaluation Decrement	0	0
	<u>16,290</u>	<u>16,290</u>
(d) Infrastructure - Other		
Opening balance	0	0
Revaluation Increment	1,616,985	0
Revaluation Decrement	0	0
	<u>1,616,985</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u>7,429,976</u>	<u>183,341</u>

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	1,356,351	137,269	1,419,823
Bank Overdraft	<u>(128,175)</u>	<u>0</u>	<u>(132,662)</u>
	<u>1,228,176</u>	<u>137,269</u>	<u>1,287,161</u>

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

Net Result	2,532,637	3,576,557	2,602,463
Depreciation	724,895	702,734	754,873
(Profit)/Loss on Sale of Asset	(31,913)	(30,000)	42,369
(Increase)/Decrease in Receivables	(309,461)	276,943	(182,011)
(Increase)/Decrease in Inventories	240	(2,157)	27,136
Increase/(Decrease) in Payables	108,800	(226,200)	30,074
Increase/(Decrease) in Employee Provisions	5,406	11,442	(14,983)
Grants/Contributions for the Development of Assets	<u>(2,578,086)</u>	<u>(4,460,770)</u>	<u>(2,758,117)</u>
Net Cash from Operating Activities	<u>452,518</u>	<u>(151,451)</u>	<u>501,804</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	200,000	200,000
Bank Overdraft at Balance Date	(128,175)	(132,662)
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(1,638)</u>	<u>0</u>
Total Amount of Credit Unused	<u>75,187</u>	<u>72,338</u>

Loan Facilities

Loan Facilities - Current	100,000	94,412
Loan Facilities - Non-Current	210,266	310,266
Total Facilities in Use at Balance Date	<u>310,266</u>	<u>404,678</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
---	----------	----------

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

15. CONTINGENT LIABILITIES

Council have no Contingent Liabilities at 30 June 2014.

16. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments at 30 June 2014.

	2014	2013
	\$	\$
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	65,896	61,744
- later than one year but not later than five years	81,417	0
	147,313	61,744

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	0	64,777
- plant & equipment purchases	0	0

Payable:

- not later than one year	0	64,777
---------------------------	---	--------

The capital expenditure projects outstanding from the end of the prior reporting period represents the remainder of the contract for the Swimming Pool Upgrade.

The prior commitment was also for the contract for the Swimming Pool Upgrade.

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

17. JOINT VENTURE

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

	2014	2013
	\$	\$
Non-Current Assets		
Plant & Equipment	0	8,274
Less: Accumulated Depreciation	0	(226)
Less: Disposals	0	(8,048)
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

The Shire together with the Shires of Mt Marshall, Mukinbudin and Nungarin have a joint venture arrangement with regard to the Kununoppin Medical Practice. There are no Assets. Council has a percentage based agreement with the other shires, whereby income and expenditure is split four ways as follows: Shire of Trayning 40%, Shire of Mt Marshall 25%, Shire of Mukinbudin 25%, Nungarin 10%. There is no profit on this Joint Venture.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	1,080,569	1,544,499
General Purpose Funding	111,648	90,445
Law, Order, Public Safety	115,180	30,957
Health	49,982	48,517
Education and Welfare	259,407	28,795
Housing	3,618,792	682,031
Community Amenities	201,775	141,795
Recreation and Culture	5,639,546	2,241,299
Transport	13,821,697	10,785,876
Economic Services	782,025	704,541
Other Property and Services	1,006,432	870,561
Unallocated	604,844	328,002
	<u>27,291,897</u>	<u>17,497,318</u>

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

	2014	2013	2012
19. FINANCIAL RATIOS			
Current Ratio	0.887	2.038	1.442
Asset Sustainability Ratio	4.014	3.527	2.648
Debt Service Cover Ratio	3.026	5.474	6.050
Operating Surplus Ratio	4.513	-0.140	0.021
Own Source Revenue Coverage Ratio	0.373	0.411	0.399

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

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

20. TRUST FUNDS

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

	Balance 1-Jul-13	Amounts Received	Amounts Paid	Balance 30-Jun-14
	\$	\$	(\$)	\$
Football Club Funds	3,348	0	0	3,348
Skatepark Funds	2,078	0	(2,078)	0
Councillor Nominations	0	400	(400)	0
Police Licensing	3,721	278,054	(277,066)	4,709
Toy Library	771	0	0	771
Red FM Radio/Gym	317	0	0	317
Kununoppin Fire Brigade	500	0	0	500
Shire Housing Bonds	4,355	3,237	(2,422)	5,170
Badminton Funds	387	0	0	387
Unidentified Deposits	929	2,088	0	3,017
South Ninghan Catchment Group Funds	2,416	0	0	2,416
Repertory Funds	1,707	0	0	1,707
NEWROC	0	0	0	0
Aqua Bubble Donations	971	0	0	971
Commemorative Plaques	0	0	0	0
Ninghan Farm Focus Group	2,125	10,850	(12,725)	250
Rance Caravan	0	600	(600)	0
Ninghan Fitness Centre	0	629	(119)	510
Halls & Equipment Hire Bonds	0	205	(103)	102
	<u>23,625</u>			<u>24,175</u>

20(a) NEWROC

The North Eastern Wheatbelt Regional Organisation of Councils (NEWROC) is made up of the Shires of Wyalkatchem, Trayning, Mukinbudin, Koorda, Nungarin and Mt Marshall. Following is a summary of the NEWROC funds and Investment bank accounts. NEWROC funds were held in Trust by the Shire of Trayning until 11 November 2013 before being transferred to the Shire of Mt Marshall.

	Balance 01-Jul-13	Amounts Received	Amounts Paid	Transfers Out	Balance 30-Jun-14
	\$	\$	(\$)	\$	\$
NEWROC Funds Bank	5,013	238,561	(224,266)	(19,308)	0
NEWROC Funds Investment Bank Account	600,588	6,469	(51,474)	(555,583)	0
Total	<u>605,601</u>	<u>245,030</u>	<u>(275,740)</u>	<u>(574,891)</u>	<u>0</u>

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

21. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Transport						
8m3 Truck	0	0	0	30,000	0	30,000
CAT 12H Grader	91,671	0	90,000	0	(1,671)	0
Volvo Truck	66,670	0	100,254	0	33,584	0
	158,341	0	190,254	30,000	31,913	30,000

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-13	New Loans		Principal Repayments		Principal 30-Jun-14		Interest Repayments	
	\$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing									
Loan 63 - Construction of GEHA House	72,867	0	0	22,864	22,864	50,003	50,003	3,767	4,048
Recreation & Culture									
Loan 62 - Gymnasium Building & Equipment	24,400	0	0	9,344	9,344	15,056	15,056	1,272	1,279
Transport									
Loan 62 - Portion of Vibe Roller	18,590	0	0	7,119	7,119	11,471	11,471	969	975
Loan 66 - Grader	137,528	0	0	27,589	27,589	109,939	109,939	7,347	7,556
New Loan - 8m ³ Truck	0	0	120,000	0	0	0	120,000	0	0
Economic Services									
Loan 62 - Stage 1 Caravan Park Relocation (Construction of Ablution Block)	15,105	0	0	5,785	5,785	9,320	9,320	787	792
New Loan - Trayning Fuel Station	0	0	75,000	0	0	0	120,000	0	0
Other Property & Services									
Loan 65 - Construction of Works Crew House	136,188	0	0	21,711	21,711	114,477	114,477	7,294	7,523
	404,678	0	195,000	94,412	94,412	310,266	550,266	21,436	22,173

All loan repayments were financed by general purpose revenue.

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

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
8m3 Truck	0	120,000	WATC	Debenture	5	Unknown	Unknown	0	120,000	0
Trayning Fuel Station	0	75,000	WATC	Debenture	10	Unknown	Unknown	0	75,000	0

(c) Unspent Debentures

There were no unspent debentures at 30 June 2014.

(d) Overdraft

Council has an overdraft facility of \$200,000 with Westpac Bank which was taken out in June 2007. The balance of the bank overdraft at 30 June 2013 was \$132,662 and at 30 June 2014 was \$128,175.

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

23. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate											
UV - Rural	1.487500	199	44,452,504	661,232	316	0	661,548	661,235	0	0	661,235
UV - Mining	1.487500	2	54,454	810	0	0	810	810	0	0	810
GRV Townsite	19.792900	108	585,099	115,808	0	0	115,808	115,808	0	0	115,808
GRV Commercial	19.792900	12	84,010	16,628	(237)	0	16,391	16,628	0	0	16,628
Non-Rateable	0.000000	44	0	0	(649)	0	(649)				
Sub-Totals		365	45,176,067	794,478	(570)	0	793,908	794,481	0	0	794,481
Minimum Rates	Minimum \$										
UV - Rural	270	5	45,910	1,350	0	0	1,350	1,350	0	0	1,350
UV - Mining	270	1	3,288	270	0	0	270	270	0	0	270
GRV Townsite	270	36	15,990	9,720	0	0	9,720	9,720	0	0	9,720
GRV Commercial	270	2	455	540	0	0	540	540	0	0	540
Sub-Totals		44	65,643	11,880	0	0	11,880	11,880	0	0	11,880
Ex-Gratia Rates							805,788				806,361
Discounts (<i>refer note 26</i>)							9,111				9,372
Rates Written Off							(27,043)				(30,000)
Movement in Excess Rates							(910)				(1,000)
							(17,151)				0
Total Amount Raised from General Rate							769,795				784,733

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

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

(b) Information on Surplus/(Deficit) Brought Forward	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>120,985</u>	<u>785,614</u>	<u>785,614</u>
<u>Comprises:</u>			
Cash - Unrestricted	400	835,637	835,637
Cash - Restricted	1,355,951	584,186	584,186
Rates Outstanding	78,969	56,512	56,512
Sundry Debtors	593,534	261,444	261,444
GST Receivable	0	53,056	53,056
Adjustment for Trust Transactions within Muni	0	(3,598)	(3,598)
Less: Provision for Doubtful Debts	(26,256)	(12,396)	(12,396)
Accrued Income	10,884	0	0
Prepayments	0	0	0
Inventories			
- Fuel and Materials	38,595	38,835	38,835
Less:			
Reserves - Restricted Cash			
- Leave Reserve	(26,682)	(25,900)	(25,900)
- Plant Reserve	(210,437)	(19,591)	(19,591)
- Building Reserve	(8,249)	(31,394)	(31,394)
- Facilities Reserve	(6,835)	(6,572)	(6,572)
- Medical Reserve	(49,982)	(48,517)	(48,517)
- Refuse Reserve	(13,641)	(13,311)	(13,311)
- Swimming Pool Reserve	(8,116)	(14,811)	(14,811)
- Unspent Grants Reserve	(923,177)	(391,992)	(391,992)
- CRC Reserve	(108,832)	(32,098)	(32,098)
Sundry Creditors	(12,568)	(300,051)	(300,051)
GST Payable	(129,610)	0	0
PAYG Payable	(15,227)	(12,021)	(12,021)
FBT Liability	(8,629)	(5,998)	(5,998)
Accrued Expenditure	(249,207)	0	0
Income Received in Advance	0	0	0
Accrued Interest on Loans	(2,790)	(3,527)	(3,527)
Accrued Salaries and Wages	(31,916)	(19,550)	(19,550)
Current Employee Benefits Provision	(151,876)	(128,629)	(128,629)
Current Loan Liability	(100,000)	(94,412)	(94,412)
Add Back : Component of Leave Liability not Required to be Funded	26,682	25,900	25,900
Add Back : Current Loan Liability	100,000	94,412	94,412
Surplus/(Deficit)	<u>120,985</u>	<u>785,614</u>	<u>785,614</u>

Difference:

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

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

24. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

No specified area rates were levied in the 2013/14 financial year.

25. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

No Service Charges were imposed in the 2013/14 financial year.
The television re-broadcasting service charge finished in the 2012/13 financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	27,043	30,000
			27,043	30,000
Rate Assessment	Write-Off		910	1,000

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

27. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		5,309	4,000
Interest on Instalments Plan	5.50%		0	0
Interest on Unpaid ESL	11.00%		391	0
Charges on Instalment Plan		30	930	2,300
			6,630	6,300

Ratepayers had the option of paying rates in four equal instalments, due on 17th September 2013, 17th November 2013, 17th January 2014 and 17th March 2014. Administration charges and interest applied for the final three instalments.

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

28. FEES & CHARGES	2014	2013
	\$	\$
Governance	23,100	4,897
General Purpose Funding	930	900
Law, Order, Public Safety	992	874
Health	31,709	10,067
Housing	56,298	54,485
Community Amenities	47,731	47,221
Recreation and Culture	7,584	9,600
Economic Services	20,200	27,136
Other Property and Services	33,055	36,958
	<u>221,599</u>	<u>192,138</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

29. GRANT REVENUE

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

By Nature and Type:	2014	2013
	\$	\$
Operating Grants, Subsidies and Contributions	1,665,175	1,552,817
Non-Operating Grants, Subsidies and Contributions	2,928,248	2,758,117
	<u>4,593,423</u>	<u>4,310,934</u>
By Program:		
Governance	0	20,592
General Purpose Funding	504,191	886,633
Law, Order, Public Safety	4,000	13,091
Health	0	36,109
Education and Welfare	0	1,036
Housing	370,832	2,681
Community Amenities	0	0
Recreation and Culture	1,000	73,000
Transport	2,873,891	2,804,577
Economic Services	839,509	201,516
Other Property and Services	0	271,699
	<u>4,593,423</u>	<u>4,310,934</u>

30. ELECTED MEMBERS REMUNERATION

2014	2014	2013
\$	Budget	\$
	\$	

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

Meeting Fees	21,400	15,000	17,640
President's Allowance	12,000	15,000	3,000
Deputy President's Allowance	3,000	3,750	750
Travelling Expenses	2,721	6,000	2,849
Telecommunications Allowance	10,517	6,500	5,070
IT Allowance	0	0	3,500
	<u>49,638</u>	<u>46,250</u>	<u>32,809</u>

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

31. EMPLOYEE NUMBERS

2014

2013

The number of full-time equivalent employees at balance date

14

15

32. MAJOR LAND TRANSACTIONS

There were no major land transactions for the year ended 30 June 2014.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the year ended 30 June 2014.

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

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,356,351	1,419,823	1,356,351	1,419,823
Receivables	688,412	378,951	688,412	378,951
	<u>2,044,763</u>	<u>1,798,774</u>	<u>2,044,763</u>	<u>1,798,774</u>
Financial Liabilities				
Payables	449,947	341,147	449,947	341,147
Borrowings	438,441	537,340	421,830	512,941
	<u>888,388</u>	<u>878,487</u>	<u>871,777</u>	<u>854,088</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	11,523	5,525
- Statement of Comprehensive Income	11,523	5,525

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	100.00%	100.00%
- Overdue	0.00%	0.00%

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	449,947	0	0	449,947	449,947
Borrowings	245,224	230,636	0	475,860	438,441
	<u>695,171</u>	<u>230,636</u>	<u>0</u>	<u>925,807</u>	<u>888,388</u>
<u>2013</u>					
Payables	341,147	0	0	341,147	341,147
Borrowings	249,711	333,004	14,680	597,395	537,340
	<u>590,858</u>	<u>333,004</u>	<u>14,680</u>	<u>938,542</u>	<u>878,487</u>

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2014</u>								
Borrowings								
Fixed Rate								
Debentures	128,175	85,850	0	109,939	114,477	0	438,441	5.81%
Weighted Average Effective Interest Rate	5.96%	5.92%		5.78%	5.75%			
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures	132,662	0	130,962	0	137,528	136,188	537,340	5.82%
Weighted Average Effective Interest Rate	5.96%		5.92%		5.78%	5.75%		

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Trayning, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting Interpretations).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Date: 12 December 2014
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

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

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

	2014	2013	2012
Asset Consumption Ratio	0.494	0.746	N/A
Asset Renewal Funding Ratio	0.887	0.920	N/A

The above ratios are calculated as follows:

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

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

N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.