

SHIRE OF WESTONIA

ANNUAL REPORT 2011 - 2012



CONTENTS

Annual Report

SHIRE OF WESTONIA STATISTICS	2
COUNCIL	3
STAFF	5
PRESIDENT'S REPORT	7
CHIEF EXECUTIVE OFFICER'S REPORT	9
FUTURE PLAN	11
STATE RECORDS ACT 2000	14
NATIONAL COMPETITION POLICY STATEMENT	14
PAYMENTS TO EMPLOYEES	15
FREEDOM OF INFORMATION STATEMENT	15
DISABILITY SERVICES STATEMENT	15

Financial Report

2011-2012 FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT	
---	--

SHIRE OF WESTONIA STATISTICS

Shire Office, Wolfram Street, Westonia WA 6423
 Telephone: (08) 9046 7063 Facsimile: (08) 9046 7001
 Email: shire@westonia.wa.gov.au Web: www.westonia.wa.gov.au

President: Louis Geier
Deputy President: Leon Guest
Councillors: Louis Geier (2013), Leon Guest (2013), John Jefferys (2013)
 Karin Day (2015), Mick Cunningham (2015), Doug Hermon (2015)

Note: Year in brackets denotes expiry of election term

Chief Executive Officer John Merrick

Senior Finance Officer
Administration Officers

Kay Geier
 Jasmine Geier
 Annemaree Jensen
 Rose Smith
 Katrina Kingston
 Gary Angwin
 Wendy Dallywater
 Kevin Paust
 David Hamilton
 Adrian Townrow, Graeme Bright, Kathy
 Paust, Graham Daddow
 Hayden Stein, Kate Garland
 Myra Vaughan, Pam White
 Kim Hunter

NRM Officer
Swimming Pool Manager
Environmental Health/Building Officer
Works Supervisor
Grader Operator
Plant Operators

Gardener
Cleaners
Caravan Park Caretaker

Shire Statistics	
Distance from Perth	316km
Area	3,268km ²
Length of Sealed Roads	121km
Length of Unsealed Roads	764km
Population	277
Number of Dwellings	128
Total Rates	\$ 677,746
Total Revenue	\$2,689,600
Number of Employees	19

Shire Attractions
Westonia Facades, Boodalin Soak Sandford Rocks, Elachbutting Rock, Baldjie Rock Wild Flowers, Woodlands Granite Outcrops, Westonia Common Historic Westonia Tavern Rabbit Proof Fence Golden Pipeline Drive Trail Old Miners Hall Wanderers Sports Stadium

Local Industries
Wheat, grain and sheep farming Gold Mining, Dolomite Mining, Earth Moving, Timber Milling, Heavy Transport

Localities
Westonia, Walgoolan, Carrabin Warralakin, Elachbutting

Sporting Facilities
Tennis, Lawn Bowls, Golf – Visitors welcome to use all sporting facilities

Council Meets on the third Thursday of each month, except January

COUNCIL



Front Seated L-R: Deputy President Cr Leon Guest, Shire President Cr Louis Geier, CEO Jamie Criddle.

Back: L-R: Cr Michael Cunningham, Cr Karin Day, Cr Doug Hermon, & Cr John Jefferys.

COUNCIL & COMMITTEE MEETINGS

COUNCIL MEETINGS

Council Meetings are held on the third Thursday of each month with the exception of Januarys. All Council meetings are held in the Westonia Council Chambers located in the Westonia Community Resource Centre, 33 Wolfram Street Westonia.

The Council and Committee meetings are open to the public and there is public question time at the beginning of both Council and Committee meetings at which time the general public may ask questions on any Local Government matter.

Meeting dates and times are subject to change and if this does occur notice of such change is advertised as per the requirements of the Local Government Act 1995.

COMMITTEE MEETINGS

Council has no operational standing committees however the following portfolios have been issued to Councillors and meet and attend meetings on an as needs basis.

<u>Councillor</u>	<u>Portfolio</u>
Cr Geier	WEROC, Community Development, Emergency Services, WALGA, Development Assessment Panels.
Cr Guest	WEROC (proxy), Community Development, Agriculture, Development Assessment Panels.
Cr Hermon	Community Development, Emergency Services.
Cr Jefferys	Transport, Community Development, Development Assessment Panels (proxy).
Cr Day	Community Development, Transport, Development Assessment Panels (proxy).
Cr Cunningham	Tourism, Community Development, Emergency Services, Sport & Recreation.

STAFF



L-R Standing: Graeme Bright, Doug Hermon, Kevin Paust, Clint Townrow, Adrian Townrow, David Hamilton.

Seated: Kathy Paust & Graham Daddow

STAFF CONTD...



Front Seated L-R: Jasmine Geier, Kay Geier.

Back: L-R: Annemaree Jensen, Rose Smith, Katrina Kingston & CEO Jamie Criddle.

PRESIDENT'S REPORT

It is with pleasure that I provide this annual report to the community of Westonia for the 2011/2012 financial year ending on the 30th June 2012.

I would firstly like to thank Kim Hastie who resigned as Director of Westonia Operations during the year for his time and dedication to the operations of the Westonia community. Also John Merrick who filled the position of Director of Westonia Operations & Acting Chief Executive Officer over the 2011/2012 year. The skill, warmth and dedication that John brought to both roles were greatly appreciated.



Cr Louis Geier

I am pleased to report that the carpark façade is now almost complete, with signage to be hung to finalise the project. Several 25,000 litre rainwater tanks were also installed at the Shire Works Depot during the 2011/2012 year. These tanks have the ability to capture up to 150,000 litres of rainwater from the Shire Works Depot roof and will be utilized by the community for both fire fighting and stock watering purposes.

The completion of the Westonia Lifestyle Village was one of the biggest projects undertaken by Council in recent years and has helped revitalise the rental housing stocks within the townsite and the community will reap the benefits for years to come.

A CMCA Dump Point to service the caravan and motorhome market is now also in place adjacent to the town site, with a wash down tap soon to be installed to service the site.

We are now awaiting the arrival of a completed 4 X 2 transportable residence to be located in Pyrites Street. Council has also secured funding for at least 2 additional centrally located 2 bedroom units which will provide additional accommodation options for older residents, and plans are underway for further units.

Council has continued works on the Community Resource Centre façades and hope to complete them during 2012/13. A large 100,000 litre water tank has been installed at the oval in anticipation of using treated grey water from the mine camp treatment system on the oval. This will help reduce the cost of watering significantly.

We have continued to derive great benefit from a standout working relationship with our corporate partner, Evolution Mining, and hope to continue in such a manner which has so far proved greatly beneficial to both parties.

The merger process was in every respect an intensive commitment for Council. Following a positive recommendation from the board and the minister's formal approval of the proposed merger with the Shire of Yilgarn early in 2012 a petition was raised by the community requesting a poll on the proposal. The resultant majority no vote has resulted in Council to forge ahead independently in planning for the shire's future.

Finally may I take the opportunity to thank all staff for their continued commitment to serving the community, and also to my fellow Councillors for their support, diligence and dedication to our residents and the Shire of Westonia as a whole.

Louis Geier
PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT

It is with pleasure that I present the Chief Executive Officers annual report on the 2011/2012 year of operations of the Shire of Westonia. Whilst not holding the position of Chief Executive Officer during this period, I along with the staff have compiled this report for the year in review.

MANAGEMENT STAFF

The Chief Executive Officer is responsible for the overall management of the Shire and I am pleased to report that the following Management Staff are a blend of dedicated and professional staff which has resulted in benefits for the Shire.

Chief Executive Officer	John Merrick
Environmental Health Officer& Building Surveyor	Wendy Dallywater
Works Supervisor	Kevin Paust

During the year of review there were three changes to the Management staff structure where Jeff Sowiak resigned as joint Chief Executive Officer of Westonia/Yilgarn, Kim Hastie resigned as the Director of Westonia Operations and the cessation of the Environmental Health Officer & Building Surveyor contract with the Shire of Yilgarn ended Wendy Dallywater's long association with the Shire of Westonia.

Council and Staff wish Jeff, Kim and Wendy all the best with their future endeavours.

All staff members are there to serve you and should you have a query on any issue please do not hesitate to contact them or myself.

BUDGETING

The Shires budgeting process commences in February/March of each year with the preparation of a draft budget based on previously adopted works and capital expenditure programs and issues identified to elected members and staff by residents of the Shire. Residents are encouraged to provide budgetary requests either to their elected members or to the management staff. The draft budget is presented at the June meeting of Council, where it is refined until a suitable balance between required works and an acceptable rate level is achieved and is adopted at a special meeting in early July.

All budgets take into consideration items of works that have been identified in the Financial Plan for the Future, Strategic Plan and forward Capital Works Plan.

Finance

The Shire's financial position to the 30 June 2012 ended with an operating surplus of \$997,418 before capital movements, and after funding major building and roadwork's, ended with a cash position of \$1,887,948 of which \$1,146,058 is restricted for reserves, unspent grants and other commitments.

Of the reserves that Council holds, the largest is the Plant Reserve of \$340,562 which will be largely utilised to fund plant purchases in 2012/2013. Council recognises that further transfers to this reserve will be required to ensure future purchases and plant replacement are funded. Council also has \$352,659 in unspent grants, with the majority earmarked for community housing via the Royalties for Regions scheme.

Financial ratio's are designed to provide users of Annual Financial Statements with a clearer interpretation of the performance and financial results of a Local Government and a comparison of trends over a number of years.

Each of the financial ratio's detailed in the Annual Report shows a positive trend which indicates improvement in the financial management of the Council.

Major areas of activity:

Council undertook numerous projects and delivered a wide range of services to the community, some of which are included below with relevant expenditure also shown;

- Bush Fire Control - \$30,000
- Pool Maintenance - \$70,214
- Lifestyle Village - \$107,115
- Roads & Streets - \$559,065
- Standpipes - \$20,000
- Purchase lot 101 - \$15,000
- Museum - \$5,016
- Depot Water Tanks - \$17,242
- 4 x 2 Transportable Residence - \$39,663
- Carport Façade - \$60,391
- Roads-Capital Works - \$732,400 (less \$596,869 grants)
- Plant and Equipment - \$575,946 (less \$117,191 trades)

I would like to acknowledge the work undertaken by the Acting Chief Executive Officer, John Merrick and his inside and operational staff and would particularly like to thank the Councillors for their leadership over the past twelve months.

The restricted cash component is for use in the 2012/2013 and future financial years. This surplus was a pleasing result due to Council experiencing a number of matters that required out of budget expenditure and with a majority of intended projects completed or in process of construction/completion.

Council was able to continue to supply new infrastructure and services, undertake other road projects that were a priority of Council, and continue to provide existing services at an acceptable level.

Major Sources of Income

The major sources of income required to match the expenditure of Council are:

General Purpose Grant	\$ 665,744
General Purpose Grant – Roads	\$ 596,869
Rates	\$ 677,746
Road Grants	\$ 75,758
Sale of Assets (trade values)	\$ 117,191
Other Government Grants	\$ 518,674
Royalties for Regions Grant	\$ 328,212
Fees/Charges, reimbursements	\$ 444,853
Interest on Investments	\$ 74,002

CONCLUSION

Each year the Council is faced with many challenges and requests from residents for major infrastructure and these have been achieved over the years. We cannot accommodate every request however the Council and staff do work towards long term planning in an endeavour to continue to provide services that are needed and to maintain existing. Some of the projects achieved in 2011/2012 have been planned for many years and there are more on the planning board for the future to make this Shire not only a great place to visit but a great place to live.

In conclusion my special thanks go to the staff and Councillors for their assistance, guidance and co-operation during the period of this report. Special thanks must go to Mr. John Merrick who filled a variety of roles whilst with the shire and helped steady the ship during some difficult and trying times.

I also take this opportunity to thank the many residents who have assisted Council in some form in achieving its goals and objectives throughout 2011/2012 and I am confident the Council will again receive that support in 2012/2013 and for many years to come.

JAMIE CRIDDLE
CHIEF EXECUTIVE OFFICER

FUTURE PLAN

The Local Government Act 1995 requires a local authority to prepare a Plan for the Future for and requires an overview of that plan to be reported in the Council Annual Report.

The Act also requires a local authority to disclose in their Annual Report major initiatives that are proposed to commence or continue in the next financial year.

The following initiatives are proposed:

ECONOMIC

- **Housing**

Construction of 2 (2 x 1) units within the Lifestyle Village Precinct with possibility of 2 more in the next financial year

Construction of 1 (4 x 2) Executive residence to attract mining families to town.

- **Tourism**

Ongoing works at Hood-Penn Museum with financial assistance from Evolution Mining.

Addition of 2 powered sites at Caravan Park and minor ground works.

Continue street corner facades, Caravan Parking and town entry Statements.

Update tourism brochure/information bays.

- **Business**

Seek new business opportunities with associated mine works.

Develop commercial land to attract new/current businesses.

- **Youth**

Encourage the Mine and local Business's to offer local apprenticeships.

COMMUNITY/SOCIAL

- **Heritage**

Promotion of local heritage, restoration of heritage buildings, artifacts.

- **Health**

Identify Aged Care options in Westonia and implement Verso report.

- **Mobile Phone**

Continue to advocate the need for additional mobile phone tower for Westonia to cover Great Eastern Highway.

INFRASTRUCTURE

- **Road Construction/Mtce**

Continuation of Roads to Recovery program and Regional Road Group projects.

Identify future Black Spot Funding projects within the shire.

Various own sourced expenditure project on designated council roads.

- **Airfield**

Continual maintenance and upgrade of Airport Clubhouse.

- **Facades**

Continuation of theme promoting town history with facades, upgrade

- **Recreation**

Creation of a community gymnasium

Ongoing upgrades to sporting facilities such as swimming pool.

ENVIRONMENT

- **Town Common**

Continue to preserve the Town Common and natural reserves.

- **Natural Resource Management**

Seek funding to support natural resource management projects.

- **Vermin Control**

Financial support to dogger program.

Contribute R4R funds to vermin proof fence

- **Town Oval**

Purchase tank to utilise recycled grey water from mining camp treatment plant

ORGANISATIONAL

- **Future Directions Plan**

Continue to revise plan and implement key strategies within the plan.

The Future Directions plan will change in the coming years with new legislation being introduced. The Council, with community involvement, will be required to review its existing Strategic Plan and develop a long term financial plan. Another requirement will be the development of an Asset Management plan and Corporate Business Plan.

STATE RECORDS ACT 2000 – STANDARD 2/PRINCIPAL

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Standard 2, Principle 6 – Compliance: Government organisations ensure their employees comply with the record keeping plan.

Rationale:

An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire of Westonia has complied with items 1 to 4.

NATIONAL COMPETITION POLICY STATEMENT

Local Government is bound by the principles set out in the National Competition Policy.

Competitive neutrality relates to the removal of benefits and costs associated with government activities and costs associated with public ownership. Local government is required to test its neutrality for each activity that generates income greater than \$200,000.

The Shire of Westonia does not have an activity that generates more than \$200,000.

Legislation review relates to legislation that may conflict with the principles of National Competition Policy. Local governments are able to make local laws and are required to test local laws against the National Competition Policy.

The Shire of Westonia's local laws comply with those requirements.

PAYMENTS TO EMPLOYEES

The Local Government (Administration) Regulations 1996, regulation 19B requires each local government to provide information in its annual report on the following:

- (a) The number of employees of the local government entitled to an annual salary of \$100,000 or more;
- (b) The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

As at 30th June 2012 there were no staff members who received an annual wage salary equivalent to or greater than \$100,000.

FREEDOM OF INFORMATION STATEMENT

The Shire of Westonia is responsible for the good governance of the district and carries out functions as required including statutory compliance and provision of facilities and services.

The Council consists of six elected members. The Council meets once each month except January to make decisions relating to the policy and direction of the Shire. All meetings are open to the public and the meeting dates and venues are advertised to the public. Members of the public are able to ask questions during public question time at the commencement of each meeting.

Council maintains records relating to each property within the Shire and also records relating to the function and administration of the Shire including minutes of meetings, financial interests register, register of delegations, rates book, electoral roll, financial statements and local laws.

These documents can be inspected at the Shire Office, Wolfram Street, Westonia, Monday to Friday between the hours of 8.30am and 5.00pm.

Changes to personal information should be made in writing.

Requests for information under the Freedom of Information Act can be sent to the Chief Executive Officer, Shire of Westonia, Wolfram Street, Westonia WA 6423.

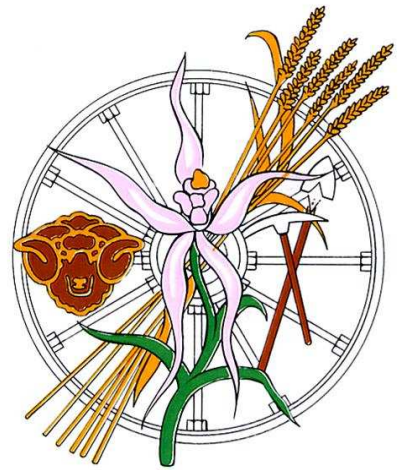
DISABILITY SERVICES STATEMENT

The Shire of Westonia is committed to ensuring that the community is accessible for people with disabilities, their families and their carers.

People with disabilities who live in country areas should be given the support to remain in the community of their own choice. The Shire of Westonia is committed to consulting with people with disabilities, their families and their carers to ensure that the barriers to access are addressed appropriately.



SHIRE OF WESTONIA



FINANCIAL REPORT

**FOR YEAR ENDED
30 JUNE 2012**

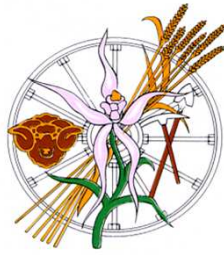
SHIRE OF WESTONIA

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

TABLE OF CONTENTS

Statement by Chief Executive Officer	1
Statement of Comprehensive Income by Nature or Type	2
Statement of Comprehensive Income by Program	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Rate Setting Statement	7
Notes to and Forming Part of the Financial Report	8 to 48
1. Significant Accounting Policies	8
2. Revenue and Expenses	24
3. Cash and Cash Equivalents	27
4. Trade and Other Receivables	27
5. Inventories	27
6. Property, Plant and Equipment	28
7. Infrastructure	29
8. Trade and Other Payables	30
9. Long-Term Borrowings	30
10. Provisions	30
11. Reserves - Cash Backed	31
12. Reserves - Asset Revaluation	32
13. Notes to the Statement of Cash Flows	33
14. Contingent Liabilities	34
15. Capital and Leasing Commitments	34
16. Joint Venture	35
17. Total Assets Classified By Function and Activity	35
18. Financial Ratios	36
19. Trust Funds	37
20. Disposal of Assets	37
21. Information On Borrowings	38
22. Rating Information	39
23. Specified Area Rate	41
24. Service Charges	41
25. Discounts, Incentives, Concessions, & Write-Offs	41
26. Interest Charges and Instalments	41
27. Fees & Charges	41
28. Grants, Subsidies, Contributions	42
29. Councillors' Remuneration	42
30. Employee Numbers	42
31. Major Land Transactions	43
32. Trading Undertakings and Major Trading Undertakings	43
33. Financial Risk Management	44
Independent Audit Report	49 & 50



SHIRE OF WESTONIA

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Westonia being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Westonia at 30th June 2012 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 on the 13th day of November 2012

A handwritten signature in dark ink, appearing to read 'J Criddle', is written over a horizontal line.

J Criddle
Chief Executive Officer

SHIRE OF WESTONIA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	22	683,986	691,984	606,255
Operating Grants, Subsidies and Contributions	28	1,446,657	848,463	1,213,421
Fees and Charges	27	444,853	243,080	199,066
Service Charges	24	7,370	7,370	5,610
Interest Earnings	2(a)	74,002	52,500	74,124
Other Revenue		38,971	132,645	56,982
		<u>2,695,839</u>	<u>1,976,042</u>	<u>2,155,458</u>
Expenses				
Employee Costs		(848,226)	(711,036)	(602,526)
Materials and Contracts		(555,748)	(448,995)	(391,100)
Utility Charges		(102,173)	(136,159)	(114,807)
Depreciation on Non-Current Assets	2(a)	(1,126,842)	(1,176,800)	(1,129,860)
Interest Expenses	2(a)	(43,881)	(43,662)	(46,078)
Insurance Expenses		(92,453)	(91,097)	(82,663)
Other Expenditure		(16,157)	(21,493)	(22,196)
		<u>(2,785,480)</u>	<u>(2,629,242)</u>	<u>(2,389,230)</u>
		(89,641)	(653,200)	(233,772)
Non-Operating Grants, Subsidies and Contributions	28	1,001,519	818,795	914,671
Profit on Asset Disposals	20	6,530	58,588	24,890
Loss on Asset Disposal	20	(24,646)	(33,371)	(6,257)
Net Result		<u>893,762</u>	<u>190,812</u>	<u>699,532</u>
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>893,762</u></u>	<u><u>190,812</u></u>	<u><u>699,532</u></u>

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

SHIRE OF WESTONIA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		7,499	19,650	48,780
General Purpose Funding		2,023,085	1,471,069	1,646,477
Law, Order, Public Safety		47,165	48,580	52,010
Health		1,400	1,500	1,950
Education and Welfare		0	50	20,050
Housing		141,551	172,820	78,880
Community Amenities		9,060	6,500	5,400
Recreation and Culture		71,922	69,970	120,670
Transport		75,758	76,258	71,091
Economic Services		94,285	45,945	38,164
Other Property and Services		224,114	63,700	71,986
	2(a)	<u>2,695,839</u>	<u>1,976,042</u>	<u>2,155,458</u>
Expenses				
Governance		(274,641)	(323,974)	(269,648)
General Purpose Funding		(34,926)	(33,003)	(24,584)
Law, Order, Public Safety		(56,680)	(46,580)	(56,964)
Health		(25,930)	(30,352)	(21,517)
Education and Welfare		(19,097)	(21,541)	(22,588)
Housing		(131,002)	(165,924)	(90,389)
Community Amenities		(37,752)	(65,612)	(28,836)
Recreation and Culture		(343,564)	(343,602)	(344,744)
Transport		(1,406,513)	(1,247,440)	(1,175,096)
Economic Services		(243,937)	(282,552)	(214,865)
Other Property and Services		(167,557)	(25,000)	(93,921)
	2(a)	<u>(2,741,599)</u>	<u>(2,585,580)</u>	<u>(2,343,152)</u>
Finance Costs				
Housing		(28,661)	(29,619)	(32,684)
Transport		(10,526)	(9,372)	(11,049)
Economic Services		(4,694)	(4,671)	(2,345)
	2(a)	<u>(43,881)</u>	<u>(43,662)</u>	<u>(46,078)</u>
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		395,323	0	0
Education and Welfare		28,701	0	0
Housing		328,212	328,212	403,371
Recreation and Culture		0	0	96,000
Transport		249,283	490,583	415,300
		<u>1,001,519</u>	<u>818,795</u>	<u>914,671</u>
Profit on Disposal of Assets				
Governance		0	3,008	0
Housing		0	53,050	0
Transport		0	0	22,360
Other Property and Services		6,530	2,530	2,530
		<u>6,530</u>	<u>58,588</u>	<u>24,890</u>
Loss on Disposal of Assets				
Governance		(2,235)	0	0
Transport		(22,411)	(33,371)	(6,257)
		<u>(24,646)</u>	<u>(33,371)</u>	<u>(6,257)</u>
Net Result		<u>893,762</u>	<u>190,812</u>	<u>699,532</u>
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u>893,762</u>	<u>190,812</u>	<u>699,532</u>

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

SHIRE OF WESTONIA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,854,267	1,103,846
Trade and Other Receivables	4	162,887	447,755
Inventories	5	41,890	44,370
TOTAL CURRENT ASSETS		<u>2,059,044</u>	<u>1,595,971</u>
NON-CURRENT ASSETS			
Other Receivables	4	67,636	0
Property, Plant and Equipment	6	7,985,868	7,616,954
Infrastructure	7	7,010,682	7,073,997
TOTAL NON-CURRENT ASSETS		<u>15,064,186</u>	<u>14,690,951</u>
TOTAL ASSETS		<u>17,123,230</u>	<u>16,286,922</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	102,018	122,735
Long Term Borrowings	9	71,588	67,113
Provisions	10	108,745	82,779
TOTAL CURRENT LIABILITIES		<u>282,351</u>	<u>272,627</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	561,408	632,996
Provisions	10	8,970	4,560
TOTAL NON-CURRENT LIABILITIES		<u>570,378</u>	<u>637,556</u>
TOTAL LIABILITIES		<u>852,729</u>	<u>910,183</u>
NET ASSETS		<u>16,270,501</u>	<u>15,376,739</u>
EQUITY			
Retained Surplus		15,477,102	14,782,581
Reserves - Cash Backed	11	793,399	594,158
TOTAL EQUITY		<u>16,270,501</u>	<u>15,376,739</u>

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

**SHIRE OF WESTONIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		12,158,368	1,048,710	1,470,129	14,677,207
Prior Period Correction	12	1,470,129	0	(1,470,129)	0
Restated Balance		<u>13,628,497</u>	<u>1,048,710</u>	<u>0</u>	<u>14,677,207</u>
Net Result		699,532	0	0	699,532
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		454,552	(454,552)	0	0
Balance as at 30 June 2011		<u>14,782,581</u>	<u>594,158</u>	<u>0</u>	<u>15,376,739</u>
Net Result		893,762	0	0	893,762
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(199,241)	199,241	0	0
Balance as at 30 June 2012		<u><u>15,477,102</u></u>	<u><u>793,399</u></u>	<u><u>0</u></u>	<u><u>16,270,501</u></u>

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

**SHIRE OF WESTONIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		684,169	688,984	601,297
Operating Grants, Subsidies and Contributions		1,437,492	851,463	1,210,421
Fees and Charges		403,345	207,475	197,449
Service Charges		7,370	7,370	5,610
Interest Earnings		74,002	52,500	74,124
Goods and Services Tax		132,568	215,000	374,181
Other Revenue		38,971	132,645	56,982
		<u>2,777,917</u>	<u>2,155,437</u>	<u>2,520,064</u>
Payments				
Employee Costs		(780,998)	(711,036)	(599,895)
Materials and Contracts		(576,775)	(462,678)	(387,788)
Utility Charges		(102,173)	(136,159)	(114,807)
Insurance Expenses		(92,453)	(91,097)	(82,663)
Interest expenses		(44,541)	(44,347)	(44,276)
Goods and Services Tax		(201,083)	(270,756)	(283,092)
Other Expenditure		(16,157)	(21,493)	(22,196)
		<u>(1,814,180)</u>	<u>(1,737,566)</u>	<u>(1,534,717)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>963,737</u>	<u>417,871</u>	<u>985,347</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(820,374)	(1,188,711)	(1,688,526)
Payments for Construction of Infrastructure		(743,904)	(1,109,225)	(829,778)
Loans to Community Groups		(80,000)	(80,000)	0
Non-Operating Grants, Subsidies and Contributions		1,374,890	1,198,695	541,300
Proceeds from Sale of Plant & Equipment		117,191	275,000	160,005
Net Cash Provided By (Used In) Investing Activities		<u>(152,197)</u>	<u>(904,241)</u>	<u>(1,816,999)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(67,113)	(67,113)	(63,693)
Proceeds from Self Supporting Loans		5,994	5,994	0
Proceeds from New Debentures		0	0	80,000
Net Cash Provided By (Used In) Financing Activities		<u>(61,119)</u>	<u>(61,119)</u>	<u>16,307</u>
Net Increase (Decrease) in Cash Held		750,421	(547,489)	(815,345)
Cash at Beginning of Year		1,103,846	1,102,712	1,919,191
Cash and Cash Equivalents at the End of the Year	13(a)	<u>1,854,267</u>	<u>555,223</u>	<u>1,103,846</u>

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

SHIRE OF WESTONIA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
Governance		7,499	22,658	48,780
General Purpose Funding		1,339,099	779,085	1,040,222
Law, Order, Public Safety		442,488	48,580	52,010
Health		1,400	1,500	1,950
Education and Welfare		28,701	50	20,050
Housing		469,763	554,082	482,251
Community Amenities		9,060	6,500	5,400
Recreation and Culture		71,922	69,970	216,670
Transport		325,041	566,841	508,751
Economic Services		94,285	45,945	38,164
Other Property and Services		230,644	66,230	74,516
		<u>3,019,902</u>	<u>2,161,441</u>	<u>2,488,764</u>
Expenses				
Governance		(276,876)	(323,974)	(269,648)
General Purpose Funding		(34,926)	(33,003)	(24,584)
Law, Order, Public Safety		(56,680)	(46,580)	(56,964)
Health		(25,930)	(30,352)	(21,517)
Education and Welfare		(19,097)	(21,541)	(22,588)
Housing		(159,663)	(195,543)	(123,073)
Community Amenities		(37,752)	(65,612)	(28,836)
Recreation and Culture		(343,564)	(343,602)	(344,744)
Transport		(1,439,450)	(1,290,183)	(1,192,402)
Economic Services		(248,631)	(287,223)	(217,210)
Other Property and Services		(167,557)	(25,000)	(93,921)
		<u>(2,810,126)</u>	<u>(2,662,613)</u>	<u>(2,395,487)</u>
Net Result Excluding Rates		209,776	(501,172)	93,277
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	18,116	(25,217)	(18,633)
Movement in Employee Benefit Provisions (Non-Current)		4,410	0	(3,515)
Depreciation and Amortisation on Assets	2(a)	1,126,842	1,176,800	1,129,860
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	(30,000)	0
Purchase Land and Buildings		(244,428)	(645,211)	(1,380,244)
Purchase Infrastructure Assets - Roads		(737,727)	(1,079,225)	(816,867)
Purchase Infrastructure Assets - Other		(6,177)	(30,000)	(12,911)
Purchase Plant and Equipment		(575,946)	(513,500)	(298,243)
Purchase Furniture and Equipment		0	0	(10,039)
Proceeds from Disposal of Assets	20	117,191	275,000	160,005
Repayment of Debentures	21(a)	(67,113)	(67,113)	(63,693)
Proceeds from New Debentures	21	0	0	80,000
Loans to Community Groups		(80,000)	(80,000)	0
Self-Supporting Loan Principal Income		5,994	5,994	0
Transfers to Reserves (Restricted Assets)	11	(199,241)	(190,565)	(65,448)
Transfers from Reserves (Restricted Assets)	11	0	230,000	520,000
ADD Surplus/(Deficit) July 1 B/Fwd	22(b)	777,216	782,225	857,412
LESS Surplus/(Deficit) June 30 C/Fwd	22(b)	1,032,899	0	777,216
Amount Required to be Raised from Rates	22(a)	<u>(683,986)</u>	<u>(691,984)</u>	<u>(606,255)</u>

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial statement which has 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.

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 the 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.

(b) 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, but a separate statement of those monies appears at Note 19 to these financial statements.

(c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. 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 WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

(e) Trade and Other Receivables

Collectibility 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.

(f) 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 Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Fixed Assets

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

Initial Recognition

All assets are initially recognised at cost. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

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 AASB1051 - 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.

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	0 to 20 years
Furniture and Equipment	0 to 10 years
Plant and Equipment	0 to 10 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years

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

(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 (ie 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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (d) less any reduction for impairment.

The effective interest rate 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.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. 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.

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 and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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.

They are subsequently measured at fair value with changes in such fair value (ie 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 the 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 financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

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 continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

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 (eg AASB 116). 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 and are usually paid within 30 days of recognition.

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(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.

(m) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

Where the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(p) 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 operation for the current reporting period.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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.

(r) 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 resale where it is held as non-current based on Council's intentions to release for sale.

(s) Rounding Off Figures

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

(t) 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, a statement of financial position as at the beginning of the earliest period will be disclosed.

(u) 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 WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new and amended standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	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 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	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).

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [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]	December 2010	01 January 2013	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).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(xi)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 became mandatory and which were applicable to its operations.

These new and revised standards were:

- AASB 124
- AASB 1054
- AASB 2009 - 12
- AASB 2010 - 4
- AASB 2010 - 5
- AASB 2010 - 6
- AASB 2010 - 9
- AASB 2010 - 14
- AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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 WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES

2012
\$

2011
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	18,700	9,300
- Other Services	6,600	3,980

Depreciation

Buildings	138,823	110,404
Furniture and Equipment	22,194	27,148
Plant and Equipment	158,606	142,689
Roads	792,783	835,441
Footpaths	1,948	1,948
Other infrastructure	12,488	12,230
	<u>1,126,842</u>	<u>1,129,860</u>

Interest Expenses (Finance Costs)

Debentures (<i>refer Note 21(a)</i>)	43,881	46,078
	<u>43,881</u>	<u>46,078</u>

(ii) Crediting as Revenue:

2012
\$

2012
Budget
\$

2011
\$

Interest Earnings

Investments			
- Reserve Funds	33,976	25,300	45,325
- Other Funds	35,474	25,000	25,469
Other Interest Revenue (<i>refer note 26</i>)	4,552	2,200	3,330
	<u>74,002</u>	<u>52,500</u>	<u>74,124</u>

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

OBJECTIVE: To provide a decision making process for the efficient allocation of scarce resources.

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

GENERAL PURPOSE FUNDING

OBJECTIVE: To collect revenue to allow for the provision of services.

ACTIVITIES: Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

OBJECTIVE: To provide services to help ensure a safer community.

ACTIVITIES: Supervision of by-laws, fire prevention, emergency services and animal control.

HEALTH

OBJECTIVE: To provide an operational framework for good community health.

ACTIVITIES: Food quality and pest control, immunization services and operation of health clinic.

EDUCATION AND WELFARE

OBJECTIVE: To meet the needs of the community in these areas.

ACTIVITIES: To provide assistance to Local Primary School and be involved in the welfare of the aged and disabled and the general community.

HOUSING

OBJECTIVE: To help ensure adequate housing.

ACTIVITIES: Maintenance and establishment of staff and rental housing.

COMMUNITY AMENITIES

OBJECTIVE: Provide services required by the community.

ACTIVITIES: Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of rest centre and storm water drainage maintenance.

RECREATION AND CULTURE

OBJECTIVE: To establish and manage efficiently infrastructure and resources which will help the social well being of the community.

ACTIVITIES: Maintenance of halls, the aquatic centre, recreation centre and various reserves. Operation of the Library and TV and Radio re-broadcasting.

TRANSPORT

OBJECTIVE: To provide effective and efficient transport services for the community.

ACTIVITIES: Construction and maintenance of streets, roads, bridges, cleaning and lighting of street, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

OBJECTIVE: To help promote the shire and improve economic well being.

ACTIVITIES: The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.

OTHER PROPERTY AND SERVICES

OBJECTIVE: To provide an operational framework for the development and maintenance of both staff and plant.

ACTIVITIES: Private works operations, plant repairs and operation costs.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-10	Received (+) 2010/11	Expended (#) 2010/11	Closing Balance (*) 30-Jun-11	Received (+) 2011/12	Expended (#) 2011/12	Closing Balance 30-Jun-12
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$
FESA	Law, Order , Safet	0	27,495	(27,495)	0	29,180	(23,372)	5,808
Dog Fence Project	Law, Order , Safet	0	2,362	0	2,362	0	0	2,362
Community Dought Relief Fund	Education/Welfare	0	20,000	(12,754)	7,246	28,701	(7,028)	28,919
Country Local Government Fund	Housing	0	373,371	(373,371)	0	328,212	(22,224)	305,988
Fed Govt - RLCIP	Housing	0	30,000	(1,682)	28,318	0	(28,318)	0
Swimming Pool Subsidy	Rec & Culture	0	3,000	(3,000)	0	0	0	0
LotteriesWest - Museum	Rec & Culture	0	60,000	(60,000)	0	0	0	0
Lotterywest Grant History Book	Rec & Culture	0	12,000	(12,000)	0	0	0	0
Poppit Headframe	Rec & Culture	0	36,000	(36,000)	0	0	0	0
State Roads 2020	Transport	0	174,000	(174,000)	0	249,283	(249,283)	0
Main Roads 2025	Transport	0	71,091	(71,091)	0	0	0	0
Roads to Recovery	Transport	0	241,300	(241,300)	0	0	0	0
Shire of Yilgarn - NRM Program	Economic Service:	0	10,401	(10,401)	0	0	0	0
FESA - Grant Fire unit	Law, Order , Safet	0			0	395,323	(395,323)	0
Total		0	1,061,020	(1,023,094)	37,926	1,030,699	(725,548)	343,077

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.

All unspent grants/contributions are restricted at Note 3.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	717,791	391,762
Restricted	1,136,476	712,084
	<u>1,854,267</u>	<u>1,103,846</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	107,426	101,234
Plant Reserve	340,562	251,947
Building Reserve	206,926	110,187
Television Reserve	24,759	23,333
Community Development Reserve	75,446	71,098
Waste Management reserve	38,280	36,359
Unspent Grants	343,077	37,926
Unspent Loans	0	80,000
	<u>1,136,476</u>	<u>712,084</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	17,814	17,997
Sundry Debtors	107,060	440,556
GST Receivable	31,643	0
Provision for Doubtful Debts	0	(10,798)
Loans - Clubs/Institutions	6,370	0
	<u>162,887</u>	<u>447,755</u>
Non-Current		
Rates Outstanding - Pensioners		
Loans - Clubs/Institutions	67,636	0
	<u>67,636</u>	<u>0</u>
5. INVENTORIES		
Current		
Fuel and Materials	26,277	25,287
Land Held for Resale - Cost		
Cost of Acquisition	9,912	12,115
Development Costs	5,701	6,968
	<u>41,890</u>	<u>44,370</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

6. PROPERTY, PLANT AND EQUIPMENT	2012	2011
	\$	\$
Land - Cost	41,758	26,758
Buildings - Cost	7,265,551	7,036,124
Less Accumulated Depreciation	<u>(1,280,154)</u>	<u>(1,141,331)</u>
	5,985,397	5,894,793
Furniture and Equipment - Cost	343,844	343,844
Less Accumulated Depreciation	<u>(233,811)</u>	<u>(211,617)</u>
	110,033	132,227
Plant and Equipment - Cost	2,811,030	2,390,565
Less Accumulated Depreciation	<u>(962,350)</u>	<u>(827,389)</u>
	1,848,680	1,563,176
	<u>7,985,868</u>	<u>7,616,954</u>

PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

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

	Land	Buildings	Furniture & Equipment	Plant & Equipment	Total
	\$	\$	\$	\$	\$
Balance as at the beginning of the year	26,758	5,894,793	132,227	1,563,176	7,616,954
Additions	15,000	229,427	0	575,947	820,374
(Disposals)	0	0	0	(131,837)	(131,837)
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation (Expense)	0	(138,823)	(22,194)	(158,606)	(319,623)
Carrying amount at the end of year	<u>41,758</u>	<u>5,985,397</u>	<u>110,033</u>	<u>1,848,680</u>	<u>7,985,868</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

7. INFRASTRUCTURE	2012	2011
	\$	\$
Roads - Cost	21,147,205	20,409,478
Less Accumulated Depreciation	<u>(14,389,381)</u>	<u>(13,596,598)</u>
	6,757,824	6,812,880
 Footpaths - Cost	 38,968	 38,968
Less Accumulated Depreciation	<u>(19,483)</u>	<u>(17,535)</u>
	19,485	21,433
 Other Infrastructure - Cost	 358,875	 352,697
Less Accumulated Depreciation	<u>(125,502)</u>	<u>(113,013)</u>
	233,373	239,684
	<u><u>7,010,682</u></u>	<u><u>7,073,997</u></u>

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.

	Roads	Footpaths	Other Infrastructure	Total
	\$	\$	\$	\$
Balance at the beginning of the year	<u>6,812,880</u>	<u>21,433</u>	<u>239,684</u>	<u>7,073,997</u>
Additions	737,727	0	6,177	743,904
(Disposals)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation (Expense)	(792,783)	(1,948)	(12,488)	(807,219)
Carrying amount at the end of year	<u><u>6,757,824</u></u>	<u><u>19,485</u></u>	<u><u>233,373</u></u>	<u><u>7,010,682</u></u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$

8. TRADE AND OTHER PAYABLES

Current

Sundry Creditors	41,432	61,469
Tax Payable	0	36,872
Accrued Interest on Debentures	6,359	7,019
Accrued Salaries and Wages	54,227	17,375
	<u>102,018</u>	<u>122,735</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge		
Debentures	71,588	67,113
	<u>71,588</u>	<u>67,113</u>

Non-Current

Secured by Floating Charge		
Debentures	561,408	632,996
	<u>561,408</u>	<u>632,996</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current

Provision for Annual Leave	44,758	34,306
Provision for Long Service Leave	63,987	48,473
	<u>108,745</u>	<u>82,779</u>

Non-Current

Provision for Long Service Leave	8,970	4,560
	<u>8,970</u>	<u>4,560</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	101,234	101,234	96,107
Amount Set Aside / Transfer to Reserve	6,192	4,600	5,127
Amount Used / Transfer from Reserve	0	0	0
	<u>107,426</u>	<u>105,834</u>	<u>101,234</u>
(b) Plant Reserve			
Opening Balance	251,947	251,947	225,046
Amount Set Aside / Transfer to Reserve	88,615	83,565	26,901
Amount Used / Transfer from Reserve	0	(210,000)	0
	<u>340,562</u>	<u>125,512</u>	<u>251,947</u>
(c) Building Reserve			
Opening Balance	110,187	110,187	218,452
Amount Set Aside / Transfer to Reserve	96,739	97,000	11,735
Amount Used / Transfer from Reserve	0	0	(120,000)
	<u>206,926</u>	<u>207,187</u>	<u>110,187</u>
(d) Television Reserve			
Opening Balance	23,333	23,333	21,849
Amount Set Aside / Transfer to Reserve	1,426	1,000	1,484
Amount Used / Transfer from Reserve	0	0	0
	<u>24,759</u>	<u>24,333</u>	<u>23,333</u>
(e) Community Development Reserve			
Opening Balance	71,098	71,098	457,584
Amount Set Aside / Transfer to Reserve	4,348	3,200	13,514
Amount Used / Transfer from Reserve	0	0	(400,000)
	<u>75,446</u>	<u>74,298</u>	<u>71,098</u>
(f) Waste Management Reserve			
Opening Balance	36,359	36,359	29,672
Amount Set Aside / Transfer to Reserve	1,921	1,200	6,687
Amount Used / Transfer from Reserve	0	(20,000)	0
	<u>38,280</u>	<u>17,559</u>	<u>36,359</u>
TOTAL CASH BACKED RESERVES	<u>793,399</u>	<u>554,723</u>	<u>594,158</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

11. RESERVES - CASH BACKED (Continued....)

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 funds 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 purchase of land and construction of major buildings and facilities.

Television Reserve

- to be used for the purchase of replacement television equipment

Community Development Reserve

- to be used for the development of land, buildings and facilities for the community.

Waste Management Reserve

- to be used for ongoing waste management strategies.

12. RESERVES - ASSET REVALUATION

Asset revaluation reserves previously arose on revaluation of the following classes of non-current assets:

	\$
Land and Buildings	<u>1,470,129</u>

Prior Period Correction

In 2011 (and previous years), this balance was disclosed as part of the Asset Revaluation Reserve balance despite the Council resolving to revert to deemed cost in accordance with the requirements on first application of Accounting Standard AASB 1041 'Revaluation of Non-Current Assets' effective from 1 July 2001. At the time of reverting to deemed cost the Asset Revaluation Reserve should have been transferred to Retained Surplus.

Balances relating to the 2011 comparative year have been amended due to the correction of the prior period error. This error has been adjusted in accordance with the requirements of AASB101 as shown below:

Effect of the above:	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Statement of Financial Position			
Retained Surplus	13,312,452	1,470,129	14,782,581
Reserves - Asset Revaluation	1,470,129	(1,470,129)	0
Statement of Changes in Equity			
Retained Surplus	13,312,452	1,470,129	14,782,581
Reserves - Asset Revaluation	1,470,129	(1,470,129)	0

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>1,854,267</u>	<u>555,223</u>	<u>1,103,846</u>

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

Net Result	893,762	190,812	699,532
Depreciation	1,126,842	1,176,800	1,129,860
(Profit)/Loss on Sale of Asset	18,116	(25,217)	(18,633)
(Increase)/Decrease in Receivables	291,238	344,295	(369,401)
(Increase)/Decrease in Inventories	(990)	2,527	38,998
Increase/(Decrease) in Payables	(20,717)	(16,211)	55,518
Increase/(Decrease) in Employee Provisions	30,376	0	(9,227)
Grants/Contributions for the Development of Assets	<u>(1,374,890)</u>	<u>(1,255,135)</u>	<u>(541,300)</u>
Net Cash from Operating Activities	<u>963,737</u>	<u>417,871</u>	<u>985,347</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	13,000	5,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u>13,000</u>	<u>5,000</u>

Loan Facilities

Loan Facilities - Current	71,588	67,113
Loan Facilities - Non-Current	<u>561,408</u>	<u>632,996</u>
Total Facilities in Use at Balance Date	<u>632,996</u>	<u>700,109</u>

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

14. CONTINGENT LIABILITIES

There are no known contingent liabilities as at 30 June 2012.

15. CAPITAL AND LEASING COMMITMENTS

2012

\$

2011

\$

(a) Finance Lease Commitments

There are no finance lease commitments as at 30 June 2012.

(b) Operating Lease Commitments

There are no operating lease commitments as at 30 June 2012.

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

271,972

0

Payable:

- not later than one year

271,972

0

The capital expenditure project outstanding at the end of the current reporting period represents

Staff Housing

271,972

0

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

16. JOINT VENTURE

The Shire together with Homeswest have a joint venture arrangement to provide low cost housing to the private sector.

The total GST inclusive cost of the project was \$ 467,056 of which Council contributed \$ 60,000 in cash, \$45,508 in land and siteworks and \$ 5,786 for additional amenities and landscaping. In 2007/08 Council constructed a patio for the cost of \$ 8,876 and in 2009/10 a carport for \$ 9,023. Council's equity in the property at completion is 24.09% made as follows:

	2012	2011
	\$	\$
Non-Current Assets		
Land & Buildings	143,771	143,771
Less: Accumulated Depreciation	(19,705)	(16,563)
	<u>124,066</u>	<u>127,208</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	667,706	104,133
General Purpose Funding	49,457	17,997
Law, Order, Public Safety	540,739	166,795
Health	2,974	3,074
Education and Welfare	28,919	7,246
Housing	3,145,149	3,213,655
Community Amenities	189,640	117,963
Recreation and Culture	1,886,392	1,853,737
Transport	7,490,738	7,426,601
Economic Services	842,613	931,906
Other Property and Services	1,453,819	1,834,236
Unallocated	825,084	609,579
	<u>17,123,230</u>	<u>16,286,922</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011	2010
18. FINANCIAL RATIOS			
Current Ratio	5.274	4.656	8.224
Untied Cash to Unpaid Trade Creditors Ratio	17.325	3.984	18.752
Debt Ratio	0.050	0.056	0.055
Debt Service Ratio	0.041	0.050	0.027
Gross Debt to Revenue Ratio	0.234	0.321	0.362
Gross Debt to			
Economically Realisable Assets Ratio	0.063	0.076	0.081
Rate Coverage Ratio	0.185	0.195	0.169
Outstanding Rates Ratio	0.025	0.029	0.030

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to	
Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

19. TRUST FUNDS

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

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
George Rd Water Extension	20,400	0	0	20,400
St John Ambulance Westonia	2,018	0	0	2,018
Westonia Sports Council	122	0	0	122
Westonia Progress Association	74,509	22,971	(97,480)	0
Accommodation Units	2,900	0	0	2,900
Weira-Boodarockin Water	632	0	0	632
BCITF Levy	75	0	0	75
Housing Bond	660	0	0	660
Social Club	10,921	7,430	(11,739)	6,612
Walgoolan History Group	12,065	0	0	12,065
Community Project (Scrap)	1,000	0	0	1,000
Rural Youth	3,360	0	0	3,360
Nominations Deposits	0	240	0	240
	<u>128,662</u>			<u>50,084</u>

20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
DWO's Vehicle	52,841	52,592	50,606	55,600	(2,235)	3,008
Housing						
Lot 102 Jasper Street	0	36,950	0	90,000	0	53,050
Transport						
Works Supervisor Vehicle	33,614	30,945	23,716	23,500	(9,898)	(7,445)
Grader - Caterpillar 140G	0	84,140	0	70,000	0	(14,140)
Maintenance Ute	16,405	16,404	5,969	5,900	(10,436)	(10,504)
3t Tip Truck	28,977	26,282	26,900	25,000	(2,077)	(1,282)
Other Property and Services						
Land Release Lots	3,470	2,470	10,000	5,000	6,530	2,530
	<u>135,307</u>	<u>249,783</u>	<u>117,191</u>	<u>275,000</u>	<u>(18,116)</u>	<u>25,217</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 2 - Staff Residence		0	5,749	5,749	12,630	12,630	334	1,040
Loan 3 - Staff Residence	18,379	0						
Loan 5 - Life-style Village	462,826	0	39,565	39,565	423,261	423,261	28,327	27,779
Economic Services								
Loan 6 - Community Bus *	80,000	0	5,994	5,994	74,006	74,006	4,694	4,671
Transport								
Loan 4 - Depot	138,904	0	15,805	15,805	123,099	123,099	10,526	9,372
	700,109	0	67,113	67,113	632,996	632,996	43,881	42,862

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

(b) New Debentures - 2011/12

No new loans were raised in 2011/12.

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-12 \$
SSL - Community Bus	June 2011	80,000	0	80,000	0
		80,000	0	80,000	0

(d) Overdraft

Council had no overdraft facility as at the 30 June 2012.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 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 \$
Gross Rental Values											
Residential	0.10800	26	139,361	15,051	0	0	15,051	15,051	0	0	15,051
Com/Industrial/Other	0.10800	5	47,056	5,082	0	0	5,082	5,082	0	0	5,082
Mining	0.13000	2	1,430,923	186,020	0	0	186,020	186,020	2,027	0	188,047
		33	1,617,340	206,153	0	0	206,153	206,153	2,027	0	208,180
Unimproved Values											
Rural	0.01123	162	40,385,485	453,529	0	0	453,529	452,801	0	0	452,801
Mining	0.01165	4	86,180	1,004	0	0	1,004	353	0	0	353
		166	40,471,666	454,533	0	0	454,533	453,154	0	0	453,154
Sub-Totals		199	42,089,005	660,686	0	0	660,686	659,307	2,027	0	661,334
Minimum Rates	Minimum \$										
Gross Rental Values											
Residential	350	27	42,561	9,450	0	0	9,450	9,450	0	0	9,450
Com/Industrial/Other	350	4	5,100	1,400	0	0	1,400	1,400	0	0	1,400
		31	47,661	10,850	0	0	10,850	10,850	0	0	10,850
Unimproved Values											
Rural	350	23	340,700	8,050	0	0	8,050	8,050	0	0	8,050
Mining	200	22	98,694	4,400	0	0	4,400	8,750	0	0	8,750
		45	439,394	12,450	0	0	12,450	16,800	0	0	16,800
Sub-Totals		76	487,055	23,300	0	0	23,300	27,650	0	0	27,650
Ex-Gratia Rates							683,986				688,984
Totals							0				3,000
							683,986				691,984

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(b) Information on Surplus/(Deficit) Brought Forward	2012 (30 June 2012 C/Fwd) \$	2012 (1 July 2011 B/Fwd) \$	2011 (30 June 2011 C/Fwd) \$
Surplus/(Deficit)	<u>1,032,899</u>	<u>777,216</u>	<u>777,216</u>
<u>Comprises:</u>			
Cash - Unrestricted	717,791	391,762	391,762
Cash - Restricted	1,136,476	712,084	712,084
Rates - Current	17,814	17,997	17,997
Sundry Debtors	107,060	429,758	429,758
GST Receivable	31,643	0	0
Inventories			
- Fuel and Materials	26,277	25,287	25,287
<u>Less:</u>			
Reserves - Restricted Cash			
- Leave Reserve	(107,426)	(101,234)	(101,234)
- Plant Reserve	(340,562)	(251,947)	(251,947)
- Building Reserve	(206,926)	(110,187)	(110,187)
- Television Reserve	(24,759)	(23,333)	(23,333)
- Community Development Reserve	(75,446)	(71,098)	(71,098)
- Waste Management reserve	(38,280)	(36,359)	(36,359)
Sundry Creditors	(41,432)	(98,341)	(98,341)
Accrued Interest on Debentures	(6,359)	(7,019)	(7,019)
Accrued Salaries and Wages	(54,227)	(17,375)	(17,375)
Current Employee Benefits Provision	(108,745)	(82,779)	(82,779)
Surplus/(Deficit)	<u>1,032,899</u>	<u>777,216</u>	<u>777,216</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

There are no specific area rates levied by the Shire.

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Television Broadcasting	110	7,370	7,370	7,370	7,370
		7,370	7,370	7,370	7,370

The service charge is for the provision of television re-broadcasting. The charge is applicable to all owners and occupiers within a designated area surrounding the townsite.

The proceeds of the service charge are applied in full to the costs of maintenance and operation.

No transfer to or from reserve accounts has occurred.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

No discounts was offered for early payment of rates in 2011/12.

Council approved write-off of monies owed to the Shire totalled \$0.

26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	2,743	1,650
Interest on Instalments Plan	5.50%	N/A	1,809	550
Charges on Instalment Plan	N/A	12	1,332	360
			5,884	2,560

Ratepayers had the option of paying rates in four equal instalments, due on 13th September 2011, 14th November 2011, 16th January 2012 and 19th March 2012. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES

	2012 \$	2011 \$
Governance	2,397	1,767
General Purpose Funding	1,392	3,703
Law, Order, Public Safety	4,049	8,458
Health	1,300	1,950
Housing	141,551	71,083
Community Amenities	9,060	5,400
Recreation and Culture	9,595	9,240
Economic Services	77,492	60,563
Other Property and Services	198,017	36,902
	<u>444,853</u>	<u>199,066</u>

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

28. GRANT REVENUE

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

	2012	2011
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,446,657	1,213,421
Non-Operating Grants, Subsidies and Contributions	1,001,519	914,671
	<u>2,448,176</u>	<u>2,128,092</u>
By Program:		
General Purpose Funding	1,262,613	958,840
Law, Order, Public Safety	438,139	46,902
Education and Welfare	28,701	20,000
Housing	328,212	403,371
Recreation and Culture	54,957	171,820
Transport	325,041	486,391
Economic Services	10,513	10,401
Other Property and Services	0	30,367
	<u>2,448,176</u>	<u>2,128,092</u>

29. ELECTED MEMBERS REMUNERATION

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Meeting Fees	18,000	22,000	18,000
President's Allowance	1,000	1,000	1,000
Travelling Expenses	875	2,500	2,436
	<u>19,875</u>	<u>25,500</u>	<u>21,436</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2012	2011
	<u>13</u>	<u>13</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

31. MAJOR LAND TRANSACTIONS

Lifestyle Village Project

(a) Details

The Shire commenced this project in 2009/10. The project involves constructing five residential units which was subsequently leased to Evolution Mining Ltd (Formerly known as Catalpa Resources Ltd) for a term of 10 years expired on 30 June 2020.

	2012 \$	2012 Budget \$	2011 \$
(b) Current year transactions			
Operating Revenue			
- Leasing Proceeds	80,600	80,600	0
Operating Expenditure			
- Insurance	2,511	0	0
- Other	1,212	0	0
	<u>3,723</u>	<u>0</u>	<u>0</u>
Capital Expenditure			
- Loan Repayments	67,892	67,344	67,451
- Development Costs	107,115	160,000	1,218,249
	<u>175,007</u>	<u>227,344</u>	<u>1,285,700</u>
(c) Assets and Liabilities			
Land and Building	1,959,168		1,852,053
Less Accumulated Depreciation	(49,717)		(12,676)
	<u>1,909,451</u>		<u>1,839,377</u>
Long Term Borrowings			
- Current	42,109		39,565
- Non-current	381,152		423,261
	<u>423,261</u>		<u>462,826</u>

(d) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
- Insurance	(1,251)	(1,292)	(1,334)	(1,377)	(1,422)	(1,468)
- Loan Repayments	(68,245)	(68,245)	(68,245)	(68,245)	(68,245)	(341,225)
	<u>(69,496)</u>	<u>(69,537)</u>	<u>(69,579)</u>	<u>(69,622)</u>	<u>(69,667)</u>	<u>(342,693)</u>
Cash Inflows						
- Leasing Proceeds	83,220	85,900	88,700	91,600	94,600	444,020
	<u>83,220</u>	<u>85,900</u>	<u>88,700</u>	<u>91,600</u>	<u>94,600</u>	<u>444,020</u>
Net Cash Flows	<u>13,723</u>	<u>16,363</u>	<u>19,121</u>	<u>21,978</u>	<u>24,933</u>	<u>101,326</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

33. 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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,854,267	1,103,846	1,854,267	1,103,846
Receivables	230,523	447,755	230,523	447,755
	<u>2,084,790</u>	<u>1,551,601</u>	<u>2,084,790</u>	<u>1,551,601</u>
Financial Liabilities				
Payables	102,018	122,735	102,018	122,735
Borrowings	632,996	632,996	591,123	650,726
	<u>735,014</u>	<u>755,731</u>	<u>693,141</u>	<u>773,461</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 WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash 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.

Cash is subject to interest rate risk – the risk that movements in interest rates could affect returns.

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

	2012	2011
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	16,190	12,080
- Statement of Comprehensive Income	16,190	12,080

Notes:

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

33. 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:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	7.78%	9.27%
- Overdue	92.22%	90.73%
Percentage of Other Receivables		
- Current	96.56%	97.19%
- Overdue	3.44%	2.81%

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

33. 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>2012</u>					
Payables	102,018	0	0	102,018	102,018
Borrowings	<u>111,662</u>	<u>426,183</u>	<u>273,848</u>	<u>811,693</u>	<u>632,996</u>
	<u>213,680</u>	<u>426,183</u>	<u>273,848</u>	<u>913,711</u>	<u>735,014</u>
<u>2011</u>					
Payables	122,735	0	0	122,735	122,735
Borrowings	<u>111,662</u>	<u>433,004</u>	<u>378,689</u>	<u>923,355</u>	<u>700,109</u>
	<u>234,397</u>	<u>433,004</u>	<u>378,689</u>	<u>1,046,090</u>	<u>822,844</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

33. 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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year Ended 30 June 2012</u>								
Borrowings								
Fixed Rate								
Debentures	0	12,629	0	0	0	620,367	632,996	6.51%
Weighted Average Effective Interest Rate		6.32%				6.52%		
<u>Year Ended 30 June 2011</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	18,379	0	0	681,730	700,109	6.48%
Weighted Average Effective Interest Rate			6.32%			6.48%		

13 November 2012

Mr J Criddle
Chief Executive Officer
Shire of Westonia
Wolfram Street
WESTONIA WA 6423

Dear Jamie

**AUDIT OF SHIRE OF WESTONIA
FOR THE YEAR ENDED 30TH JUNE 2012**

We advise that we have completed the audit of your Shire for the year ended 30th June 2012 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President and Chairman of the audit committee as is required by the Act.

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

Please contact us if you have any queries.

Yours sincerely



DAVID TOMASI
PARTNER

S:\David\Local Govt\Westonia\2012\YE\2012 Jun CEO Letter.doc

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Westonia, which comprises the statement of financial position as at 30 June 2012, 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 Westonia 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 2012 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF WESTONIA (Continued)**

Report on Other Legal and Regulatory Requirements

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended):

Differential General Rates

With respect to differential rates imposed by Council for 2011/2012:

- a) A brief statement of objects/reasons for imposing the differential rates was not included in the annual statutory budget and the rate notice or information accompanying as required by Financial Management Regulation 23(a)(i) and 56(4)(a)(i);
- b) The reasons the rates differed from those set forth in the public notice were not included in the annual statutory budget and the rate notice or information accompanying as required by Financial Management Regulation 23(b)(ii) and 56(4)(b); and
- c) The details of the original rates set forth in the public notice were not included in the annual statutory budget as required by Financial Management Regulation 23(b)(i).

Budget Review

A copy of the budget review was not submitted to the Department within 30 days of its adoption as required by Financial Management Regulation 33A(4).

Monthly Financial Reports

- The monthly financial report for the months of July and August 2011 were not prepared or presented to Council as required by Financial Management Regulations 34(1) and 34(4).
- Material variances between the year-to-date actual amounts and budget estimates were not explained in the monthly Statement of Financial Activity as required by Financial Management Regulation 34(2)(b).

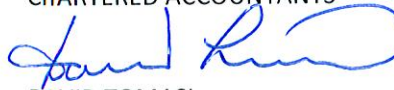
Annual Financial Report

The annual financial report for the year ended 30 June 2011 was not submitted to the Department of Local Government within 30 days of receiving the auditor's report as required by Financial Management Regulation 51(2).

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) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

Date: 13 November 2012
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER

13 November 2012

The Shire President
Shire of Westonia
Wolfram Street
WESTONIA WA 6423

Dear Cr Geier

MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2012

We advise that we have completed our audit procedures for the year ended 30th June 2012 and enclose our Audit Report.

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

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

We noted no matters we wish to draw to Council's attention.

Uncorrected Misstatements

We advise we have informed Shire management there were no uncorrected misstatements noted by us during the course of our audit.

We take this opportunity to thank the Chief Executive Officer and all staff for the assistance provided during the audit. Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



DAVID TOMASI
PARTNER
Enc

S:\David\Local Govt\Westonia\2012\YE\2012 Management Report.doc

t: +61 (0)8 9444 3400
f: +61 (0)8 9444 3430

16 Lakeside Corporate 24 Parkland Road Osborne Park Perth WA 6017
PO Box 1707 Osborne Park WA 6916

e: perth@uhyhn.com.au
w: www.uhyhn.com

An association of independent firms in Australia and New Zealand and a member of UHY International, a network of independent accounting and consulting firms.

UHY Haines Norton - ABN 87 345 233 205

Liability limited by a scheme approved under Professional Standards Legislation