

SHIRE OF WESTONIA



Photo:-
Hood-Penn Museum, Cement Street looking West

ANNUAL REPORT 2012/13

CONTENTS

Annual Report

SHIRE OF WESTONIA STATISTICS	2
COUNCIL	3
STAFF	5
PRESIDENT'S REPORT	6
CHIEF EXECUTIVE OFFICER'S REPORT	8
FUTURE PLAN	10
STATE RECORDS ACT 2000	11
NATIONAL COMPETITION POLICY STATEMENT	11
PAYMENTS TO EMPLOYEES	12
PAYMENTS TO COUNCILLORS	12
FREEDOM OF INFORMATION STATEMENT	12
DISABILITY SERVICES STATEMENT	13

Financial Report

2012-2013 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: Karin Day
Councillors: Louis Geier (2017), Bill Huxtable (2017), John Jefferys (2017)
 Karin Day (2015), Mick Cunningham (2015), Doug Hermon (2015)

Note: Year in brackets denotes expiry of election term

Chief Executive Officer

Jamie Criddle

Senior Finance Officer Administration Officers

Kay Geier
 Jasmine Geier
 Annemaree Jensen
 Shirl Pomery
 Kerry Hermon

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

Katrina Kingston
 Gary Angwin
 Rebecca Bowler
 Judd Hobson
 Adrian Townrow
 Graeme Bright, Steve Norman, Graham
 Daddow, John McDowall
 Hayden Stein, Kate Garland
 Myra Vaughan, Pam White
 Kim Hunter

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	\$ 720,000
Total Revenue	\$2,501,120
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 Agriculture.
Cr Day	WEROC (proxy), Community Development, Transport, Development Assessment Panels (proxy) Agriculture, Sport & Recreation.
Cr Huxtable	Community Development, Development Assessment Panels.
Cr Hermon	Community Development, Emergency Services. Agriculture
Cr Jefferys	Transport, Community Development, Development Assessment Panels (proxy) Agriculture.
Cr Cunningham	Tourism, Community Development, Sport & Recreation.

STAFF



L-R Standing: Adrian Townrow, Graeme Bright, CEO Jamie Criddle, John McDowall & Graham Daddow.

Absent: Works Supervisor Judd Hobson & Steve Norman

STAFF CONTD...



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

Back: L-R: CEO Jamie Criddle, Shirl Pomery, Annemaree Jensen & Judd Hobson .

PRESIDENT'S REPORT

It is with pleasure that I provide this annual report to the community of Westonia for the 2012/2013 financial year ending on the 30th June 2013.

Council presided over a consolidated budget and perhaps a quieter year with the number of major capital projects, it is still a responsible budget with projects and infrastructure servicing electors and the public well.

The latter part of the year saw the resignation of Deputy President, Leon Guest who contributed well on Council in its decision making with Bill Huxtable from Carrabin taking his seat. Karin Day was then elected as Deputy President.



Cr Louis Geier

I am pleased to report that a long awaited major upgrade to the main street was commenced during the 2012/2013 financial year. This involved the application of a seven metre bitumen seal to Wolfram Street, from Boodarockin Road to Cement Street: Site works were also undertaken in preparation for the application of a seven metre bitumen seal at the intersection of Wolfram Street and Westonia-Carrabin Road, as well as the bitumising of a two kilometre stretch of Westonia Carrabin Road and the reseal of the final section of Leaches Road to Warralakin Road.

Council undertook a rigorous planning process during the 2012/13 year. This culminated in the adoption of a Strategic Community Plan 2013 – 2023, a Workforce Plan 2013 – 2018 and a Corporate Business Plan 2013/14 – 2016/17. These plans give a clear direction and focus to the Shire of Westonia in providing guidance to its work in creating better facilities and services in the shire. Council would like to extend its appreciation to Caroline Robinson of Solum (Wheatbelt Business Solutions) who consulted with Council and the community and oversaw the creation of the Shire of Westonia 2013 – 2023 Strategic Community Plan.

The 2012/13 year also marked the finalisation of landscaping and other works associated with the 4 X 2 McGrath Homes transportable residence located at Lot 301 Pyrites Street during the year. Site works were also undertaken at Lot 414 Quartz Street in preparation for the arrival of at least 2 additional centrally located 2 bedroom units which will provide additional accommodation options for older residents, with two further 2 bedroom aged units to be situated adjacent on Quartz Street in the future.

Further work also continued on the Hood-Penn Museum during the 2012/13 year, with air conditioning installed, six separate scene areas created and further signage erected, all of which resulted in the museum starting to take solid shape.

We have again worked closely with our local corporate partner, Evolution Mining and as a result have seen a number of highly successful outcomes for both the Shire of Westonia community and Evolution Mining over the course of the year. We hope to continue in such a manner, which has so far proved greatly beneficial to both parties.

Finally may I take the opportunity to thank CEO Jamie Criddle and all staff for their continued commitment to serving the community. I would also like to thank 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 OFFICERS REPORT



CEO, Jamie Criddle

It is with pleasure to present the Chief Executive Officers annual report on the 2012/2013 year of operations of the Shire of Westonia.

MANAGEMENT STAFF

The Chief Executive Officer is responsible for the overall following Management Staff are a blend of dedicated and professional staff which has resulted in benefits for the Shire.

Chief Executive Officer	Jamie Criddle
Environmental Health Officer	Rebecca Bowler
& Building Surveyor	Mario Ioppolo
Works Supervisor	Judd Hobson

During the year of review there were two changes to the Management staff structure where John Merrick completed his contract as Acting Chief Executive Officer and the resignation of Works Supervisor, Kevin Paust after fourteen years in the position.

Council and Staff wish both John and Kevin 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 Corporate Business Plan, Strategic Plan and Forward Capital Works Plan.

Finance

The Shire's financial position to the 30 June 2013 ended with an untied accrued surplus of \$900,012 with restricted cash (reserves) of an additional \$783,821.. 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.

General Purpose Grant

Whilst the demand for works and services throughout the Shire is increasing the levels of Government funding, particularly the General Purpose Grant and Roadworks funds have been slowly increasing in recent years as compared to a static and reduction of funds in previous years as the following table shows.

2010/2011	\$904,076	2011/2012	\$982,401
2012/2013	\$1,051,408		

The confirmed figure for 2012/2013 is \$1,051,408 being a very welcoming increase of \$69,007.

Major/Capital Expenditure

Some major projects and purchases made during the 2012/2013 year that have not been reported in other sectors of the Annual Report include:

- Completion of the (5) five unit Lifestyle Village on Quartz Street.
- Completion of new Staff/Community Housing on Pyrites Street.
- Continuation of fit out of Hood-Penn Old Club Museum.
- Installation of new shade sails at Swimming Pool.
- Upgrades on Chlorination unit at Swimming Pool.
- Completion of Shop front Façade at Shire Office Carport.
- Installation of RV Dump point in Westonia Townsite.
- Install new concrete bays to Caravan Park.
- Major items of plant purchase throughout the year included a new Construction Grader and new tractor.

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 2012/2013 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.

I also take this opportunity to thank the many residents who have assisted Council in some form in achieving its goals and objectives throughout 2012/2013 and am confident the Council will again receive that support in 2013/2014 and for many years to come.

JAMIE CRIDDLE
CHIEF EXECUTIVE OFFICER

PLAN FOR THE FUTURE

As from 1 July 2013 each Local Government is 'to plan for the future of the district' by developing plans in accordance with the regulations. The plans for the future require a Community Strategic Plan and Corporate Business Plan which council adopted in June 2013.

Community Strategic Plan

Council already had in place a Future Directions Plan 2009-2019, however with the assistance of Caroline Robinson of Solum (Wheatbelt Business Solutions) who consulted with Council and the community and oversaw the creation of the Shire of Westonia 2013 – 2023 Strategic Community Plan. The plan is for a ten year period and is to be strategically reviewed every two (2) years with a full community consultation review every four (4) years.

Corporate Business Plan

The Corporate Business Plan is made up of a number of informing strategies for a four year period with Asset Management Plans are for a period of ten years and is the basis of formulating future budgets. Each plan is reviewed annually.

- The plan is for a minimum of four years.
- The plan identifies and priorities the principal strategies and activities Council will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.
- The plan states the services, operations and projects that a local government will deliver over the period of the plan, method for delivering these and associated costs.
- The plan references resourcing considerations such as asset management plans, finances and workforce plans.
- Council must adopt the plan by an absolute majority.
- Notice must be given to the public when the plan is adopted or modified.
- The plan is to be reviewed annually.

The Corporate Business Plan also has the following supporting documents:

Long Term Financial Plan (LTFP) – This plan is made up of a written section and supporting documents outlining the long term direction of the Council.

Asset Management Plan (AMP) – AMP's have been developed for buildings, recreation infrastructure and plant/equipment.

Workforce Plan (WFP) – This plan has been prepared and adopted by Council in June 2013.

The Corporate Business Plan will link all of the informing strategies relating to the next four years and provide detail on how Council will deliver and resource the projects set out.

Reporting Requirements

The operations of the Strategic Community Plan and Corporate Business Plan are to be reported on and this commences as from 1 July 2013. Reporting required is to include an overview, what major initiatives are to continue into the next financial year, any modifications made to the Strategic Community Plan and any significant modifications made to the 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 2013 one employee of the Shire of Westonia was in the annual salary band of \$120,000 - \$130,000.

COUNCILLORS' REMUNERATION

In the 2012/13 financial year the following remunerations were made to Councillors:

President (Including a Presidents Allowance): \$8,000.00

Councillors: \$3,000.00

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.

The Disability Services Amendment Act 1999 requires Council to report on its Disability Services Plan achievements within its Annual Report. The Shire of Westonia *Disability Services Plan* was adopted in December 2007. In August 2012 Council adopted the *Disability Access and Inclusion Plan 2012-2016*.

Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis or have been fully implemented. Currently the CEO and Executive Manager of Development Services is responsible for the implementation of the principles and projects within the Plan. When Council is addressing the issue of accessibility to Council's facilities and functions it is aware that by providing better access for people with disabilities it is providing better access for the whole community. Work continues to improve footpaths and access ways around the townsite as part of recognising the *Disability Access and Inclusion Plan*.

Further information can be obtained by contacting the CEO or the Executive Manager of Development Services.

SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 53
Independent Audit Report	54 to 56
Supplementary Ratio Information	57
Principal place of business Wolfram Street WESTONIA WA 6423	

**SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

**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 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Westonia at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

day of

2014

J Criddle
Chief Executive Officer

SHIRE OF WESTONIA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	723,147	719,719	683,986
Operating Grants, Subsidies and Contributions	28	1,115,652	553,204	1,446,657
Fees and Charges	27	222,721	262,820	444,853
Service Charges	24	14,610	7,590	7,370
Interest Earnings	2(a)	65,279	61,600	74,002
Other Revenue		<u>257,784</u>	<u>112,769</u>	<u>38,971</u>
		2,399,193	1,717,702	2,695,839
Expenses				
Employee Costs		(755,762)	(717,960)	(848,226)
Materials and Contracts		(570,053)	(422,060)	(555,748)
Utility Charges		(111,347)	(146,249)	(102,173)
Depreciation on Non-Current Assets	2(a)	(1,213,815)	(970,400)	(1,126,842)
Interest Expenses	2(a)	(41,323)	(40,073)	(43,881)
Insurance Expenses		(109,227)	(91,297)	(92,453)
Other Expenditure		<u>(45,318)</u>	<u>(21,493)</u>	<u>(16,157)</u>
		<u>(2,846,845)</u>	<u>(2,409,532)</u>	<u>(2,785,480)</u>
		(447,652)	(691,830)	(89,641)
Non-Operating Grants, Subsidies and Contributions				
	28	540,515	783,418	1,001,519
Loss on Revaluation of Non-Current Assets	6(a)	(227,021)	0	0
Profit on Asset Disposals	20	0	0	6,530
Loss on Asset Disposal	20	<u>(68,512)</u>	<u>(29,892)</u>	<u>(24,646)</u>
Net Result		(202,670)	61,696	893,762
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u>(202,670)</u>	<u>61,696</u>	<u>893,762</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 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		2,182	4,650	7,499
General Purpose Funding		1,554,738	1,228,693	2,023,085
Law, Order, Public Safety		43,136	48,580	47,165
Health		30	1,500	1,400
Education and Welfare		3	50	0
Housing		140,387	173,220	141,551
Community Amenities		9,062	10,500	9,060
Recreation and Culture		138,787	75,190	71,922
Transport		145,086	78,500	75,758
Economic Services		87,922	47,619	94,285
Other Property and Services		277,860	49,200	224,114
		<u>2,399,193</u>	<u>1,717,702</u>	<u>2,695,839</u>
Expenses				
Governance		(258,022)	(268,801)	(274,641)
General Purpose Funding		(45,716)	(38,624)	(34,926)
Law, Order, Public Safety		(51,445)	(54,680)	(56,680)
Health		(20,731)	(31,163)	(25,930)
Education and Welfare		(17,004)	(14,713)	(19,097)
Housing		(136,490)	(185,116)	(131,002)
Community Amenities		(54,785)	(66,008)	(37,752)
Recreation & Culture		(344,546)	(340,032)	(343,564)
Transport		(1,382,649)	(1,065,300)	(1,406,513)
Economic Services		(261,904)	(275,022)	(243,937)
Other Property and Services		(232,230)	(30,000)	(167,557)
		<u>(2,805,522)</u>	<u>(2,369,459)</u>	<u>(2,741,599)</u>
Financial Costs				
General Purpose Funding		(1,810)	0	0
Housing		(26,362)	(26,839)	(28,661)
Transport		(8,867)	(8,765)	(10,526)
Economic Services		(4,284)	(4,469)	(4,694)
	2(a)	<u>(41,323)</u>	<u>(40,073)</u>	<u>(43,881)</u>
Loss on Revaluation of Non-Current Assets				
Law, Order, Public Safety		(42,811)	0	0
Other Property and Services		(184,210)	0	0
	6(a)	<u>(227,021)</u>	<u>0</u>	<u>0</u>
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		0	0	395,323
Education and Welfare		0	0	28,701
Housing		0	0	328,212
General Purpose Funding		302,022	328,188	0
Transport		238,493	455,230	249,283
		<u>540,515</u>	<u>783,418</u>	<u>1,001,519</u>
Profit/(Loss) on Disposal of Assets				
Governance		0	0	(2,235)
Transport		(68,512)	(29,892)	(22,411)
Other Property and Services		0	0	6,530
		<u>(68,512)</u>	<u>(29,892)</u>	<u>(18,116)</u>
Net Result		(202,670)	61,696	893,762
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	0
Total Other Comprehensive Income		0	0	0
Total Comprehensive Income		(202,670)	61,696	893,762

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

**SHIRE OF WESTONIA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,683,833	1,854,267
Trade and Other Receivables	4	175,299	162,887
Inventories	5	2,172	41,890
TOTAL CURRENT ASSETS		<u>1,861,304</u>	<u>2,059,044</u>
NON-CURRENT ASSETS			
Other Receivables	4	60,867	67,636
Inventories	5	15,613	0
Property, Plant and Equipment	6	8,047,308	7,985,868
Infrastructure	7	6,871,520	7,010,682
TOTAL NON-CURRENT ASSETS		<u>14,995,308</u>	<u>15,064,186</u>
TOTAL ASSETS	17	<u>16,856,612</u>	<u>17,123,230</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	79,890	102,018
Long Term Borrowings	9	76,363	71,588
Provisions	10	142,659	108,745
TOTAL CURRENT LIABILITIES		<u>298,912</u>	<u>282,351</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	485,045	561,408
Provisions	10	4,824	8,970
TOTAL NON-CURRENT LIABILITIES		<u>489,869</u>	<u>570,378</u>
TOTAL LIABILITIES		<u>788,781</u>	<u>852,729</u>
NET ASSETS		<u>16,067,831</u>	<u>16,270,501</u>
EQUITY			
Retained Surplus		15,284,010	15,477,102
Reserves - Cash Backed	11	783,821	793,399
TOTAL EQUITY		<u>16,067,831</u>	<u>16,270,501</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 2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		14,782,581	594,158	0	15,376,739
Comprehensive Income					
Net Result		893,762	0	0	893,762
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Other Comprehensive Income		<u>893,762</u>	<u>0</u>	<u>0</u>	<u>893,762</u>
Transfers from/(to) Reserves		(199,241)	199,241	0	0
Balance as at 30 June 2012		15,477,102	793,399	0	16,270,501
Comprehensive Income					
Net Result		(202,670)	0	0	(202,670)
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		<u>(202,670)</u>	<u>0</u>	<u>0</u>	<u>(202,670)</u>
Transfers from/(to) Reserves		9,578	(9,578)	0	0
Balance as at 30 June 2013		15,284,010	783,821	0	16,067,831

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 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		708,089	719,719	684,169
Operating Grants, Subsidies and Contributions		1,109,490	553,204	1,437,492
Fees and Charges		222,721	272,245	403,345
Service Charges		14,610	7,590	7,370
Interest Earnings		65,279	61,600	74,002
Goods and Services Tax		128,203	198,000	132,568
Other Revenue		257,784	112,769	38,971
		<u>2,506,176</u>	<u>1,925,127</u>	<u>2,777,917</u>
Payments				
Employee Costs		(754,084)	(717,960)	(780,998)
Materials and Contracts		(523,575)	(393,316)	(576,775)
Utility Charges		(111,347)	(146,249)	(102,173)
Interest Expenses		(42,121)	(40,758)	(44,541)
Insurance Expenses		(109,227)	(91,297)	(92,453)
Goods and Services Tax		(118,996)	(198,000)	(201,083)
Other Expenditure		(45,318)	(21,493)	(16,157)
		<u>(1,704,668)</u>	<u>(1,609,073)</u>	<u>(1,814,180)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>801,508</u>	<u>316,054</u>	<u>963,737</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(854,360)	(1,254,061)	(820,374)
Payments for Construction of Infrastructure		(735,767)	(996,410)	(743,904)
Advances to Community Groups		0	0	(80,000)
Non-Operating Grants, Subsidies and Contributions		540,515	783,418	1,374,890
Proceeds from Sale of Plant & Equipment		158,501	98,000	117,191
Net Cash Provided by (Used in) Investment Activities		<u>(891,111)</u>	<u>(1,369,053)</u>	<u>(152,197)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(71,588)	(71,588)	(67,113)
Proceeds from Self Supporting Loans		6,370	6,370	5,994
Net Cash Provided By (Used In) Financing Activities		<u>(65,218)</u>	<u>(65,218)</u>	<u>(61,119)</u>
Net Increase (Decrease) in Cash Held		<u>(154,821)</u>	<u>(1,118,217)</u>	<u>750,421</u>
Cash at Beginning of Year		1,854,267	1,764,981	1,103,846
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>1,699,446</u></u>	<u><u>646,764</u></u>	<u><u>1,854,267</u></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 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		2,182	4,650	7,499
General Purpose Funding		1,133,613	508,974	1,339,099
Law, Order, Public Safety		43,136	48,580	442,488
Health		30	1,500	1,400
Education and Welfare		3	50	28,701
Housing		140,387	501,408	469,763
Community Amenities		9,062	10,500	9,060
Recreation and Culture		138,787	75,190	71,922
Transport		383,579	78,500	325,041
Economic Services		87,922	502,849	94,285
Other Property and Services		277,860	49,200	230,644
		<u>2,216,561</u>	<u>1,781,401</u>	<u>3,019,902</u>
Expenses				
Governance		(258,022)	(268,801)	(276,876)
General Purpose Funding		(47,526)	(38,624)	(34,926)
Law, Order, Public Safety		(94,256)	(54,680)	(56,680)
Health		(20,731)	(31,163)	(25,930)
Education and Welfare		(17,004)	(14,713)	(19,097)
Housing		(162,852)	(211,955)	(159,663)
Community Amenities		(54,785)	(66,008)	(37,752)
Recreation and Culture		(344,546)	(340,032)	(343,564)
Transport		(1,460,028)	(1,103,955)	(1,439,450)
Economic Services		(266,188)	(279,491)	(248,631)
Other Property and Services		(416,440)	(30,000)	(167,557)
		<u>(3,142,378)</u>	<u>(2,439,422)</u>	<u>(2,810,126)</u>
Net Result Excluding Rates		(925,817)	(658,021)	209,776
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	68,512	29,892	18,116
Movement in Employee Benefit Provisions (Non-current)		(4,146)	0	4,410
Depreciation on Assets	2(a)	1,213,815	970,400	1,126,842
Loss on Revaluation of Non-Current Assets	2(a)	227,021	0	0
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(351,236)	(814,063)	(244,428)
Purchase Infrastructure Assets - Roads	7(a)	(735,767)	(966,410)	(737,727)
Purchase Infrastructure Assets - Other	7(a)	0	(30,000)	(6,177)
Purchase Plant and Equipment	6(a)	(455,697)	(438,000)	(575,946)
Purchase Furniture and Equipment	6(a)	(47,427)	(2,000)	0
Advances to Community Groups		0	0	(80,000)
Repayment of Advances to Community Groups		0	6,370	0
Proceeds from Disposal of Assets	20	158,501	98,000	117,191
Repayment of Debentures	21(a)	(71,588)	(71,588)	(67,113)
Self-Supporting Loan Principal Income		6,370	0	5,994
Transfers to Reserves (Restricted Assets)	11	(230,389)	(108,900)	(199,241)
Transfers from Reserves (Restricted Assets)	11	239,967	240,000	0
ADD Surplus/(Deficit) July 1 B/Fwd	22(b)	1,032,899	1,024,601	777,216
LESS Surplus/(Deficit) June 30 C/Fwd	22(b)	848,165	0	1,032,899
Total Amount Raised from General Rate	22(a)	<u>(723,147)</u>	<u>(719,719)</u>	<u>(683,986)</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 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(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 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 (GST)

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

Receivables and payables 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 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand 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 on the statement of financial position.

(e) Trade and Other Receivables

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

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

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 completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 that 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.

Revaluation

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

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) 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 (Level 3 inputs in the fair value hierarchy).

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 and 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 the determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

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

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

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.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are 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.

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
pavement	50 years
seal	
- bituminous seals	20 years
- construction/road base	50 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 in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that to retained earnings surplus.

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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 exactly 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. They are subsequently measured at Fair Value with changes to carrying amount being included in profit and loss.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments 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. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

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

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

Available-for-sale financial assets are included in current assets, where they are expected to be sold within the 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.

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

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(j) 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 (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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

(k) Trade and Other Payables

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

(l) 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 those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(m) 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.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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.

(p) Investment in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associated entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit and loss.

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

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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 interests in joint venture entities are recorded using the equity method of accounting in (refer to Note 1(p) for details) 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 the gain or loss that is 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.

(r) 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.

(s) 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.

(t) 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 the Council's intentions to release for sale.

(u) Rounding Off Figures

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

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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.

(w) 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 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments AASB 2012 - 6 Amendments to Australian Accounting Standards - Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	1 January 2013 Deferred AASB 9 until 1 January 2015	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 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	1 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 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
<p>(iii) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</p> <p>[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]</p>	December 2010	1 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).
<p>(iv) 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</p> <p>[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</p>	August 2011	1 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 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(v) 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	1 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 and loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) 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	1 January 2013	The changes in relation to defined benefits plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012 - 2 Amendments to Australian Accounting Standards - Disclosure - Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	1 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Standard is not expected to significantly impact on the Council's financial statements.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2013	1 January 2014	This Standards adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from the Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	1 January 2013	The Standard is not expected to significantly impact on the Council's financial statements. Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.
(x) AASB 2012-10 - Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretations 12]	December 2012	1 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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 2010 - 8
AASB 2011 - 3
AASB 2011 - 13

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

The Council also chose to early adopt AASB 13 - *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Significant Expense

Law, Order, Public Safety	42,811	0
Other Property and Services	184,210	0
	<u>227,021</u>	<u>0</u>

The significant expense this year relates to the fair valuation of plant and equipment.

Auditors Remuneration

- Audit of the Financial Report	8,000	14,550
- Financial Management Review	7,500	5,000
- Assistance with finalisation of the annual financial report	2,800	1,600
- Acquittals	1,500	4,150

Depreciation

Buildings	143,653	138,823
Furniture and Equipment	18,457	22,194
Plant and Equipment	176,776	158,606
Roads	860,368	792,783
Footpaths	1,950	1,948
Other Infrastructure	12,611	12,488
	<u>1,213,815</u>	<u>1,126,842</u>

Interest Expenses (Finance Costs)

Other	1,810	0
Debentures (refer Note 21(a))	39,513	43,881
	<u>41,323</u>	<u>43,881</u>

(ii) Crediting as Revenue:

	2013 Actual \$	2013 Budget \$	2012 Actual \$
Interest Earnings			
Investments			
- Reserve Funds	42,680	31,400	33,976
- Other Funds	16,454	28,000	35,474
Other Interest Revenue (refer note 26)	6,145	2,200	4,552
	<u>65,279</u>	<u>61,600</u>	<u>74,002</u>

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire is 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, immunisation 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 the rest centre and storm water drainage maintenance.

RECREATION AND CULTURE

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

ACTIVITIES: Maintenance of halls, 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 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/2011 \$	Received ⁽²⁾ 2011/12 \$	Expended ⁽³⁾ 2011/12 \$	Closing Balance ⁽¹⁾ 30/06/2012 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance 30/06/2013 \$
Grant/Contribution	Function/ Activity							
Fesa	Law, Order, Public Safety	0	29,180	(23,372)	5,808	0	(5,808)	0
Dog Fence Project	Law, Order, Public Safety	2,362	0	0	2,362	0	(2,362)	0
Community Drought Relief Fund	Edu/Welfare	7,246	28,701	(7,028)	28,919	0	(28,919)	0
Country Local Government Fund	Housing	0	328,212	(22,224)	305,988	0	(305,988)	0
Fed Govt - RLCIP	Housing	28,318	0	(28,318)	0	0	0	0
State Roads 2020	Transport	0	249,283	(249,283)	0	0	0	0
FESA - Grant Fire Unit	Law, Order, Public Safety	0	395,323	(395,323)	0	0	0	0
Total		37,926	1,030,699	(725,548)	343,077	0	(343,077)	0

Notes:

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	Note	2013 \$	2012 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		900,012	717,791
Restricted		783,821	1,136,476
		<u>1,683,833</u>	<u>1,854,267</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	112,889	107,426
Plant Reserve	11	212,035	340,562
Building Reserve	11	305,640	206,926
Television Reserve	11	33,490	24,759
Community Development Reserve	11	79,685	75,446
Waste Management Reserve	11	40,082	38,280
Unspent Grants	2(c)	0	343,077
		<u>783,821</u>	<u>1,136,476</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		32,872	17,814
Sundry Debtors		113,222	107,060
GST Receivable		22,436	31,643
Loans - Clubs/Institutions		6,769	6,370
		<u>175,299</u>	<u>162,887</u>
Non-Current			
Loans - Clubs/Institutions		60,867	67,636
		<u>60,867</u>	<u>67,636</u>
5. INVENTORIES			
Current			
Fuel and Materials		2,172	26,277
Land Held for Resale - Cost			
Cost of Acquisition		0	9,912
Development Costs		0	5,701
		<u>2,172</u>	<u>41,890</u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		9,912	0
Development Costs		5,701	0
		<u>15,613</u>	<u>0</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2012 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	41,758	41,758
	<u>41,758</u>	<u>41,758</u>
Buildings at:		
- Cost	7,616,787	7,265,551
Less Accumulated Depreciation	<u>(1,423,807)</u>	<u>(1,280,154)</u>
Total Buildings	6,192,980	5,985,397
	<u>6,192,980</u>	<u>5,985,397</u>
Total Land and Buildings	6,234,738	6,027,155
	<u>6,234,738</u>	<u>6,027,155</u>
Furniture and Equipment		
- Cost	391,271	343,844
Less Accumulated Depreciation	<u>(252,268)</u>	<u>(233,811)</u>
	139,003	110,033
	<u>139,003</u>	<u>110,033</u>
Plant and Equipment		
- Cost	0	2,811,030
- Independent Valuation 2013	1,673,567	0
Less Accumulated Depreciation	<u>0</u>	<u>(962,350)</u>
	1,673,567	1,848,680
	<u>1,673,567</u>	<u>1,848,680</u>
	<u>8,047,308</u>	<u>7,985,868</u>

Plant and Equipment

The Shire's Plant and Equipment was revalued at 30 June 2013 by management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall decrement of \$ 227,021 in the net value of the Shire's plant and equipment. All of this decrement was debited and recognised as loss on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land \$	Non- Specialised Buildings \$	Total Land and Buildings \$	Plant and Equipment (Level 2) \$	Furniture and Equipment \$	Total \$
Balance as at the beginning of the year	41,758	5,985,397	6,027,155	1,848,680	110,033	7,985,868
Additions	0	351,236	351,236	455,697	47,427	854,360
(Disposals)	0	0	0	(227,013)	0	(227,013)
Revaluation - (Decrements)	0	0	0	(227,021)	0	(227,021)
Depreciation (Expense)	0	(143,653)	(143,653)	(176,776)	(18,457)	(338,886)
Carrying amount at the end of year	<u>41,758</u>	<u>6,192,980</u>	<u>6,234,738</u>	<u>1,673,567</u>	<u>139,003</u>	<u>8,047,308</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Costs	21,882,972	21,147,205
Less Accumulated Depreciation	<u>(15,249,749)</u>	<u>(14,389,381)</u>
	6,633,223	6,757,824
 Footpaths - Cost	 38,968	 38,968
Less Accumulated Depreciation	<u>(21,433)</u>	<u>(19,483)</u>
	17,535	19,485
 Other Infrastructure - Cost	 358,875	 358,875
Less Accumulated Depreciation	<u>(138,113)</u>	<u>(125,502)</u>
	220,762	233,373
	<u><u>6,871,520</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 2013

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads	Footpaths	Other Infrastructure	Total
	\$	\$	\$	\$
Balance at the beginning of the year	6,757,824	19,485	233,373	7,010,682
Additions	735,767	0	0	735,767
Depreciation (Expense)	(860,368)	(1,950)	(12,611)	(874,929)
Carrying amount at the end of year	6,633,223	17,535	220,762	6,871,520

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2013
\$

2012
\$

8. TRADE AND OTHER PAYABLES

Current

Sundry Creditors	48,192	41,432
Accrued Interest on Debentures	5,561	6,359
Accrued Salaries and Wages	26,137	54,227
	<u>79,890</u>	<u>102,018</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	76,363	71,588
	<u>76,363</u>	<u>71,588</u>

Non-Current

Secured by Floating Charge Debentures	485,045	561,408
	<u>485,045</u>	<u>561,408</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	142,659	108,745
Non Current	4,824	8,970
	<u>147,483</u>	<u>117,715</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2012	44,758	72,957	117,715
Additional provision	4,634	25,134	29,768
Balance at 30 June 2013	<u>49,392</u>	<u>98,091</u>	<u>147,483</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	107,426	104,330	101,234
Amount Set Aside / Transfer to Reserve	5,463	4,700	6,192
Amount Used / Transfer from Reserve	0	0	0
	<u>112,889</u>	<u>109,030</u>	<u>107,426</u>
(b) Plant Reserve			
Opening Balance	340,562	334,459	251,947
Amount Set Aside / Transfer to Reserve	111,440	63,300	88,615
Amount Used / Transfer from Reserve	(239,967)	(240,000)	0
	<u>212,035</u>	<u>157,759</u>	<u>340,562</u>
(c) Building Reserve			
Opening Balance	206,926	203,557	110,187
Amount Set Aside / Transfer to Reserve	98,714	9,200	96,739
Amount Used / Transfer from Reserve	0	0	0
	<u>305,640</u>	<u>212,757</u>	<u>206,926</u>
(d) Television Reserve			
Opening Balance	24,759	24,046	23,333
Amount Set Aside / Transfer to Reserve	8,731	1,100	1,426
Amount Used / Transfer from Reserve	0	0	0
	<u>33,490</u>	<u>25,146</u>	<u>24,759</u>
(e) Community Development Reserve			
Opening Balance	75,446	73,272	71,098
Amount Set Aside / Transfer to Reserve	4,239	28,900	4,348
Amount Used / Transfer from Reserve	0	0	0
	<u>79,685</u>	<u>102,172</u>	<u>75,446</u>
(f) Waste Management Reserve			
Opening Balance	38,280	37,320	36,359
Amount Set Aside / Transfer to Reserve	1,802	1,700	1,921
Amount Used / Transfer from Reserve	0	0	0
	<u>40,082</u>	<u>39,020</u>	<u>38,280</u>
TOTAL CASH BACKED RESERVES	<u>783,821</u>	<u>645,884</u>	<u>793,399</u>

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

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

11. RESERVES - CASH BACKED (continued)

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.

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

The Building Reserve is expected to be utilised in 2013/14.

12. REVALUATION SURPLUS

The Shire had no revaluation surpluses as at 30th June 2013.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>1,683,833</u>	<u>646,764</u>	<u>1,854,267</u>

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

Net Result	(202,670)	61,696	893,762
Depreciation	1,213,815	970,400	1,126,842
(Profit)/Loss on Sale of Asset	68,512	29,892	18,116
Loss on Revaluation of Non-Current Assets	227,021	0	0
(Increase)/Decrease in Receivables	(12,013)	9,425	291,238
(Increase)/Decrease in Inventories	39,718	3,837	(990)
Increase/(Decrease) in Payables	5,962	24,222	(20,717)
Increase/(Decrease) in Employee Provisions	1,678	0	30,376
Grants Contributions for the Development of Assets	<u>(540,515)</u>	<u>(783,418)</u>	<u>(1,374,890)</u>
Net Cash from Operating Activities	<u>801,508</u>	<u>316,054</u>	<u>963,737</u>

	2013 \$	2012 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	13,000	13,000
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>13,000</u>	<u>13,000</u>
Loan Facilities		
Loan Facilities - Current	76,363	71,588
Loan Facilities - Non-Current	485,045	561,408
Total Facilities in Use at Balance Date	<u>561,408</u>	<u>632,996</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 2013

14. CONTINGENT LIABILITIES

There are no known contingent liabilities.

	2013	2012
	\$	\$

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments as at 30 June 2013.

(b) Operating Lease Commitments

There are no operating lease commitments as at 30 June 2013.

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	<u>0</u>	<u>271,972</u>
--------------------------------	----------	----------------

Payable:

- not later than one year	<u>0</u>	<u>271,972</u>
---------------------------	----------	----------------

The capital expenditure project outstanding at the end of the prior reporting period represents the construction of staff housing.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 the completion is 24.09% made as follows:
 expensed.

	2013	2012
	\$	\$
Non-Current Assets		
Land & Buildings	143,771	143,771
Less: Accumulated Depreciation	<u>(22,847)</u>	<u>(19,705)</u>
	<u><u>120,924</u></u>	<u><u>124,066</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,192	667,706
General Purpose Funding	55,308	49,457
Law, Order, Public Safety	102,118	540,739
Health	2,873	2,974
Education and Welfare	0	28,919
Housing	3,412,461	3,145,149
Community Amenities	613,370	189,640
Recreation and Culture	1,629,997	1,886,392
Transport	7,231,316	7,490,738
Economic Services	613,536	842,613
Other Property and Services	2,181,206	1,453,819
Unallocated	<u>1,013,235</u>	<u>825,084</u>
	<u><u>16,856,612</u></u>	<u><u>17,123,230</u></u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012	2011
18. FINANCIAL RATIOS			
Current Ratio	5.79	5.27	4.66
Asset Sustainability Ratio	1.00	1.17	0.96
Debt Service Cover Ratio	4.61	9.58	8.75
Operating Surplus Ratio	(0.58)	(0.09)	(0.22)
Own Source Revenue Coverage Ratio	0.41	0.45	0.40

The above ratios are calculated as follows:

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

Notes:

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

Three of the 2013 ratios disclosed above are distorted by an item of significant expense totalling \$227,021 relating to the revaluation decrement of plant and equipment in accordance with Financial Management Regulations 17A (refer to Note 6 for further details). This item of significant expense is considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	6.65
Operating Surplus Ratio	(0.40)
Own Source Revenue Coverage Ratio	0.44

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 July 2012 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2013 \$
Police Licensing	0	37,811	(37,332)	479
George Rd Water Extension	20,400	145	0	20,545
St John Ambulance Westonia	2,018	29	0	2,047
Westonia Sports Council	122	0	0	122
Westonia Progress Association	0	4,663	(4,111)	552
Accommodation Units	2,900	0	0	2,900
Weira-Boodarockin Water	632	15	0	647
BCITF Levy	75	862	0	937
Housing Bond	660	0	0	660
Social Club	6,612	2,291	(260)	8,643
Walgoolan History Group	12,065	0	0	12,065
Community Project (Scrap)	1,000	0	0	1,000
Building Levy	0	469	0	469
Rural Youth	3,360	44	0	3,404
Nomination Deposits	240	0	(240)	0
Unclassified	0	0	(3,477)	(3,477)
	<u>50,084</u>			<u>50,993</u>

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment						
Transport						
Works Supervisor Vehicle	33,281	31,855	25,501	23,000	(7,780)	(8,855)
Grader-Caterpillar 140G	182,259	83,925	125,000	70,000	(57,259)	(13,925)
Tractor	11,473	12,112	8,000	5,000	(3,473)	(7,112)
	<u>227,013</u>	<u>127,892</u>	<u>158,501</u>	<u>98,000</u>	<u>(68,512)</u>	<u>(29,892)</u>
					Profit	0
					Loss	(29,892)
						<u>(68,512)</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2012 \$	New Loans \$	Principal Repayments		Principal 30 June 2013		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 3 - Staff Residence	12,630		6,118	6,118	6,512	6,512	13,927	703
Loan 5 - Lifestyle Village	423,261		42,109	42,109	381,152	381,152	12,435	26,136
Economic Services								
Loan 6 - Community Bus *	74,006		6,370	6,370	67,636	67,636	4,284	4,469
Transport								
Loan 4 - Depot	123,099		16,991	16,991	106,108	106,109	8,867	8,765
	632,996	0	71,588	71,588	561,408	561,409	39,513	40,073

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

(b) New Debentures - 2012/13

No new loans were raised in 2012/13.

(c) Unspent Debentures

There were no unspent debentures in 2012/13.

(d) Overdraft

Council had no overdraft facility as at the 30 June 2013.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates	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 \$
RATE TYPE											
Differential Rate											
GRV Residential	0.1134	29	153,400	17,396	(16)	0	17,380	17,396	0	0	17,396
Com/Industrial/Other	0.1134	5	47,060	5,337	0	0	5,337	5,337	0	0	5,337
Mining	0.1365	2	1,430,920	195,321	0	0	195,321	195,321	0	0	195,321
UV Rural	0.0118	156	40,320,670	475,784	5,599	0	481,383	475,784	0	0	475,784
Mining	0.0122	13	163,320	1,993	(1,129)	0	864	1,991	0	0	1,991
Sub-Totals		205	42,115,370	695,831	4,454	0	700,285	695,829	0	0	695,829
Minimum Rates											
Minimum Rates	Minimum \$										
GRV Residential	355	29	28,361	10,295	0	0	10,295	10,295	0	0	10,295
Com/Industrial/Other	355	4	5,100	1,420	0	0	1,420	1,420	0	0	1,420
UV Rural	355	23	340,700	8,165	0	0	8,165	8,165	0	0	8,165
Mining	55	13	42,482	715	(2,169)	0	(1,454)	715	0	0	715
Sub-Totals		69	416,643	20,595	(2,169)	0	18,426	20,595	0	0	20,595
Ex-Gratia Rates							718,711				716,424
Total Amount Raised from General Rates							4,436				3,295
							723,147				719,719

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2013 (1 July 2013 Carried Forward)	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) 1 July 2011 Brought Forward	<u>848,165</u>	<u>1,032,899</u>	<u>1,032,899</u>
<u>Comprises:</u>			
Cash - Unrestricted	900,012	717,791	717,791
Cash - Restricted	783,821	1,136,476	1,136,476
Rates Outstanding	32,872	17,814	17,814
Sundry Debtors	113,222	107,060	107,060
GST Receivable	22,436	31,643	31,643
Inventories			
- Fuel and Materials	2,172	26,277	26,277
<u>Less:</u>			
Reserves - Cash Backed	(783,821)	(793,399)	(793,399)
Overdraft			
Sundry Creditors	(48,192)	(41,432)	(41,432)
Accrued Interest on Debentures	(5,561)	(6,359)	(6,359)
Accrued Salaries and Wages	(26,137)	(54,227)	(54,227)
Current Employee Benefits Provision	(142,659)	(108,745)	(108,745)
Surplus/(Deficit)	<u><u>848,165</u></u>	<u><u>1,032,899</u></u>	<u><u>1,032,899</u></u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

There were no specific area rates levied by the Shire in 2012/13.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Television Broadcasting	110	7,590	7,590	7,590	7,590
Sanitation Household Refuse		7,020	0	7,020	0
		14,610	7,590	14,610	7,590

The service charge is for the provision of television re-broadcasting and sanitation. 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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR

No discounts were offered for the early payment of rates in 2012/13.

26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0	2,283	1,650
Interest on Instalments Plan	5.50%	0	3,862	550
Charges on Instalment Plan		36	0	360
			<u>6,145</u>	<u>2,560</u>

Ratepayers had the option of paying rates in four equal instalments, due on 4 September 2012, 5 November 2012, 7 January 2013 and 11 March 2013. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	73	2,397
General Purpose Funding	0	1,392
Law, Order, Public Safety	6,915	4,049
Health	27	1,300
Housing	137,905	141,551
Community Amenities	2,038	9,060
Recreation and Culture	5,201	9,595
Economic Services	47,844	77,492
Other Property and Services	22,718	198,017
	<u>222,721</u>	<u>444,853</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 2013

28. GRANT REVENUE

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

	2013	2012
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,115,652	1,446,657
Non-Operating Grants, Subsidies and Contributions	540,515	1,001,519
	<u>1,656,167</u>	<u>2,448,176</u>
By Program:		
Governance	2,082	0
General Purpose Funding	1,072,843	1,262,613
Law, Order, Public Safety	32,369	438,139
Education and Welfare	0	28,701
Housing	4,013	328,212
Recreation and Culture	125,975	54,957
Transport	376,145	325,041
Economic Services	31,120	10,513
Other Property and Services	11,620	0
	<u>1,656,167</u>	<u>2,448,176</u>

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	22,000	22,000	18,000
President's Allowance	1,000	1,000	1,000
Travelling Expenses	25,236	2,500	875
	<u>48,236</u>	<u>25,500</u>	<u>19,875</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2013	2012
<u>15</u>	<u>13</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

31. MAJOR LAND TRANSACTIONS

Lifestyle Village Project

(a) Details

The Shire commenced the 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 10 years expiring on the 30 June 2020.

	2013 \$	2013 Budget \$	2012 \$
(b) Current year transactions			
Operating Revenue			
- Leasing Proceeds	107,328	0	80,600
Operating Expenditure			
- Insurance	0	0	2,511
- Other	27,113	0	1,212
	<u>27,113</u>	<u>0</u>	<u>3,723</u>
Capital Expenditure			
- Loan repayments	42,109	0	67,892
- Development Costs	11,767	0	107,115
	<u>53,876</u>	<u>0</u>	<u>175,007</u>

The above capital expenditure is included in buildings as disclosed elsewhere in this Financial Report.

(c) Assets and Liabilities

Land and Building	1,970,704	1,959,168
Less Accumulated Depreciation	(88,959)	(49,717)
	<u>1,881,745</u>	<u>1,909,451</u>
Long Term Borrowings		
- Current	44,817	42,109
- Non-current	336,335	381,152
	<u>381,152</u>	<u>423,261</u>

(d) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
Cash Outflows					
- Development Costs	0	0	0	0	0
- Insurance	(1,292)	(1,334)	(1,377)	(1,422)	(5,425)
- Loan Repayments	(68,245)	(68,245)	(68,245)	(68,245)	(272,980)
	<u>(69,537)</u>	<u>(69,579)</u>	<u>(69,622)</u>	<u>(69,667)</u>	<u>(278,405)</u>
Cash Inflows					
- Leasing Proceeds	85,900	88,700	91,600	94,600	360,800
	<u>85,900</u>	<u>88,700</u>	<u>91,600</u>	<u>94,600</u>	<u>360,800</u>
Net Cash Flows	<u>16,363</u>	<u>19,121</u>	<u>21,978</u>	<u>24,933</u>	<u>82,395</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,683,833	1,854,267	1,683,833	1,854,267
Receivables	236,166	230,523	236,166	230,523
	<u>1,919,999</u>	<u>2,084,790</u>	<u>1,919,999</u>	<u>2,084,790</u>
Financial Liabilities				
Payables	79,890	102,018	79,890	102,018
Borrowings	561,408	632,996	547,989	591,123
	<u>641,298</u>	<u>735,014</u>	<u>627,879</u>	<u>693,141</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 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash		
- Equity	16,823	16,190
- Statement of Comprehensive Income	16,823 (*)	16,190 (*)

(*) 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 2013

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:

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	7.78%
- Overdue	100.00%	92.22%
Percentage of Other Receivables		
- Current	71.96%	96.56%
- Overdue	28.04%	3.44%

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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:

	<u>2013</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables		79,890	0	0	79,890	79,890
Borrowings		111,662	419,301	169,008	700,031	561,408
		<u>191,552</u>	<u>419,301</u>	<u>169,008</u>	<u>779,921</u>	<u>641,298</u>
	<u>2012</u>					
Payables		102,018	0	0	102,018	102,018
Borrowings		111,662	426,183	273,848	811,693	632,996
		<u>213,680</u>	<u>426,183</u>	<u>273,848</u>	<u>913,711</u>	<u>735,014</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$	\$
Year Ended 30 June 2013							
Borrowings							
Fixed Rate							
Debentures	6,511	0	0	0	106,109	448,788	561,408
Weighted Average Effective Interest Rate	6.32%				7.37%	6.31%	6.51%
Year Ended 30 June 2012							
Borrowings							
Fixed Rate							
Debentures	0	12,629	0	0	0	620,367	632,996
Weighted Average Effective Interest Rate		6.32%				6.52%	6.51%

**SHIRE OF WESTONIA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

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

	2013	2012	2011
Asset Consumption Ratio	0.47	N/A	N/A
Asset Renewal Funding Ratio (Note 1)	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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

Note 1 - The Shire has not yet adopted an Asset Management Plan as at the 30 June 2013 therefore this ratio has not been calculated.

15 October 2014

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

16 Lakeside Corporate | 24 Parkland Road
Osborne Park | Perth | WA | 6017
PO Box 1707 | Osborne Park | WA | 6916
t: + 61 8 9444 3400 | f: + 61 8 9444 3430
perth@uhyhn.com.au | www.uhyhn.com

Dear Jamie

**AUDIT OF SHIRE OF WESTONIA
FOR THE YEAR ENDED 30TH JUNE 2013**



We advise that we have completed the audit of your Shire for the year ended 30th June 2013 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

WEN-SHIEN CHAI
PARTNER

**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 2013, 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. Those 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 2013 and of its financial performance and its cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF 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 Act 1995 and Local Government (Financial Management) Regulations 1996 (as amended):

Submission of Financial Report

The accounts and financial report for the year ended 30 June 2013 were not submitted to the auditor by 30 September 2013 as required by Section 6.4(3) of the Local Government Act.

Differential General Rates

With respect to differential rates imposed by Council for 2012/2013,

- a) Differential general rates were adopted prior to the expiry of 21 days local public notice of Council's intention to do so and Council did not consider any submissions from electors or ratepayers as required by Section 6.36 of the Local Government Act.
- b) 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);
- c) 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
- d) The details of those set forth in the public notice were not included in the annual statutory budget as required by Financial Management Regulation 23(b)(i).

Annual Financial Report

The annual financial report for the year ended 30 June 2012 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).

Rate Notice

The rate notice or accompanying information did not include a brief statement that rebates under the Rates and Charges (Rebates and Deferrals) Act 1992 are funded by the Government of Western Australia as required by Financial Management Regulation 56(4)(ha).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

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 of the Shire.

In respect of the financial management practices of the Shire, we noted the audit in respect of the year ended 30 June 2013 was considerably delayed and was far from efficient. This was a direct result of staff experiencing difficulty in reconciling and finalising transactions and balances for financial reporting purposes after balance date. This reflects on the efficiency of the Shire as a whole as it compromises the delivery of meaningful, accurate and timely management information.

- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 57 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:
- i) reasonably calculated; and
 - ii) based on verifiable information

The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

Date: 15 October 2014
Perth, WA

15 October 2014

The Shire President
Shire of Westonia
Wolfram Street
WESTONIA WA 6423

Dear Cr Geier



MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2013

We advise that we have completed our audit procedures for the year ended 30th June 2013 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.

COMMENT ON RATIOS

Due to legislative changes, the financial year ended 30 June 2013 saw the introduction of six new ratios in the financial report. Seven of the eight reported in previous years were removed with only the Current Ratio remaining.

The information relating to these ratios is summarised below:

	Target Ratio ¹	Shire's Actual Ratios			3 Year Trend ²
		2013	2012	2011	
Current Ratio	≥ 1	5.79	5.27	4.66	↑
Asset Sustainability Ratio	≥ 1.1	1.00	1.17	0.96	↓
Debt Service Cover Ratio	≥ 15	6.65*	9.58	8.75	↓
Operating Surplus Ratio	≥ 0.15	-0.40*	-0.09	-0.22	↓
Own Source Revenue Coverage Ratio	≥ 0.9	0.44*	0.45	0.40	↓
Asset Consumption Ratio	≥ 0.75	0.47	N/A	N/A	↔
Asset Renewal Funding Ratio [^]	≥ 1.05	N/A	N/A	N/A	N/A

¹ Target ratios per Department of Local Government Guidelines except the Debt Service Ratio which is a target devised by UHY Haines Norton (and based on experience).

² The 3 year trend compares the 2013 ratio to the average of the last 3 years (except for the Asset Consumption and Asset Renewal Funding Ratios).

* Adjusted for "one-off" non-cash items (Please refer Note 18 of the Annual Financial Report for further details).

[^] The Shire has not yet adopted an Asset Management Plan and a Long Term Financial Plan as at 30 June 2013. Therefore this ratio was not calculated.

COMMENT ON RATIOS (CONTINUED)

Ratios provide useful information when compared to industry and internal benchmarks and assist in identifying trends. Whilst not conclusive in themselves, understanding ratios, their trends and how they interact is beneficial for the allocation of scarce resources and planning for the future.

We provide commentary on specific ratios (identified as red in the table above) as follows:

Debt Service Cover Ratio

This ratio is well below the target level.

The Debt Service Cover Ratio measures Council's ability to service debt out of its uncommitted or general purpose funds available from its operations.

Whilst we acknowledge the overall level of borrowings has decreased, the decrease in the ratio has occurred as a result of a decrease in operating grants, subsidies and contributions.

Operating Surplus Ratio

This ratio is below the target level and has been over all of the past three years.

The Operating Surplus Ratio measures Council's financial sustainability having regard to asset management and the community's service level needs.

A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode Council's ability to service debt and maintain both its operational service level and asset base over the longer term whilst a positive ratio which is consistently above 0.15 provides the Shire with greater flexibility in meeting operational service levels and asset management requirements.

Council's Statements of Comprehensive Income over the past three years indicate the main reason for the negative ratios to be an increase in expenses without a corresponding increase in revenues.

This should prompt the Council and Management to evaluate avenues for efficiencies in an attempt to correct the ratio.

Asset Consumption Ratio

This ratio measures the average 'aged' condition of Council's assets.

This ratio is also below target level.

This Indicates the Council is having difficulty undertaking a sustained capital investment program sufficient to renew assets at a level equal to maintain the average 'aged' condition of the assets.

Interpretation of this ratio should also be considered together with the Asset Sustainability Ratio and the Asset Renewal Funding Ratio.

It should prompt a review of depreciation rates and asset valuations to ensure they are reasonable and are generating reliable representative written down values.

Depending on the outcome of the depreciation and asset valuation reviews, it may also prompt a review of operations with a view to assessing the revenue raising capacity necessary to support the ongoing asset base.

COMMENT ON RATIOS (CONTINUED)

Summary

Whilst all ratios (with the exception of the Current Ratio) are new and we accept it may take some time for their implication to be fully understood, they should be duly considered as part of the overall financial management of the Shire.

We will continue to monitor the ratios in future financial years and suggest it is prudent for Council and management to do so also as they strive to manage the scarce resources of the Shire.

YEAR END AUDIT READINESS AND EFFICIENCY

As you are aware, the audit for the year ended 30 June 2013 was considerably delayed.

Council staff were having complications in reconciling and finalising the transactions and balances of the 2012/2013 accounts for our audit. This was a direct result of a changeover of the Shire's accounting system (from QuickBooks to Synergy) in the last quarter of the 2012/2013 financial year. We also noted sufficient accounting resources were not allocated to the 2013 year-end accounting process.

Whilst initial audit visit was scheduled in November 2013, we were only able to conduct our end year visit on 17th and 18th February 2014.

We were unable to complete all of our necessary audit procedures during our year end visit due to our audit requirements not being fully met. The annual financial report was not completed and the accounts were far from fully reconciled and finalised at the time of our audit visit.

Most of our outstanding audit testing (including the review and testing of the complete financial report, and the review of fair value accounting for plant & equipment as required by Financial Management Regulation 17A) were only able to be completed and finalised remotely from our office between June and September 2014. This was after the Chief Executive Officer had sought our assistance in completing the financial report and, further reconciliations were completed and additional information required was provided to us.

As is obvious by the time taken to finalise the report, the process has been far from efficient. This has resulted in a late audit report and significantly increased costs.

Not only does it impact on the efficiency of the audit process, it also reflects on the efficiency of the Shire as a whole as it compromises the delivery of meaningful, accurate and timely management information.

This seriously undermined the financial management practices of the Shire. Consequently, we found it necessary to highlight this matter in our audit report.

To help ensure future audits are able to be conducted in a more timely manner, key reconciliations and accounting processes should be identified and sufficient accounting resources be allocated to the process with the goal of meeting the 31 December deadline for having the audited Financial Report completed and sent to the Department.

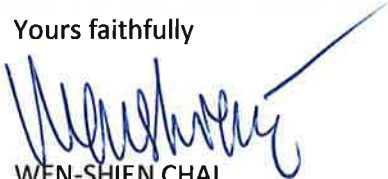
We noted no matters we wish to draw to Council's attention.

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



WEN-SHIEN CHAI
PARTNER

Enc