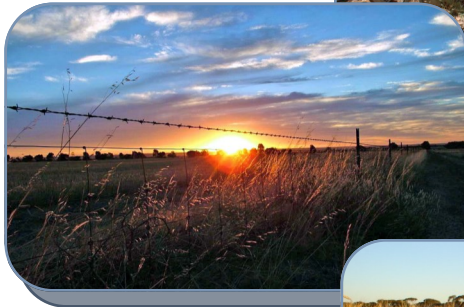


# 2014-2015 Annual Report



**Shire of Westonia**

Wolfram St, Westonia

[www.westonia.wa.gov.au](http://www.westonia.wa.gov.au)







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The Report can be view on the Shire's website: <http://www.westonia.wa.gov.au/documents/>

If you have any comments or questions regarding the Report, the Shire of Westonia welcomes feedback:

By email		<a href="mailto:shire@westonia.wa.gov.au">shire@westonia.wa.gov.au</a>
By phone		(08) 9046 7063
In person		41 Wolfram Street, Westonia WA 6423
By mail		Chief Executive Officer, C/- Post Office, Westonia WA 6423

# President's Report

## An Overview of 2014/15



- Over \$1,065,000 worth of road works;
- Minor Swimming Pool Upgrades;
- Tourism initiatives (Advertising Billboards, Parking Bay Gazebo
- Complete Airport Building.

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

I would like to take the opportunity acknowledge and thank our Chief Executive Officer, Mr Jaime Criddle. Jamie has worked extremely hard for our organisation over the past 12 months, striving to deliver outcomes for the Council in all areas of the organisation.

Jamie and his team are to be commended for their efforts in delivering a budget and program that was balanced and achievable, ensuring that core services and community projects are delivered to a high quality and in a timely and efficient manner. Jamie is supported by a strong team of staff and Councillors committed to achieving a high level of service to the community. The Council finds itself in a strong financial position and with the ability to progress areas of community importance with confidence.

It is with pleasure that I provide my annual report for 2014/15 as President of the Shire of Westonia. Notably, it has been an extremely busy and challenging year with a number of significant milestones being achieved and some important projects being progressed.

Staff changes included; Stacey Geier started November 2014 replacing Annemaree Jensen who resigned from her position as Senior Administration in October 2014, Adrian Townrow resigned from his position as Grader Operator in October 2014 and was replaced by Ted Bukelis. Also Jake Price took the vacant position of Plant Operator.

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. In summary I would like to touch on a number these:

- Additions to the Hood-Penn Museum project;
- Alterations to the Admin Reception;
- Completion of 2 aged houses (two 2X2 houses );
- Second Stage Construction of 2 aged houses (two 2X2 houses );
- Construction of Gazebo to Rest Area (St Luke's Church)

I would also like to acknowledge the work of my fellow Elected Members over the past year and I welcome the challenges the year ahead will bring.

Finally, thank you to the staff of the Shire of Westonia for their dedication and commitment. I believe the Shire is going from strength to strength. It is a Shire and community I am very proud to serve.

**Louis Geier**  
**PRESIDENT**

# CEO's Report

## An Executive Summary



It is with pleasure to present my annual report on the 2014/2015 year of operations of the Shire of Westonia.

### MANAGEMENT STAFF

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

Chief Executive Officer	Jamie Criddle
Works Supervisor	Judd Hobson
Environmental Health Officer	Rebecca Bowler
Building Surveyor	John Mitchell

During the year of review there were two changes to the staff structure where Adrian Townrow and Annemaree Jensen resigned from their positions.

Council and Staff wish Adrian and Annemaree 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.

### Finance

The Shire's financial position to the 30 June 2015 ended with an untied accrued surplus of \$526,996 with restricted cash of \$477,338. The restricted cash component is for use in the 2014/2015 year. 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
2013/2014	\$1,051,408
2014/2015	\$1,193,478

The confirmed figure for 2015/2016 is \$1,234,692 being an increase of \$41,214.

It is with regret that the Federal Government has also resolved to freeze indexation on the above grant for the next three years which will result in a loss of income for this Council of \$200,000 if an indexation of 5% per annum is used.

### **Major/Capital Expenditure**

Some major projects and purchases made during the 2014/2015 year that have not been reported in other sectors of the Annual Report include:

- Completion of the Club Hotel Museum project;
- Construction of community houses (two 2x2 units);
- Renovate Old St Luke's Church;
- Construct new disabled access public toilets at the Old Miners Hall;
- Commence construction of new Caravan Park Camper Kitchen;
- Minor Swimming Pool Upgrades (Synthetic lawn Plumbing repairs);
- Administration Reception upgrades;
- Tourism initiatives (Parking Bay Gazebo at St Luke's Church RV short Stay);
- Complete Airport Building.

Plant purchases include:

- Prime Mover (\$255,000);
- Drop Deck Trailer (\$80,000);
- Oval Mower (\$7,500);
- Various Admin, Works Fleet vehicles. (\$111,000)

In comparison to previous years the major capital projects undertaken have reduced and is primarily due to the Council being able to deliver major projects in previous years with grant funding. In addition grants that were readily available, namely the Royalties for Regions Country Local Government Fund have now ceased and such funding must be applied for and the projects must be within the Wheatbelt Development Commission Infrastructure Plan.

### **CONCLUSION**

Each year the Council is faced with many challenges and requests from residents for major infrastructure and some of 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 2014/2015 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 2014/2015.



**JAMIE CRIDDLE**  
**CHIEF EXECUTIVE OFFICER**





# Westonia in Brief



“Where the Wheatbelt meets the Goldfields.”

Westonia came into existence with the discovery in 1910 of gold in the area, by a sandalwood cutter named Alfred Weston (May 17, 1876 - September 26, 1924). Initially the area was known as *Weston's Reward* and later as *Westons*.

Alfred David Weston, a sandalwood cutter and part time prospector, the town owes its origin to gold mining. Gold mining is still an important industry in the area, although the shire's primary industry is now wheat and sheep farming. All its streets are named after minerals and the town has preserved a streetscape facade that reflects its Edwardian origins

By 1915 there were two major mines in the area, and the population was in excess of 500. By 1917 the area, by then known as *Westonia*, had a population of more than 2,000. In 1919, low gold prices forced the closure of the mines, and many people left the area.

Westonia was gazetted as a town in February 1926. In 1935 one of the mines reopened, but closed again in 1948, only to be reopened in 1985. The mine then closed once again in 1991. In mid-2009, it was announced that mining would once again commence at Westonia's Edna May Gold Mine, owned and mined by Evolution Mining, with the first gold pour made in May 2010, coinciding with the centenary of the discovery of gold in the district.

Walking through Westonia is a leap back in time. Established during the gold rush era, the

town has restored and rebuilt its fine buildings to create a streetscape straight out of the pioneering era. From the original bank, cafe and green grocer store to the bright red doors on Westonia's fire station, wander through town and imagine life here during the mining boom of the early 1900s.

The township is nestled amid 4,000 hectares of salmon gum, morrell and gimlet woodland, dotted with granite outcrops, as well as remnants of the town's gold mining past.

Hit the four kilometre Woodlands and Wildflowers Heritage Trail to explore the native bushland, taking in Westonia Common woodland and historic points of interest. Or drive a little way out of town to Boodalin Soak or Sandford Rocks - both are picturesque spots providing the opportunity to explore woodlands, granite outcrops, refreshing pools and diverse native flora.

Time your visit to coincide with spring wildflower season (June to November) and you'll find the arid landscape transformed by a plethora of vibrant wildflowers after replenishing winter rains.

When it's time for refreshments and a rest from exploring this unique outback town and landscape, you'll find everything you need in Westonia, including motel and caravan park accommodation.

## Shire Attractions

Westonia Facades, Boodalin Soak  
Sandford Rock, Elachbutting Rock,  
Baldjie Rock, Wild Flowers, Woodlands  
Granite Outcrops, Westonia Common,  
Historic Westonia Tavern,  
Rabbit Proof Fence, Old Miners Hall,  
Golden Pipeline Drive Trail  
Old Club Hotel Museum

# Westonia Locality

Located in Western Australia's Wheatbelt, 316 kilometres east of Perth, 306 kilometres west of Kalgoorlie and 55 kilometres east of Merredin on the Wheatbelt Way drive trail the Shire of Westonia is renowned for its stunning natural woodlands, breathtaking granite outcrops, beautiful wildflowers and vast open skies.



## Shire Statistics

Area	3,268km <sup>2</sup>
Length of Sealed Roads	121km
Length of Unsealed Roads	764km
Population	277
Number of Dwellings	128
Total Rates	\$ 775,285
Total Revenue	\$3,721,960
Number of Employees	13

## Localities / Local Industries

### LOCALITIES

Westonia, Wargoolan, Carrabin, Warralakin, Elachbutting

### LOCAL INDUSTRIES

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



# 2014-2015 Councillors'

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.



**Cr Louis Geier (2017)**  
**Shire President**

Portfolio: WEROC, Community Development, Emergency Services, WALGA, Development Assessment Panels Agriculture



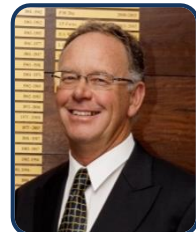
**Cr Karin Day (2015)**  
**Deputy President**

Portfolio: WEROC (proxy), Community Development, Transport, Development Assessment Panels (proxy) Agriculture, Sport & Recreation



**Cr Doug Hermon (2015)**

Portfolio: Community Development, Emergency, Services. Agriculture



**Cr John Jefferys (2017)**

Portfolio: Transport, Community Development, Development Assessment Panels (proxy) Agriculture



**Cr Bill Huxtable (2017)**

Portfolio: Community Development, Development Assessment Panels



**Cr Michael Cunningham (2015)**

Portfolio: Tourism, Community Development, Sport & Recreation

*\*Note: Year in brackets denotes expiry of election term*

# Council

## 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.

# Councillor Meeting Attendance

Under Chapter 2M of the Corporations Act 2001 that Councillors' attendance at all Council meetings and Committee meetings which they have been appointed a member, be reported in the Annual Report.

	17 July 14	21 Aug 14	18 Sept 14	16 Oct 14	20 Nov 14	18 Dec 14	19 Feb 15	19 March 15	16 April 15	21 May 15	18 June 15
President Cr Louis Geier		✓	✓	✓	✓	✓	✓	✓		✓	✓
Deputy President Cr Karin Day	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cr Doug Hermon	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cr John Jefferys		✓	✓	✓		✓	✓	✓	✓		✓
Cr Mick Cunningham	✓		✓	✓	✓	✓	✓	✓	✓		
Cr Bill Huxtable	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓

# Councillors' Remuneration

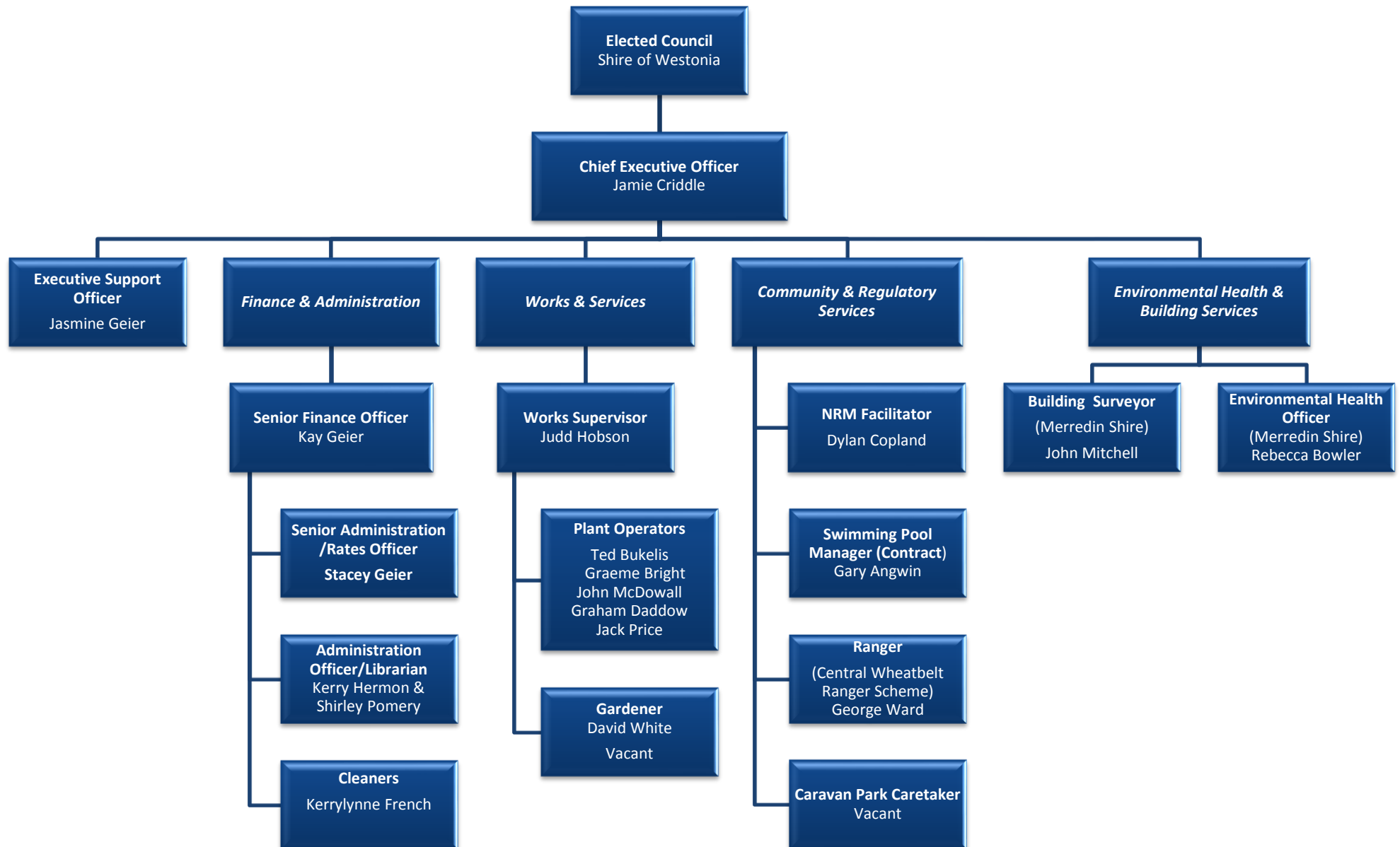
In the 2014/15 financial year the following remunerations were made to Councillors:

President (Including a Presidents Allowance): \$9,000.00

Councillors: \$3,500.00



# Staff Organisational Structure





# Future Plan

## Community Strategic Plan

Council already had in place a Future Directions Plan 2009-2019, however with the assistance of Caroline Robinson of Solum (Wheat belt 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.

This plan contains a number of strategic outcomes and drivers which are classified into four key areas:

1. Social;
2. Economic;
3. Environmental; and
4. Governance

Key goals for the community that have been identified by the Strategic Community Plan 2013-2023 are:

## 1. CONTINUE TO DEVELOP OUR UNIQUE COUNTRY LIFESTYLE

- 1.1 Create a strong sense of identity and belonging;
- 1.2 Maintain the provision of high quality, financially viable, accessible community services and infrastructure to meet the needs of the community;
- 1.3 Assist in providing a range of accommodation options in the Shire.

## 2. ENHANCED SOCIAL AND COMMUNITY WELL BEING

- 2.1 Facilitate the provision of recreational and leisure opportunities;
- 2.2 Provide facilities and programs for health and well-being needs;
- 2.3 Our children, youth, families and seniors are valued, involved and supported;
- 2.4 Support and encourage voluntary community services.

## 3. A SAFE AND CONNECTED COMMUNITY

- 3.1 Provide a safe and efficient transport network;
- 3.2 Provide equitable access to all Shire facilities and infrastructure.

## 4. AN ECONOMY THAT IS WELL PREPARED FOR THE FUTURE

- 4.1 Support and strengthen local businesses and local business networks;
- 4.2 Plan for employment, business and industry growth and change;
- 4.3 Tell the world about the opportunities and benefits of doing business in Westonia;
- 4.4 Advocate for infrastructure that meets the needs of contemporary business.

## 5. THE WESTONIA TOURIST EXPERIENCE IS UNIQUE

- 5.1 Work towards providing a high quality, sustainable and integrated tourism experience to extend the length of stay.

## 6. EDUCATION AND TRAINING SERVICES ARE ACCESSIBLE FOR LIFELONG LEARNING AT ALL STAGES OF LIFE

- 6.1 Strengthen the role and use of local education and training providers;
- 6.2 A skilled and qualified workforce.

## 7. A QUALITY ENVIRONMENT

- 7.1 Develop and implement programs which protect and enhance the Shire's natural environment;
- 7.2 Build partnerships with people who work with and care for the land to secure a healthy environment;
- 7.3 Effective management and minimisation of waste collection and disposal.

## 8. LEAD THE WAY IN RESOURCE RECOVERY

- 8.1 Participate in best practice water and energy management

## 9. PROVIDE GOOD STRATEGIC DECISION MAKING, GOVERNANCE, LEADERSHIP AND PROFESSIONAL MANAGEMENT

- 9.1 Continue to participate in sub regional and regional groups to gain efficiencies and productivity e.g. WEROC;
- 9.2 Provide development opportunities, and a secure Council environment that encourages visionary leadership and ideas to complement existing strategies in providing solutions to the long term challenges facing the Shire;
- 9.3 Provide excellent customer service functions to all community members and rate payers;
- 9.4 Develop excellent communication tools, in a range of suitable formats, to ensure a well-informed community;

- 9.5 Commit to the provision of essential and non-essential services in the community;
- 9.6 Implement a range of collaborative partnerships with businesses and community groups to ensure their sustainability into the future;
- 9.7 Annually review compliance methods;
- 9.8 Human resource excellence;
- 9.9 Provision of a safe, secure and encouraging working environment for all staff and elected members;

Major Initiatives proposed or continuing during 2014/15 are:

- Additions to the Hood-Penn Museum project;
- Alterations to the Admin Reception;
- Completion of 2 aged houses (two 2X2 houses);
- Construction of 1 staff house (one 4X2 house);
- Construction of 2 aged houses (two 2X2 houses);
- Construction of Gazebo to Rest Area (St Luke's Church)
- Over \$1,065,000 worth of road works;
- Minor Swimming Pool Upgrades;
- Tourism initiatives (Advertising Billboards, Parking Bay Gazebo
- Complete Airport Building.

Plant purchases include:

- Prime Mover.
- Drop Deck trailer
- Oval Mower
- Various Admin, Works Fleet vehicles.

As at 30 June 2015 the Shire of Westonia there have been no changes to the following plans which were adopted during the previous financial year.

- Strategic Community Plan
- Corporate Business Plan
- Workforce Plan

Copies of these plans are available from the Shire Office or can be downloaded from Council's website at [www.westonia.wa.gov.au](http://www.westonia.wa.gov.au)



#### Forward Capital Works Plan

As part of the requirements of the Royalties for Regions Country Local Government Fund Council has also developed a Forward Capital Works Plan, which currently compliments our Integrated Strategic Planning. This Plan was adopted in 2010/11 and was reviewed during the 2013 financial year

## Public Interest Disclosure

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, and provides for the protection of those making such disclosure and those who are subject of the disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with the obligation under the Act, including:

- Appointing the Executive Support Officer as the PID Officer for the Shire of Westonia and publishing an internal procedure manual relating to the Shire's obligations.
- Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

The Shire of Westonia had no Public Interest Disclosures during the reporting period 2014/15

## State Records Act 2000

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.

## 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:

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

As at 30<sup>th</sup> June 2015 one employee of the Shire of Westonia was in the annual salary band of \$120,000 - \$130,000.

## Freedom of Information Statement

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

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

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

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

Changes to personal information should be made in writing.

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

The Shire of Westonia received no applications under the *Freedom of Information Act 1992*.

## National Competition Policy Statement.

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

In respect to Council's responsibility in relation to the National Competition Policy, the Shire reports as follows:

- No business enterprise of the Shire has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private enterprise.
- The principles of competitive neutrality will be implemented in respect of any relevant activities undertaken during the 2014/15 year.

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

## Register of Minor Complaints

For the purpose of Section 5.121 of the *Local Government Act 1995* Council must report entries recorded in the Register of Complaints during the financial year.

Council did not receive any complaints during the 2014/15 financial year.



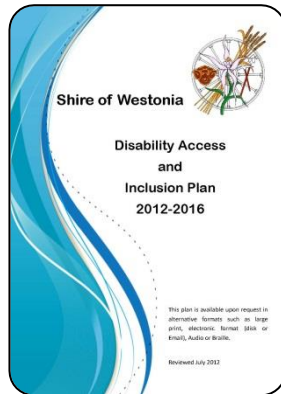


# Disability Services Statement

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*.

The Disability Services Commission requires Local Governments to report on the six outcomes relating to DAIPs to the public annually.

## Outcome 1: Services and Events

Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by the Shire.

Council ensures people with disabilities are given access to all Shire events and to access the services of the Shire. These facilities include level ground for caravan parking, new footpaths to the town centre.

## Outcome 2: Buildings and Other Facilities

Council also continues with improvements to buildings and footpath infrastructure to assist with both wheelchair and gopher access.

## Outcome 3: Information

Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information readily as other people are able to access it.

People with disabilities can access information produced by the Shire of Westonia in different formats. Anyone requiring a different format are encouraged to contact the Shire Office. Council also has a website which enables ease of access to public documents, information and other Council related data.

## Outcome 4: Level and Quality of Service

The staff is always encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive.

Staff at the Shire of Westonia are made aware that people with disabilities may have different needs. Staff are encouraged to ensure that people with disabilities receive the same level and quality of service as other people receive.

## Outcome 5: Complaints Process

People with disabilities have the same opportunities as other people to make complaints to staff, and can be via written letters, email, SMS or verbally.

People with disabilities are able to make complaints and can do this via written letters, email, SMS or verbally.

## Outcome 6: Public Consultation Process

Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

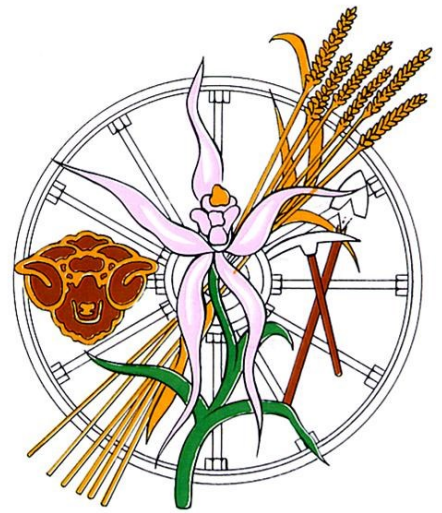
Council has made the DAIP available on the website for the community to access. The community was also given the opportunity to comment on the DAIP prior to it being adopted by Council. The proposed draft 2012 – 2016 DAIP is also available on the website for public comment.

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





# SHIRE OF WESTONIA



## FINANCIAL REPORT

FOR YEAR ENDING  
30 JUNE 2015

**SHIRE OF WESTONIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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Principal place of business:	
<b>Wolfram Street</b>	
<b>WESTONIA, WA 6423</b>	



**SHIRE OF WESTONIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 14<sup>th</sup> day of December 2015



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Jamie Criddle  
Chief Executive Officer

**SHIRE OF WESTONIA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	775,285	779,979	741,913
Operating grants, subsidies and contributions				0
	28	2,437,438	613,090	927,213
Fees and charges	27	297,399	343,600	286,684
Interest earnings	2(a)	38,796	54,033	36,895
Other revenue		<u>133,042</u>	<u>15,450</u>	<u>34,926</u>
		3,681,960	1,806,152	2,027,631
<b>Expenses</b>				
Employee costs		(642,513)	(710,766)	(576,524)
Materials and contracts		(718,432)	(594,906)	(529,344)
Utility charges		(137,866)	(145,500)	(140,582)
Depreciation on non-current assets	2(a)	(1,528,907)	(1,347,860)	(1,354,731)
Interest expenses	2(a)	(29,883)	(30,856)	(33,480)
Insurance expenses		(106,670)	(109,048)	(117,483)
Other expenditure		<u>(88,018)</u>	<u>(13,500)</u>	<u>(66,580)</u>
		<u>(3,252,289)</u>	<u>(2,952,436)</u>	<u>(2,818,724)</u>
		429,671	(1,146,284)	(791,093)
Non-operating grants, subsidies and contributions	28	981,361	1,281,738	699,393
Profit on asset disposals	20	813	10,325	24,518
Loss on asset disposals	20	<u>(40,863)</u>	<u>(21,004)</u>	<u>(20,333)</u>
<b>Net result</b>		<b>1,370,982</b>	<b>124,775</b>	<b>(87,515)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	109,477,853	0	809,135
<b>Total other comprehensive income</b>		<b><u>109,477,853</u></b>	<b><u>0</u></b>	<b><u>809,135</u></b>
<b>Total comprehensive income</b>		<b><u><u>110,848,835</u></u></b>	<b><u><u>124,775</u></u></b>	<b><u><u>721,620</u></u></b>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>	2(a)			
Governance		2,182	3,150	35,707
General purpose funding		2,636,968	1,277,647	1,362,806
Law, order, public safety		44,756	46,500	51,208
Health		1,350	1,500	1,548
Education and welfare		0	200	2,307
Housing		139,314	186,750	263,781
Community amenities		52,145	29,900	8,647
Recreation and culture		101,742	84,600	84,891
Transport		99,516	66,805	73,727
Economic services		391,841	55,400	90,073
Other property and services		212,146	53,700	52,936
		<u>3,681,960</u>	<u>1,806,152</u>	<u>2,027,631</u>
<b>Expenses</b>	2(a)			
Governance		(316,281)	(260,688)	(305,670)
General purpose funding		(39,492)	(38,000)	(1,492)
Law, order, public safety		(49,041)	(50,150)	(58,153)
Health		(21,238)	(27,870)	(27,947)
Education and welfare		(16,527)	(14,400)	(15,160)
Housing		(114,256)	(71,500)	(70,465)
Community amenities		(77,286)	(77,840)	(74,459)
Recreation and culture		(441,231)	(368,760)	(339,043)
Transport		(1,669,132)	(1,395,800)	(1,376,404)
Economic services		(285,130)	(270,692)	(252,863)
Other property and services		(192,792)	(345,880)	(263,588)
		<u>(3,222,406)</u>	<u>(2,921,580)</u>	<u>(2,785,244)</u>
<b>Finance costs</b>	2(a)			
Housing		(20,122)	(20,835)	(23,457)
Transport		(6,324)	(6,329)	(7,698)
Economic services		(3,437)	0	(2,325)
Other property and services		0	(3,692)	0
		<u>(29,883)</u>	<u>(30,856)</u>	<u>(33,480)</u>
<b>Non-operating grants, subsidies and contributions</b>				
General purpose funding		0	703,933	0
Housing		251,082	0	0
Transport		710,279	567,805	699,393
Economic services		20,000	10,000	0
	28	<u>981,361</u>	<u>1,281,738</u>	<u>699,393</u>
<b>Profit/(Loss) on disposal of assets</b>				
Housing		0	0	12,250
Recreation and culture		0	0	(20,333)
Transport		(40,050)	(10,679)	12,268
Other property and services		0	0	0
	20	<u>(40,050)</u>	<u>(10,679)</u>	<u>4,185</u>
<b>Net result</b>		<u><b>1,370,982</b></u>	<u><b>124,775</b></u>	<u><b>(87,515)</b></u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	109,477,853	0	809,135
<b>Total other comprehensive income</b>		<u><b>109,477,853</b></u>	<u><b>0</b></u>	<u><b>809,135</b></u>
<b>Total comprehensive income</b>		<u><u><b>110,848,835</b></u></u>	<u><u><b>124,775</b></u></u>	<u><u><b>721,620</b></u></u>

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



**SHIRE OF WESTONIA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,861,142	987,102
Trade and other receivables	4	276,038	118,308
Inventories	5	11,071	11,071
<b>TOTAL CURRENT ASSETS</b>		<b>2,148,251</b>	<b>1,116,481</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	46,030	53,674
Inventories	5	15,613	15,613
Property, plant and equipment	6	9,785,210	9,016,669
Infrastructure	7	116,337,101	7,368,384
<b>TOTAL NON-CURRENT ASSETS</b>		<b>126,183,954</b>	<b>16,454,340</b>
<b>TOTAL ASSETS</b>		<b>128,332,205</b>	<b>17,570,821</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	102,724	117,407
Current portion of long term borrowings	9	79,520	74,528
Provisions	10	169,974	170,121
<b>TOTAL CURRENT LIABILITIES</b>		<b>352,218</b>	<b>362,056</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	330,997	410,517
Provisions	10	10,704	8,797
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>341,701</b>	<b>419,314</b>
<b>TOTAL LIABILITIES</b>		<b>693,919</b>	<b>781,370</b>
<b>NET ASSETS</b>		<b>127,638,286</b>	<b>16,789,451</b>
<b>EQUITY</b>			
Retained surplus		16,494,490	15,121,461
Reserves - cash backed	11	856,808	858,855
Revaluation surplus	12	110,286,988	809,135
<b>TOTAL EQUITY</b>		<b>127,638,286</b>	<b>16,789,451</b>

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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>15,284,009</b>	<b>783,822</b>	<b>0</b>	<b>16,067,831</b>
Comprehensive income					
Net result		(87,515)	0	0	(87,515)
Changes on revaluation of non-current assets	12	0	0	809,135	809,135
Total comprehensive income		(87,515)	0	809,135	721,620
Transfers from/(to) reserves		(75,033)	75,033	0	0
<b>Balance as at 30 June 2014</b>		<b>15,121,461</b>	<b>858,855</b>	<b>809,135</b>	<b>16,789,451</b>
Comprehensive income					
Net result		1,370,982	0	0	1,370,982
Changes on revaluation of non-current assets	12	0	0	109,477,853	109,477,853
Total comprehensive income		1,370,982	0	109,477,853	110,848,835
Transfers from/(to) reserves		2,047	(2,047)	0	0
<b>Balance as at 30 June 2015</b>		<b>16,494,490</b>	<b>856,808</b>	<b>110,286,988</b>	<b>127,638,286</b>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		777,357	779,979	737,341
Operating grants, subsidies and contributions		2,278,087	613,090	966,764
Fees and charges		297,399	343,600	286,684
Interest earnings		38,796	54,032	36,895
Goods and services tax		212,973	150,000	119,559
Other revenue		133,042	38,950	34,926
		<u>3,737,654</u>	<u>1,979,651</u>	<u>2,182,169</u>
<b>Payments</b>				
Employee costs		(677,787)	(710,766)	(531,830)
Materials and contracts		(688,693)	(594,906)	(513,217)
Utility charges		(137,866)	(145,500)	(140,582)
Interest expenses		(30,524)	(30,856)	(34,248)
Insurance expenses		(106,670)	(109,048)	(117,483)
Goods and services tax		(219,720)	(150,000)	(97,123)
Other expenditure		(88,018)	(13,500)	(66,580)
		<u>(1,949,278)</u>	<u>(1,754,575)</u>	<u>(1,501,063)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>1,788,376</u>	<u>225,076</u>	<u>681,106</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,005,449)	(1,331,688)	(618,662)
Payments for construction of infrastructure		(972,896)	(1,065,206)	(1,556,670)
Non-operating grants, Subsidies and contributions		981,361	1,281,738	699,393
Proceeds from sale of fixed assets		149,983	164,500	167,696
<b>Net cash provided by (used in) investment activities</b>		<u>(847,001)</u>	<u>(950,656)</u>	<u>(1,308,243)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(74,528)	(74,528)	(76,363)
Proceeds from self supporting loans		7,193	7,193	6,769
<b>Net cash provided by (used in) financing activities</b>		<u>(67,335)</u>	<u>(67,335)</u>	<u>(69,594)</u>
<b>Net increase (decrease) in cash held</b>		874,040	(792,915)	(696,731)
Cash at beginning of year		987,102	937,489	1,683,833
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>1,861,142</u>	<u>144,574</u>	<u>987,102</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		2,182	3,150	35,707
General purpose funding		1,861,683	1,875,523	620,893
Law, order, public safety		44,756	46,500	51,208
Health		1,350	1,500	1,548
Education and welfare		0	200	2,307
Housing		390,396	186,750	276,031
Community amenities		52,145	29,900	8,647
Recreation and culture		101,742	84,600	84,891
Transport		809,795	666,805	785,388
Economic services		411,841	55,400	90,073
Other property and services		212,146	53,700	52,936
		<u>3,888,036</u>	<u>3,004,028</u>	<u>2,009,629</u>
<b>Expenses</b>				
Governance		(316,281)	(260,688)	(305,670)
General purpose funding		(39,492)	(38,000)	(1,492)
Law, order, public safety		(49,041)	(50,150)	(58,153)
Health		(21,238)	(27,870)	(27,947)
Education and welfare		(16,527)	(14,400)	(15,160)
Housing		(134,378)	(92,335)	(93,922)
Community amenities		(77,286)	(77,840)	(74,459)
Recreation and culture		(441,231)	(368,760)	(359,376)
Transport		(1,715,506)	(1,402,129)	(1,384,102)
Economic services		(288,567)	(270,692)	(255,188)
Other property and services		(154,704)	(424,100)	(263,588)
		<u>(3,254,251)</u>	<u>(3,026,964)</u>	<u>(2,839,057)</u>
<b>Net result excluding rates</b>		595,697	(22,936)	(829,428)
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	20	40,050	10,679	(4,185)
Movement in employee benefit provisions (non-current)		1,907	0	3,973
Depreciation and amortisation on assets	2(a)	1,528,907	1,347,860	1,354,731
<b>Capital Expenditure and Revenue</b>				
Purchase of land and buildings	6(b)	(595,450)	(803,188)	(135,765)
Purchase plant & equipment	6(b)	(409,999)	(453,500)	(353,215)
Purchase furniture & equipment		0	(75,000)	(129,683)
Purchase roads	7(b)	(972,896)	(1,065,206)	(1,549,725)
Purchase parks & ovals		0	0	(6,945)
Proceeds from disposal of fixed assets	20	149,983	164,500	167,696
Repayment of debentures	21(a)	(74,528)	74,528	(76,363)
Proceeds from self supporting loans		7,193	0	6,769
Transfers to reserves (restricted assets)	11	(124,453)	(210,500)	(75,033)
Transfers from reserves (restricted assets)	11	126,500	146,500	0
ADD Surplus/(deficit) July 1 b/fwd	22(b)	(37,095)	106,284	848,165
LESS Surplus/(deficit) June 30 c/fwd	22(b)	1,011,101	0	(37,095)
<b>Total amount raised from general rate</b>	22(a)	<u>(775,285)</u>	<u>(779,979)</u>	<u>(741,912)</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 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

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

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

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

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

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

**(c) Cash and Cash Equivalents**

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

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

**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(f) Fixed Assets**

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

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

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

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

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

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

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

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



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

***Land under control***

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

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

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

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

***Depreciation***

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

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

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

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

Buildings	0 to 20 years
Furniture and equipment	0 to 10 years
Plant and equipment	0 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- construction/road base	50 years
Gravel roads	
formation	not depreciated
- construction/road base	50 years
- gravel sheet	12 years
Formed roads (unsealed)	
formation	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.

***Capitalisation threshold***

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

***Valuation techniques (Continued)***

**Income approach**

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

**Cost approach**

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

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

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

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

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

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

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

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

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

**(r) Superannuation**

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.  It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.  It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.  It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(x)	AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised Standards were:

AASB 2011-7  
AASB 2012-3  
AASB 2013-3  
AASB 2013-8  
AASB 2013-9 Parts A & B

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE AND EXPENSES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the annual financial report	20,745	27,440
- Other services	3,830	2,250
<b>Depreciation</b>		
Buildings	252,813	162,391
Plant & Equipment	132,336	110,642
Furniture & Equipment	37,050	21,892
Footpaths	1,948	1,948
Roads	1,092,009	1,045,235
Parks & Ovals	12,751	12,623
	<u>1,528,907</u>	<u>1,354,731</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	29,883	33,480
	<u>29,883</u>	<u>33,480</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Reimbursements and recoveries	5,069	0
Other	127,973	34,926
	<u>133,042</u>	<u>34,926</u>
	<b>2015</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		
- Reserve funds	24,286	38,500
- Other funds	6,312	8,000
Other interest revenue (refer note 26)	8,198	7,533
	<u>38,796</u>	<u>54,033</u>
	<u>38,796</u>	<u>54,033</u>
		<b>2014</b>
		<b>Actual</b>
		<b>\$</b>
		28,690
		672
		7,533
		<u>36,895</u>
		<u>36,895</u>

**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

**GOVERNANCE**

**Objective:**

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

**Activities:**

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task 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 and environmentally conscious community.

**Activities:**

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Inspection of food outlets and their control, provision of meat inspection services, noise control, waste disposal compliance and operation of health clinic.

**EDUCATION AND WELFARE**

**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth.

**Activities:**

Maintenance of senior citizen centre (old school). Provision and maintenance of home and community care programs and youth services.



**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Statement of Objective (Continued)**

**HOUSING**

**Objective:**

To help ensure adequate staff, community and aged housing.

**Activities:**

Provision and maintenance of staff, community and aged housing.

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

**Activities:**

Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**TRANSPORT**

**Objective:**

To provide safe, effective and efficient transport services to the community.

**Activities:**

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

**OTHER PROPERTY & SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/13 \$	Received <sup>(2)</sup> 2013/14 \$	Expended <sup>(3)</sup> 2013/14 \$	Closing Balance <sup>(1)</sup> 30/06/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance 30/06/15 \$
FESA	Law, Order, Public Safety	0	26,335	(26,335)	0	26,328	(26,328)	0
One Life Suicide Prevention	Education and Welfare	0	2,500	(2,500)	0	0	0	0
CSRFF Grant Golf Tees	Recreation & Culture	0	8,000	(8,000)	0	0	0	0
LotteryWest - Playground	Recreation & Culture	0	6,720	(6,720)	0	0	0	0
State 2020 Grants	Transport	0	185,275	(185,275)	0	0	0	0
State NRM -Bird Hide	Ecomomic Services	0	20,000	0	20,000	0	(20,000)	0
Keep Australia Beautiful Grant	Ecomomic Services	0	7,000	(7,000)	0	0	0	0
WPA - Museum Grant	Ecomomic Services	0	15,000	(15,000)	0	0	0	0
WPA - Playground Grant	Recreation & Culture	0	8,818	(8,818)	0	0	0	0
WPA - Defib your Club	Recreation & Culture	0	2,300	(2,300)	0	0	0	0
Royalties for Regions	Ecomomic Services	0	0	0	0	328,212	(91,135)	237,077
Lottery West - 100yr Celebrations	Recreation & Culture	0	0	0	0	12,750	(12,750)	0
Royalties for Regions - Dual Paths	Transport	0	0	0	0	51,625	0	51,625
Main Roads-Specific	Transport	0	0	0	0	273,737	(273,737)	0
Main Roads-Blackspot	Transport	0	0	0	0	179,864	(19,228)	160,636
Roads to Recovery	Transport	0	0	0	0	172,036	(172,036)	0
Community Crime Prevention	Ecomomic Services	0	0	0	0	8,000	0	8,000
Wheatbelt Development Commission	Ecomomic Services	0	0	0	0	20,000	0	20,000
<b>Total</b>		<b>0</b>	<b>281,948</b>	<b>(261,948)</b>	<b>20,000</b>	<b>1,072,552</b>	<b>(615,214)</b>	<b>477,338</b>

**Notes:**

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		526,996	108,247
Restricted		<u>1,334,146</u>	<u>878,855</u>
		<u><u>1,861,142</u></u>	<u><u>987,102</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	114,579	117,345
Plant Reserve	11	276,977	220,043
Building Reserve	11	255,685	317,162
Communication/IT Reserve	11	35,152	34,521
Community Development Reserve	11	132,416	128,498
Waste Management Reserve	11	41,999	41,286
Unspent grants	2(c)	<u>477,338</u>	<u>20,000</u>
		<u><u>1,334,146</u></u>	<u><u>878,855</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		35,372	37,444
Sundry debtors		232,022	73,671
Loans - clubs/institutions		7,644	7,193
Income Received In Advance		<u>1,000</u>	<u>0</u>
		<u><u>276,038</u></u>	<u><u>118,308</u></u>
<b>Non-current</b>			
Loans - clubs/institutions		<u>46,030</u>	<u>53,674</u>
		<u><u>46,030</u></u>	<u><u>53,674</u></u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		<u>11,071</u>	<u>11,071</u>
		<u><u>11,071</u></u>	<u><u>11,071</u></u>
<b>Non-current</b>			
Land held for resale - cost			
Cost of acquisition		9,912	9,912
Development costs		<u>5,701</u>	<u>5,701</u>
		<u><u>15,613</u></u>	<u><u>15,613</u></u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	174,000	174,000
	<u>174,000</u>	<u>174,000</u>
	<u>174,000</u>	<u>174,000</u>
Non-Specialised Buildings at:		
- Independent valuation 2014 - level 2	1,735,000	1,735,000
- Additions after valuation - cost	83,501	0
Less: accumulated depreciation	<u>(121,350)</u>	<u>0</u>
	1,697,151	1,735,000
Specialised buildings at:		
- Independent valuation 2014 - level 3	5,055,164	5,055,164
- Additions after valuation - cost	511,949	0
Less: accumulated depreciation	<u>(131,463)</u>	<u>0</u>
	5,435,650	5,055,164
	<u>7,132,801</u>	<u>6,790,164</u>
Total land and buildings	<u>7,306,801</u>	<u>6,964,164</u>
Plant & Equipment at:		
- Management valuation 2013- level 2	1,377,745	1,560,807
- Additions after valuation - cost	763,213	353,214
Less accumulated depreciation	<u>(224,090)</u>	<u>(108,310)</u>
	1,916,868	1,805,711
Furniture & Equipment at:		
- Management valuation 2015 - level 3	173,541	0
- Independent valuation 2015 - level 3	388,000	0
- Cost	0	520,954
Less accumulated depreciation	<u>0</u>	<u>(274,160)</u>
	561,541	246,794
	<u>9,785,210</u>	<u>9,016,669</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold land	174,000		0	0	0	0	174,000
<b>Total land</b>	<b>174,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174,000</b>
Non-Specialised Buildings	1,735,000	83,501	0	0	0	(121,350)	1,697,151
Specialised buildings	5,055,164	511,949	0	0	0	(131,463)	5,435,650
<b>Total buildings</b>	<b>6,790,164</b>	<b>595,450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(252,813)</b>	<b>7,132,801</b>
<b>Total land and buildings</b>	<b>6,964,164</b>	<b>595,450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(252,813)</b>	<b>7,306,801</b>
Plant & Equipment	1,805,711	409,999	(166,506)	0	0	(132,336)	1,916,868
Furniture & Equipment	246,794	0	(23,527)	375,324	0	(37,050)	561,541
<b>Total property, plant and equipment</b>	<b>9,016,669</b>	<b>1,005,449</b>	<b>(190,033)</b>	<b>375,324</b>	<b>0</b>	<b>(422,199)</b>	<b>9,785,210</b>

The revaluation of furniture & equipment assets resulted in an increase on revaluation of \$375,324 in the net value of furniture & equipment.

All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as changes 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 2015**

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

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Freehold land	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Price per hectare
Non-Specialised Buildings	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Price per Square metre
Specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers	June 2014	Improvements to land using construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
<b>Plant &amp; Equipment</b>	2	Market approach using recent observable market data for similar properties	Management valuation	June 2013	Price per item
<b>Furniture &amp; Equipment</b>	3	Cost approach using depreciated replacement cost	Independent Valuers / Management valuation	June 2015	Construction cost and current condition (Level 2), residual value and remaining useful life assessment (Level 3) inputs.

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

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>7 (a). INFRASTRUCTURE</b>		
Footpaths		
- Management valuation 2015- level 3	135,950	0
- Cost	0	38,967
Less accumulated depreciation	<u>0</u>	<u>(23,380)</u>
	135,950	15,587
 Roads		
- Management valuation 2015 - level 3	115,736,960	0
- Cost	0	23,432,697
Less accumulated depreciation	<u>0</u>	<u>(16,294,984)</u>
	115,736,960	7,137,713
 Parks & Ovals		
- Management valuation 2015 - level 3	464,191	0
- Cost	0	365,820
Less accumulated depreciation	<u>0</u>	<u>(150,736)</u>
	464,191	215,084
	<u><u>116,337,101</u></u>	<u><u>7,368,384</u></u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	<b>Balance as at the Beginning of the Year \$</b>	<b>Additions \$</b>	<b>(Disposals) \$</b>	<b>Revaluation Increments/ (Decrements) \$</b>	<b>Impairment (Losses)/ Reversals \$</b>	<b>Depreciation (Expense) \$</b>	<b>Carrying Amount at the End of the Year \$</b>
Footpaths	15,587	0	0	122,311	0	(1,948)	135,950
Roads	7,137,713	972,896	0	108,718,360	0	(1,092,009)	115,736,960
Parks & Ovals	215,084	0	0	261,858	0	(12,751)	464,191
<b>Total infrastructure</b>	<b>7,368,384</b>	<b>972,896</b>	<b>0</b>	<b>109,102,529</b>	<b>0</b>	<b>(1,106,708)</b>	<b>116,337,101</b>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$109,102,529 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as changes 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 2015**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Footpaths</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Parks &amp; Ovals</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	82,954	73,218
Accrued interest on debentures	4,152	4,793
Accrued salaries and wages	0	37,034
GST Payable	15,618	2,362
	<u>102,724</u>	<u>117,407</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	79,520	74,528
	<u>79,520</u>	<u>74,528</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	330,997	410,517
	<u>330,997</u>	<u>410,517</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2014</b>	75,658	94,463	170,121
Non-current provisions	<u>0</u>	<u>8,797</u>	<u>8,797</u>
	75,658	103,260	178,918
Additional provision	9,427	0	9,427
Amounts used	<u>0</u>	<u>(7,667)</u>	<u>(7,667)</u>
<b>Balance at 30 June 2015</b>	<u>85,085</u>	<u>95,593</u>	<u>180,678</u>
<b>Comprises</b>			
Current	85,085	84,889	169,974
Non-current	<u>0</u>	<u>10,704</u>	<u>10,704</u>
	<u>85,085</u>	<u>95,593</u>	<u>180,678</u>



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening balance	117,345	117,275	112,889
Amount set aside / transfer to reserve	3,734	6,000	4,456
Amount used / transfer from reserve	(6,500)	(6,500)	0
	<u>114,579</u>	<u>116,775</u>	<u>117,345</u>
<b>(b) Plant Reserve</b>			
Opening balance	220,043	220,043	212,035
Amount set aside / transfer to reserve	56,934	82,000	8,008
Amount used / transfer from reserve	0	0	0
	<u>276,977</u>	<u>302,043</u>	<u>220,043</u>
<b>(c) Building Reserve</b>			
Opening balance	317,162	317,514	305,640
Amount set aside / transfer to reserve	58,523	115,000	11,522
Amount used / transfer from reserve	(120,000)	(120,000)	0
	<u>255,685</u>	<u>312,514</u>	<u>317,162</u>
<b>(d) Communication/IT Reserve</b>			
Opening balance	34,521	34,791	33,490
Amount set aside / transfer to reserve	631	1,500	1,031
Amount used / transfer from reserve	0	0	0
	<u>35,152</u>	<u>36,291</u>	<u>34,521</u>
<b>(e) Community Development Reserve</b>			
Opening balance	128,498	127,362	79,685
Amount set aside / transfer to reserve	3,918	4,000	48,813
Amount used / transfer from reserve	0	0	0
	<u>132,416</u>	<u>131,362</u>	<u>128,498</u>
<b>(f) Waste Management Reserve</b>			
Opening balance	41,286	41,640	40,083
Amount set aside / transfer to reserve	713	2,000	1,203
Amount used / transfer from reserve	0	(20,000)	0
	<u>41,999</u>	<u>23,640</u>	<u>41,286</u>
<b>TOTAL RESERVES</b>	<u>856,808</u>	<u>922,625</u>	<u>858,855</u>
 Total Opening balance	 858,855	 858,625	 783,822
Total Amount set aside / transfer to reserve	124,453	210,500	75,033
Total Amount used / transfer from reserve	(126,500)	(146,500)	0
<b>TOTAL RESERVES</b>	<u>856,808</u>	<u>922,625</u>	<u>858,855</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.

## **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:

- (a) Leave Reserve**
  - to be used to fund annual and long service leave requirements.
- (b) Plant Reserve**
  - to be used for the purchase of major plant.
- (c) Building Reserve**
  - to be used for the future purchase of land and construction of major buildings and facilities.
- (d) Communication/IT Reserve**
  - to be used for the purpose of upgrading IT equipment and rebroadcasting equipment.
- (e) Community Development Reserve**
  - to be used for the development of land, buildings and facilities for the community.
- (f) Waste Management Reserve**
  - to be used for ongoing waste management strategies.

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12. REVALUATION SURPLUS**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

**(a) Land and buildings**

Opening balance	809,135	809,135
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>809,135</u>	<u>809,135</u>

**(b) Furniture & Equipment**

Opening balance	0	0
Revaluation increment	375,324	0
Revaluation decrement	0	0
	<u>375,324</u>	<u>0</u>

**(c) Roads**

Opening balance	0	0
Revaluation increment	108,718,360	0
Revaluation decrement	0	0
	<u>108,718,360</u>	<u>0</u>

**(d) Footpaths**

Opening balance	0	0
Revaluation increment	122,311	0
Revaluation decrement	0	0
	<u>122,311</u>	<u>0</u>

**(e) Parks & Ovals**

Opening balance	0	0
Revaluation increment	261,858	0
Revaluation decrement	0	0
	<u>261,858</u>	<u>0</u>

**TOTAL ASSET REVALUATION SURPLUS**

<u>110,286,988</u>	<u>809,135</u>
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**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2015</b> <b>\$</b>	<b>2015</b> <b>Budget</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Cash and cash equivalents	<u>1,861,142</u>	<u>144,574</u>	<u>987,102</u>

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

Net result	1,370,982	124,775	(87,515)
Non-cash flows in Net result:			
Depreciation	1,528,907	1,347,860	1,354,731
(Profit)/Loss on sale of asset	40,050	10,679	(4,185)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(157,279)	8,500	57,415
(Increase)/Decrease in inventories	0	0	(8,899)
Increase/(Decrease) in payables	(14,683)	15,000	37,517
Increase/(Decrease) in provisions	1,760	0	31,435
Grants contributions for the development of assets	(981,361)	(1,281,738)	(699,393)
Net cash from operating activities	<u>1,788,376</u>	<u>225,076</u>	<u>681,106</u>

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

	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
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
<b>Total amount of credit unused</b>	<u>13,000</u>	<u>13,000</u>

**Loan facilities**

Loan facilities - current	79,520	74,528
Loan facilities - non-current	330,997	410,517
<b>Total facilities in use at balance date</b>	<u>410,517</u>	<u>485,045</u>

<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>
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**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**14. CONTINGENT LIABILITIES**

There were no known contingent liabilities as at 30 June 2015.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

The Shire did not have any capital expenditure commitments at the reporting date.

**16. JOINT VENTURE ARRANGEMENTS**

The Shire with Homewest 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, \$48,508 in land and siteworks and \$5,786 for additional amenities and landscaping.

In 2007/2008 Council constructed a patio for the cost of \$8,876 and in 2009/10 a carport for \$9,023.

Council's equity in the completion is 24.09% made up as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Land and buildings	300,000	300,000
Less: accumulated depreciation	(7,500)	0
	<u>292,500</u>	<u>300,000</u>

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	26,684	26,635
General purpose funding	322,068	165,236
Law, order, public safety	81,342	85,417
Health	38,400	40,000
Education and welfare	90,000	0
Housing	2,047,449	1,758,164
Community amenities	604,647	557,572
Recreation and culture	2,393,795	2,075,221
Transport	117,461,905	7,788,300
Economic services	1,418,132	1,199,378
Other property and services	2,975,148	2,896,615
Unallocated	872,635	978,283
	<u>128,332,205</u>	<u>17,570,821</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015	2014	2013
<b>18. FINANCIAL RATIOS</b>			
Current ratio	3.43	0.97	5.79
Asset sustainability ratio	0.86	0.70	1.00
Debt service cover ratio	18.66	5.47	4.61
Operating surplus ratio	0.34	(0.72)	(0.58)
Own source revenue coverage ratio	0.35	0.38	0.44

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

(a) Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 56 of this document.

(b) For 2015, the Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grant (FAGs) of \$617,346 which was received prior to year end.

(c) For 2014, the Current, Debt Service Cover and Operating ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment of the first year cease. This created a timing difference which resulted in an amount of some \$571,768 less revenue for the year.

(d) For 2013,

- (i) The effect of the FAGs advance payment in 2013 was negligible as it had also occurred in the previous year. In effect, four quarterly payments were received in both years so it was not considered necessary to calculate and disclose the effect of any distortion as it was not considered significant.
- (ii) The Debt Service Cover, Operating Surplus Ratio as disclosed above were all distorted by an item of significant expense totalling \$227,021 relating to the revaluation decrement of plant and equipment in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f) for further details).

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

	2015	2014	2013
Current Ratio	0.83	3.31	5.79
Debt service cover ratio	12.75	10.68	6.65
Operating surplus ratio	(0.20)	(0.20)	(0.40)



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**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 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Police Licensing	2,884	115,748	(119,752)	(1,120)
BCITF Training Levy - Now CTF Levy	1,605	650	(2,255)	0
BRB Building Levy - Now BSL Levy	851	284	(1,135)	0
Bonds	1,820	1,000	(340)	2,480
George Rd Water Extensions	20,545	0	0	20,545
St John's Westonia	2,047	0	0	2,047
Westonia Sports Council	122	0	0	122
Westonia Progress Association	1,461	0	(910)	551
Accommodation Units	2,900	0	0	2,900
WEIRA - Booderockin Water Scheme	647	0	0	647
Warralakin Hall	1,700	0	0	1,700
Social Club	7,328	2,670	(960)	9,038
Walgoolan History Group	12,065	0	0	12,065
Community Project	1,000	0	0	1,000
Rural Youth	6,596	0	0	6,596
Westonia P & C	0	909	0	909
Unclassified	(3,477)	3,477	0	0
LGMA - Receipts	5,837	0	(1,323)	4,514
Rates Incentive Prize	0	50	0	50
	<u>65,931</u>			<u>64,044</u>

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
<i>Transport</i>						
Holden Colarado - Work Supervisor	34,919	35,295	29,090	37,000	(5,829)	1,705
Prime Mover	42,462	70,323	42,300	50,000	(162)	(20,323)
Drop Deck Trailer/Low Loader	24,345	3,380	13,000	12,000	(11,345)	8,620
CEO Vehicle	64,780	66,181	65,593	65,500	813	(681)
<b>Furniture and Equipment</b>						
Theatre Room Equipment	9,685	0	0	0	(9,685)	0
Golf Tees	13,842	0	0	0	(13,842)	0
	<u>190,033</u>	<u>175,179</u>	<u>149,983</u>	<u>164,500</u>	<u>(40,050)</u>	<u>(10,679)</u>

Profit	813	10,325
Loss	(40,863)	(21,004)
	<u>(40,050)</u>	<u>(10,679)</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>								
Loan 5 - Lifestyle Village	336,336		47,698	47,698	288,638	288,637	20,122	20,835
<b>Transport</b>								
Loan 4 - Depot	87,842		19,637	19,637	68,205	68,205	6,323	6,329
<b>Economic services</b>								
Loan 6 - Community Bus*	60,867		7,193	7,193	53,674	53,674	3,438	3,692
	485,045	0	74,528	74,528	410,517	410,516	29,883	30,856

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

(b) New Debentures - 2014/15  
The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures  
The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft  
The Shire did not have an Overdraft facility as at 30th June 2015.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 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 \$
<b>RATE TYPE</b>											
<b>Gross rental value valuations</b>											
General GRV - Residential	0.0488	41	639,444	31,205	0	0	31,205	31,221	0	0	31,221
General GRV - Mining	0.1318	2	1,591,500	209,760	0	0	209,760	209,761	0	0	209,761
<b>Unimproved value valuations</b>											
General UV - Rural	0.0135	145	37,865,100	511,179	(3,938)	0	507,241	511,671	0	0	511,671
General UV - Mining	0.0135	7	217,635	2,938	0	0	2,938	2,941	0	0	2,941
<b>Sub-Totals</b>		195	40,313,679	755,082	(3,938)	0	751,144	755,594	0	0	755,594
<b>Minimum payment</b>	<b>Minimum \$</b>										
General GRV - Residential	355	29	72,535	10,295	0	0	10,295	10,295	0	0	10,295
General UV - Rural	355	18	236,400	6,390	0	0	6,390	6,390	0	0	6,390
General UV - Mining	200	16	63,721	3,200	0	0	3,200	3,200	0	0	3,200
<b>Sub-Totals</b>		63	372,656	19,885	0	0	19,885	19,885	0	0	19,885
Ex-gratia rates							771,029				775,479
Discounts/concessions (refer note 25)							4,256				4,500
<b>Total amount raised from general rate</b>							0				0
Specified Area Rate (refer note 23)							<b>775,285</b>				<b>779,979</b>
<b>Totals</b>							0				0
							<b>775,285</b>				<b>779,979</b>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>1,011,101</u>	<u>37,095</u>	<u>37,095</u>
<b><u>Comprises:</u></b>			
Cash and cash equivalents			
Unrestricted	526,996	108,247	108,247
Restricted	1,334,146	878,855	878,855
Receivables			
Rates outstanding	35,372	37,444	37,444
Sundry debtors	232,022	73,671	73,671
Loans - clubs/institutions	7,644	7,193	7,193
Income Received In Advance	1,000	0	0
Inventories			
Fuel and materials	11,071	11,071	11,071
<b><u>Less:</u></b>			
Trade and other payables			
Sundry creditors	(82,954)	(73,218)	(73,218)
Accrued interest on debentures	(4,152)	(4,793)	(4,793)
Accrued salaries and wages	0	(37,034)	(37,034)
GST payable	(15,618)	(2,362)	(2,362)
Current portion of long term borrowings			
Secured by floating charge	(79,520)	(74,528)	(74,528)
Provisions			
Provision for annual leave	(85,085)	(75,658)	(75,658)
Provision for long service leave	(84,889)	(94,463)	(94,463)
<b>Net current assets</b>	<u><b>1,796,033</b></u>	<u><b>754,425</b></u>	<u><b>754,425</b></u>
<b><u>Less:</u></b>			
Reserves - restricted cash	(856,808)	(858,855)	(858,855)
Loans - Clubs/Institutions	(7,644)	(7,193)	(7,193)
<b><u>Add:</u></b>			
Current portion of long term borrowings			
Secured by floating charge	79,520	74,528	74,528
<b>Surplus/(deficit)</b>	<u><b>1,011,101</b></u>	<u><b>(37,095)</b></u>	<u><b>(37,095)</b></u>

**Difference**

There was a difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report. This was due to a change in methodology in calculating the surplus as shown above

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2014/15 FINANCIAL YEAR**

No discount on Rates is available.

**26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates	10.00%	N/A	5,320	5,348
Interest on instalments plan	5.00%	N/A	2,878	2,185
Charges on instalment plan	N/A	36	1,716	0
			<b>9,914</b>	<b>7,533</b>

Ratepayers had the option of paying rates in four equal instalments, due on 8th September 2014, 3rd November 2014, 6th January 2015 and 3rd March 2015. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2015 \$</b>	<b>2014 \$</b>
Governance	67	325
General purpose funding	4,437	0
Law, order, public safety	392	0
Health	1,350	91
Housing	139,314	191,390
Community amenities	9,145	8,938
Recreation and culture	2,818	2,649
Transport	1,016	0
Economic services	41,789	48,180
Other property and services	97,071	35,111
	<b>297,399</b>	<b>286,684</b>

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**  
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**28. GRANT REVENUE**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating grants, subsidies and contributions	2,437,438	927,213
Non-operating grants, subsidies and contributions	981,361	699,393
	<u>3,418,799</u>	<u>1,626,606</u>
<b>By Program:</b>		
Governance	0	17,318
General purpose funding	1,818,450	578,495
Law, order, public safety	39,964	47,271
Health	0	1,650
Education and welfare	0	2,500
Housing	251,082	43,823
Community amenities	43,000	0
Recreation and culture	98,924	83,693
Transport	808,779	790,294
Economic services	358,600	45,073
Other property and services	0	16,489
	<u>3,418,799</u>	<u>1,626,606</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>13</u>	<u>13</u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	25,850	17,500	25,500
President's allowance	1,000	8,000	1,000
Travelling expenses	1,111	1,500	1,108
Telecommunications allowance	1,890	0	998
	<u>29,851</u>	<u>27,000</u>	<u>28,606</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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.

	2015 \$	2015 Budget \$	2014 \$
(b) Current year transactions			
<b>Operating income</b>			
- Leasing Proceeds	66,543	0	148,743
<b>Operating Expenditure</b>			
- Other	3,461	0	27,169
<b>Capital expenditure</b>			
- Loan Repayments	47,698	47,698	44,817
	47,698	47,698	44,817

The above capital expenditure is included in Land and Building as disclosed elsewhere in this Financial Report.

(c) Assets and Liabilities

<b>Land and Building</b>	660,000	660,000
- Less Accumulated Depreciation	(23,796)	0
	636,204	660,000
<b>Long Term Borrowing</b>		
- Current	50,765	47,698
- Non-Current	237,873	288,637
	288,638	336,335

(d) Expected Future Cash Flows

	2016 \$	2017 \$	2018 \$	Total \$
<b>Cash outflows</b>				
- Insurance	(1,377)	(1,422)	0	(2,799)
- Loan repayments	(68,245)	(68,245)	(68,245)	(204,735)
	(69,622)	(69,667)	(68,245)	(207,534)
<b>Cash inflows</b>				
- Leasing Proceeds	91,600	94,600	0	186,200
	91,600	94,600	0	186,200
<b>Net cash flows</b>	21,978	24,933	(68,245)	(21,334)

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	1,861,142	987,102	1,861,142	987,102
Receivables	322,068	171,982	322,068	171,982
	<u>2,183,210</u>	<u>1,159,084</u>	<u>2,183,210</u>	<u>1,159,084</u>
<b>Financial liabilities</b>				
Payables	102,724	117,407	102,724	117,407
Borrowings	410,517	485,045	381,517	423,360
	<u>513,241</u>	<u>602,452</u>	<u>484,241</u>	<u>540,767</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 2015**

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

**(a) Cash and Cash Equivalents**

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

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

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	14,241	13,355
- Statement of Comprehensive Income	14,241	13,355

**Notes:**

<sup>(1)</sup> 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 2015**

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	95.66%	79.90%
- Overdue	4.34%	20.10%

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**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. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	102,724	0	0	102,724	102,724
Borrowings	104,840	367,850	10,839	483,529	410,517
	<u>207,564</u>	<u>367,850</u>	<u>10,839</u>	<u>586,253</u>	<u>513,241</u>
<b><u>2014</u></b>					
Payables	117,407	0	0	117,407	117,407
Borrowings	104,840	393,605	89,924	588,369	485,045
	<u>222,247</u>	<u>393,605</u>	<u>89,924</u>	<u>705,776</u>	<u>602,452</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**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. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	68,206	0	288,637	53,674	410,517	6.48%
Weighted average Effective interest rate			7.37%		6.33%	6.17%		
<b><u>Year ended 30 June 2014</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	87,843	0	397,202	485,045	6.50%
Weighted average Effective interest rate				7.37%		6.31%		

**SHIRE OF WESTONIA  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Asset consumption ratio	0.73	0.49	0.47
Asset renewal funding ratio	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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

Note1: The Shire has not yet adopted an Asset Management Plan as at the 30 June 2015 therefore this ratio has not been calculated for 2013, 2014 and 2015.

# MOORE STEPHENS

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Unit 16 Lakeside Corporate,  
24 Parkland Road, Osborne Park, WA 6017

PO Box 1707, Osborne Park, WA 6916

T +61 (0)8 9444 3400

F +61 (0)8 9444 3430

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

14 December 2015

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

Dear Jamie

**AUDIT OF SHIRE OF WESTONIA  
FOR THE YEAR ENDED 30 JUNE 2015**

We advise that we have completed the audit of your Shire for the year ended 30<sup>th</sup> June 2015 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, 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

Encl.



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

## **REPORT ON THE FINANCIAL REPORT**

Unit 16 Lakeside Corporate,  
24 Parkland Road, Osborne Park, WA 6017

PO Box 1707, Osborne Park, WA 6916

T +61 (0)8 9444 3400

F +61 (0)8 9444 3430

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

We have audited the accompanying financial report of the Shire of Westonia, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

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

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

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

### ***Opinion***

In our opinion, the financial report of the Shire of 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 2015 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***

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 56 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.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI  
PARTNER

Signed at Perth this 14<sup>th</sup> day of December 2015

14 December 2015

The Shire President  
Shire of Westonia  
Wolfram Street  
WESTONIA WA 6423

Dear Cr Day

Unit 16 Lakeside Corporate,  
24 Parkland Road, Osborne Park, WA 6017

PO Box 1707, Osborne Park, WA 6916

T +61 (0)8 9444 3400

F +61 (0)8 9444 3430

## MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2015

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

We advise that we have completed our audit procedures for the year ended 30 June 2015 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

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. Information relating to the statutory ratios disclosed in the financial report is summarised in the table below and commentary provided on the following pages.

	Target Ratio <sup>1</sup>	Actual 2015	Shire's Adjusted Ratios				Shire's 4 Year Trend <sup>2</sup>	3 Year Average <sup>3</sup>	
		2015	2015	2014	2013	2012		Regional	State
Current Ratio	≥ 1	3.43	0.83*	3.31*	5.79	5.27	↓	2.37	2.16
Asset Sustainability Ratio	≥ 1.1	0.86	0.86	0.70	1.00	1.17	↓	1.44	1.29
Debt Service Cover Ratio	≥ 15	18.66	12.75*	10.68*	6.65*	9.58	↑	11.24	14.43
Operating Surplus Ratio	≥ 0.15	0.34	(0.20)*	(0.20)*	(0.40)*	(0.09)	↑	(0.14)	0.04
Own Source Revenue Coverage Ratio	≥ 0.9	0.35	0.35	0.38	0.44	0.45	↓	0.57	0.69
Asset Consumption Ratio	≥ 0.75	0.73	0.73	0.49	0.47	N/A	↑	0.76	0.68
Asset Renewal Funding Ratio	≥ 1.05	N/A	N/A	N/A	N/A	N/A	N/A	0.93	0.88

<sup>1</sup> Target ratios per Department of Local Government Guidelines except the Debt Service Ratio which is a target devised by Moore Stephens (and based on experience).

<sup>2</sup> The 4 year trend compares the 2015 adjusted ratio to the average of the last 4 years (except for the Asset Consumption and Asset Renewal Funding Ratios which are the 3 year trend).

<sup>3</sup> The average in relation to the Regional and State comparisons is only a 3 year average of 2012, 2013 and 2014 as information in relation to 2015 is not yet available.

\* Adjusted for "one-off" timing/non-cash items.



## COMMENT ON RATIOS (CONTINUED)

### Adjustment relating to 2015

Three of the ratios in the accompanying table were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) totaling \$617,346. This item is considered "one off" timing in nature and was adjusted when calculating the ratios in the above table (as shown by "\*\*") as were comparative year ratios (which had been affected by a similar "one off" item).

### Regional and State 3 Year Averages

Regional and State 3 year averages have not been adjusted for "one-off" items even though these items may have been applicable in prior years as they are based on the statutory ratios which have been reported in published financial reports. However, they still provide a useful reference point as they are indicative of trend.

### Commentary on Specific Ratios

- **Current Ratio**

The adjusted ratio is below target level and both Regional and State 3 year averages. In addition, it is trending downwards.

Whilst this ratio is below target, interpretation of this ratio should be considered in the context of the Shire having a current portion of long-term borrowings of \$79,520 as at 30 June 2015. This will effectively inflate the level of current liabilities when in fact they are not necessarily due at the point of calculation. They are due over the course of the next twelve months and, in accordance with budgeting protocol, are budgeted to be funded from sources in the following financial year i.e. 2015/2016. If they are excluded, the adjusted ratio would be 1.24 (which is above the target level).

- **Asset Sustainability Ratio**

This ratio is below target level and both Regional and State 3 year averages. However, it is trending upwards.

A review of the Shire's capital expenditure during the year ended 30 June 2015 indicates an increase in capital renewal (as less Shire's resources being utilised on new capital projects) when compared to previous year.

Capital expenditure on new projects is not taken into account in calculating this ratio and may be a reason for short term fluctuations. The interpretation of this ratio is much improved if it is calculated as an average over time (at least 5 years) as this reduces skewing by large scale intermittent investment in major infrastructure.

With the revaluation of infrastructure assets (during the current year ended 30 June 2015), the resultant effect the depreciation expense will have on this ratio following the revaluation will need to be monitored moving forward.

Interpretation of this ratio should also be considered together with the Asset Consumption Ratio (ACR) (within target at 0.73) and the Asset Renewal Funding Ratio (ARFR) (was not calculated).

**Notwithstanding this, Council should consider reviewing the Shire's long term capital investment program to help ensure asset renewal is maintained at an appropriate level with sufficient funding support in the future.**

## COMMENT ON RATIOS (CONTINUED)

### Commentary on Specific Ratios (Continued)

- **Operating Surplus Ratio**

This ratio is also below the target level and both Regional and State 3 year averages. However, it is trending upwards despite it has been in negative territory over the last four years.

Analysis of the Shire's Statement of Comprehensive Income (after adjustment is factored in) indicates the main reason for the upward trend of the ratio to be the increase in revenue associated with the rise in operating grants, subsidies and contributions and other revenue during the year ended 30 June 2015.

To help alleviate the erosion of this ratio, both Council and Management will need to consider ways to improve the operating position further either via increasing revenue or by decreasing expenditure (or a combination of both). This is dependent upon the Council and management understanding the circumstances and the interaction operating surplus has on other ratios and operations in general.

- **Own Source Revenue Coverage Ratio**

This ratio is also below the target levels and is trending downwards.

The Own Source Revenue Coverage Ratio measures the Shire's ability to cover operating expenses from own source revenue. The higher the ratio, the more self-reliant the Shire is.

The main reason for the deterioration in this ratio was the increase in depreciation expense following the revaluation of fixed assets (since the year ended 30 June 2013).

Whilst this is below the accepted industry benchmark, given the level of disability of the Shire due to population, size and geographical location, a lower ratio is expected and may be acceptable, provided other measures are maximised.

This is dependent upon the Council and management understanding the circumstances and the interaction own source revenue has on other ratios and operations in general.

- **Asset Renewal Funding Ratio**

This ratio indicates whether the Shire's planned capital renewal expenditure over the next 10 years as per its Long Term Financial Plan (LTFP) is sufficient to meet the required capital renewal expenditure over the next 10 years as per its Asset Management Plans (AMPs).

As the Shire's asset management plan has not been completed yet, this ratio was not calculated for the year ended 30 June 2015 (as was the case for the year ended 30 June 2014 and 30 June 2013).

To enable proper calculation of this ratio and to help identify gaps between planned and required capital expenditure, the Council should complete and adopt an AMP for the Shire as a matter of urgency. This will also help ensure proper compliance with statutory reporting requirement on integrated planning.

### Summary

Whilst some ratios, even after adjustment is factored in, are below the accepted industry benchmark, given the relative strength of the other ratios and the Shire's balance sheet, lower ratios may be expected and acceptable in the short term, given operational considerations and provided other measures/strategies are maximised.

Notwithstanding this, four of the six calculated ratios do appear to be trending downwards. In particular, the Operating Surplus ratio is still below the target level and has been in negative territory over the last two years. These factors should be considered moving forward. This year, we note the Current ratio has deteriorated somewhat but this may just be a one year effect.

## **COMMENT ON RATIOS (CONTINUED)**

### **Commentary on Specific Ratios (Continued)**

#### **Summary (Continued)**

We would also like to take this opportunity to stress one off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the Shire. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.

We will continue to monitor the financial position and 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.

If the Shire requires, we have a report available which is able to compare your ratios against other Local Governments across the State and by Region. The report is also able to incorporate a selection of your peer Local Governments, whether they be of near neighbours or similar type in nature. This may be of particular relevance in your case as you are included in the Wheatbelt region when comparison to other, more similar local governments, may be more relevant.

If you are interested in such an expanded report, please contact us.

#### **MEETING WITH AUDITOR**

The local government has not met with the auditor during this financial year as required by Section 7.12A(2) of the Local Government Act.

To help ensure compliance with the Act, Council should meet with the auditor at least once in each financial year.

We noted no other matters we wish to bring to your attention.

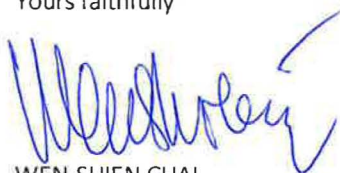
#### **UNCORRECTED MISSTATEMENTS**

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

We take this opportunity to thank 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

Encl.