

SHIRE OF
WESTONIA
A vibrant community lifestyle

100 Years Strong



The Report can be view on the Shire's website:

<http://www.westonia.wa.gov.au/documents/>

Or email shire@westonia.wa.gov.au

In person 41 Wolfram Street, Westonia WA 6423

2016-2017 Annual Report

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About this Report

Welcome to the Shire of Westonia's 2016-17 Annual Report, which highlights the Shire's progress against the strategic goals identified in our Strategic Community Plan 2012-2022. Under the Local Government Act 1995 all local governments are required to prepare an annual report at the end of each financial year. This is to provide information back to the community on the overall health of the organisation.

Where to find this report

Copies of this report can be obtained in the following ways:

- In person: Collect a hard copy from the Shire administration office or Library
- Online: www.westonia.wa.gov.au
- Email: shire@westonia.wa.gov.au

Comment

Council and Shire of Westonia officers are keen for any feedback you may have on the Annual Report. This can be in writing and dropped off at any shire building or emailed to the shire at:

shire@westonia.wa.gov.au



President's Report



An Overview of 2016/17

Welcome to the Shire of Westonia's Annual Report for 2016/17. Again, I take pleasure in presenting the President's Report pursuant to Section 5.53 (2) (a) of the *Local Government Act 1995*.

It has been a delight to work with the Council and our Staff over the past year to ensure the best outcomes for all residents and ratepayers across the whole Shire.

In October 2016, the Shire of Westonia celebrated its 100th year of Local Government. We welcomed back our Honorary Freeman and Past President, John Della Bosca, fellow Councillors, past Shire Presidents, Councillors and their family members, ex Chief Executive Officers/Shire Clark's, invited guests, neighbouring Shires, Staff members, and members of the community to celebrate this important milestone for our Shire. We honoured our current and past Presidents, Councillors and CEO's in a memorial and seating icon which lights up in our main street. A fun afternoon and evening was celebrated by all.

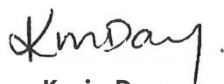
Council presided over a consolidated budget and perhaps a quieter year with the number of major capital projects, it is still a responsible budget with projects and infrastructure servicing electors and the public well. In summary I would like to touch on a number of these major works:

- *Blinds & Screen Campers Kitchen*
- *CEACA Stage 1 Land Assembly 2 blocks*
- *Roads to Recovery \$538,796*
- *Black Spot Road Project \$606,120*
- *New Operational Plant \$ 827,000*

Council continues to place an emphasis on our road network which is a vital asset for our residents, farming and mining. Roads in our Shire are also bringing an increase in tourists, and it was pleasing to finalise our Caravan Park kitchen area and Stage one of the Westonia Primary School project to accommodate visitors and tourists. Services to our elderly residents will continue and we will work with CEACA to develop additional units in the future.

Council again finished the year in a sound financial position and continues to maintain good equity in infrastructure assets, plant & machinery. Our rate collection raised a total of \$ 855,050 representing a 98% collection rate. Council finished the year with a cash carry-over of \$879,310 in the Municipal Fund and \$617,534 invested in cash backed reserve funds. This healthy cash financial position has been achievable due to diligent financial management and the Council's ability to actively pursue outside money from private works opportunities.

I offer sincere thanks to CEO Jamie Criddle and staff of the Shire who have worked tremendously hard to achieve great things. Bringing priority projects to fruition also requires strong collaboration and partnerships. This has been achieved with neighbouring Local Governments, Evolution Mining, businesses, and contractors and I thank them all for their positive approach to working together. Well done on another successful year.



Karin Day

**Karin Day
PRESIDENT**

CEO's Report



AN EXECUTIVE SUMMARY

It is with pleasure to present my annual report on the 2016/2017 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	Allan Ramsay
Building Surveyor	Allan Ramsay

During the year of review there were four changes to the staff structure where Judd Hobson and Graeme Bright resigned from their positions. Rebecca Bowler also resigned from her position as Environmental Health Officer and Council's Building Surveyor, John Mitchell's passed away. Council and Staff wish Judd, Graeme Rebecca all the best with their future endeavours and condolences to the Mitchell family.

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 2016 ended with an untied accrued surplus of \$879,310 with restricted cash of \$nil. The restricted cash component is for use in the 2016/2017 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.

2012/2013	\$1,051,408	2013/2014	\$1,051,408
2014/2015	\$1,193,478	2015/2016	\$1,234,692

The confirmed figure for 2016/2017 is \$1,203,499 being a decrease of \$31,193.

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 2016/2017 year that have not been reported in other sectors of the Annual Report include:

- 100Yrs of Local Government Monument;
- CEACA Housing; (2x2 Bedroom Units)
- Campers Kitchens Blinds/Screens;
- Split Systems & Solar Panels to Joint Venture Units;
- Completion of footpath program.
- Minor works to the Ablutions at the Old School
- Completion of Depot storage with shelving;
- Over \$1,682,746 worth of road works;
- Changeover of Plant and several light Vehicles;

Plant purchases include:

- Grader
- Loader
- Canter
- Various Admin, Works Fleet

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 2016/2017 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 2016/2017.



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

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 ATTRACTIONS

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

LOCALITIES

Westonia, Walgoolan, Carrabin, Warralakin, Elachbutting

LOCAL INDUSTRIES

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



Our Shire in Numbers



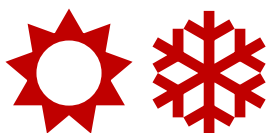
13 FULLTIME EMPLOYEES



1 LIBRARY



128 DWELLINGS



Avg. max. temp. 21.7°
Avg. min. temp. 2.7°
Avg. Rainfall 256mm



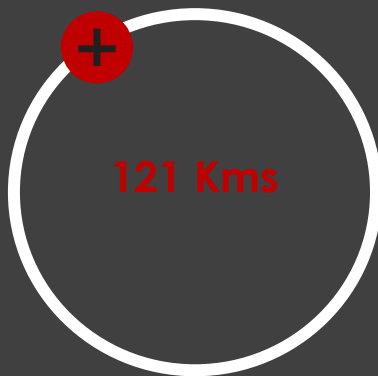
POPULATION 302



RATES REVENUE
\$855,365



UNSEALED ROADS



SEALED ROAD KMS



TOTAL SHIRE AREA

WHERE DID MY RATES GO?



\$18
on Recreation & Culture

\$10
On Economic Services

\$47
on Roads

\$2
On Law, order & Public Safety

PER \$100

\$3
on Community amenities

\$1
On Health

2016-2017

\$10
on Governance

\$4
On Housing

\$4
on Other

\$1
On Education & Welfare

Councillors 2016-2017

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 Karin Day (2019) Shire President
Email: cr.day@westonia.wa.gov.au

Portfolio: WEROC, Wheatbelt Communities, WALGA, Community Development, Transport, Development Assessment Panels (proxy), Sport & Recreation



Cr Doug Hermon (2019) Deputy President
Email: cr.hermon@westonia.wa.gov.au

Portfolio: WEROC (proxy), Community Development, Emergency Services, WALGA



Cr Louis Geier (2017)
Email: cr.geier@westonia.wa.gov.au

Portfolio: Community Development, Agriculture, Development Assessment Panel, Central East Aged Care Alliance



Cr John Jefferys (2017)
Email: cr.jefferys@westonia.wa.gov.au

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



Cr Bill Huxtable (2017)
Email: cr.huxtable@westonia.wa.gov.au

Portfolio: Community Development, Development Assessment Panels, Tourism



Cr Renae Corsini (2019)
Email: cr.corsini@westonia.wa.gov.au

Portfolio: Agriculture, Community Development, Sport & Recreation

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

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.

	No. of Meetings To Attend (OCM's/SCM's)	Attended	Apology/LOA
President Cr K. Day	11	11	
Deputy President Cr D. Hermon	11	10	1
Cr L. Geier	11	10	1
Cr J. Jefferys	11	10	1
Cr B. Huxtable	11	10	1
Cr R. Corsini	11	11	

COUNCILLORS' REMUNERATION

In the 2016/17 financial year the following remunerations were made to Councillors:

President (Including a Presidents Allowance): \$9,106.00

Councillors: \$3,553.00

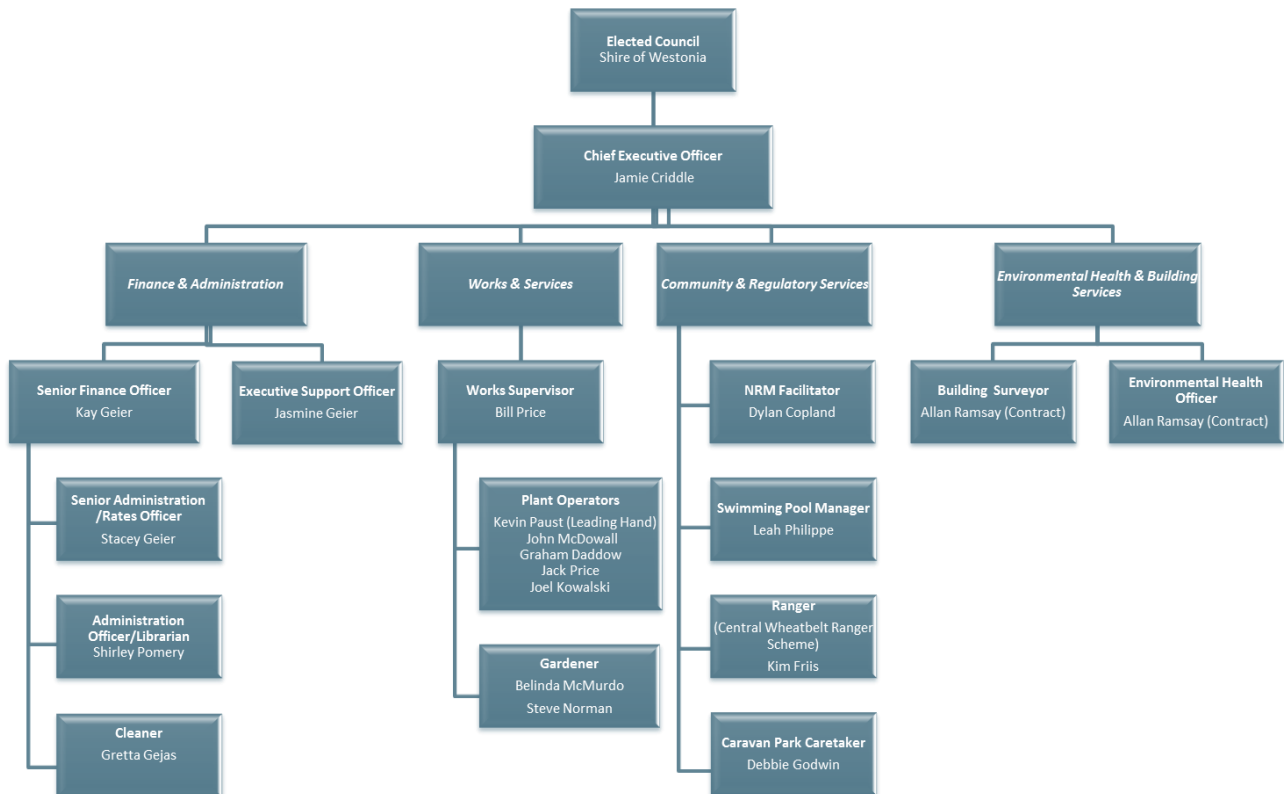
PRIMARY AND ANNUAL RETURNS

In accordance with Section 5.75 and 5.76 of the *Local Government Act 1995* all relevant persons lodged an Annual Return by the due date of 31 August 2017 and a primary return within 3 months of their start date.

All returns are managed via the Office and are available for viewing by members of the public upon request.

About the Shire of Westonia

The Chief Executive Officer, Jamie Criddle, is the Shire's most senior officer and provides guidance and direction to staff to ensure that Council's policies and decisions are implemented. The CEO works in close partnership with the Shire President to promote the Shire and to link with the community, tiers of government and business sectors. The overall management of the Shire rests with the CEO who oversees the day-to-day operations while ensuring that Council direction is followed, governance is sound and community outcomes achieved.



Community Strategic Plan

The Shire has a number of key documents that provide a framework to deliver the best outcomes for the community.

COMMUNITY STRATEGIC PLAN

An overarching plan that guide's the future direction of Council policies, plans, projects and decision making to 2023.

CORPORATE BUSINESS PLAN

A plan for the Shire as an organisation to activate the strategies identified in the Community Strategic Plan and drive the Shires operations to 2017.

ANNUAL BUDGET

The allocation of resources required to deliver against the Community Strategic Plan and Corporate Business

Four Key Themes

The Shire of Westonia has a community strategic plan titled Plan for the Future 2013-2023 which reflects what the community has told us and provides strategic direction for the shire. The key themes and strategic objectives in the plan inform all decisions made and projects undertaken by council.

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



SOCIAL AND COMMUNITY WELLBEING AND CAPACITY

We have a unique country lifestyle with an exceptionally strong community spirit, pride and sense of ownership. We are welcoming and we have services, infrastructure and development that connects, supports and strengthens our community for the future. Our community is safe and we care for each other



ECONOMIC DIVERSITY, INNOVATION AND PROSPERITY

Diverse businesses, career opportunities and a vibrant community, relaxed lifestyle, distinctive town site and sustainable physical environment are the foundations of our economy. Tourists and visitors are attracted to the Shire throughout the year, tourism activities drive a quality experience and matched with successful events. Home based businesses as well as other small businesses are attracted to the Shire and Council supports local and regional economic activity. Opportunities to learn and share skills through a range of local training and education pathways are supported.



ENVIRONMENT

Our natural environment is healthy and clean, we work actively to protect and improve it for future generations.



GOVERNANCE, LEADERSHIP AND FINANCIAL SUSTAINABILITY

Provide good strategic decision making, governance, leadership and professional management.

Our Progress of Strategic Priorities.

The following table report on the key directions of the Strategic Community Plan 2013-2023.

STATUS

✓ Completed ➤ Commenced ✘ No Current Opportunities ↻ Ongoing

Strategic Priority 1



SOCIAL

CONTINUE TO DEVELOP OUR UNIQUE COUNTRY LIFESTYLE

INITIATIVE	STATUS	COMMENTS
Strategy SP1.1 Create a strong sense of identity and belonging;	↻	Strive to provide to governance & leadership
Strategy SP1.2 Maintain the provision of high quality, financially viable, accessible community services and infrastructure to meet the needs of the community;	↻	Installation of toilets at recently acquired "Old School" building, continue to support local businesses to thrive.
Strategy SP1.3 Assist in providing a range of accommodation options in the Shire.	↻	2 x Aged Units built and completed making 7 available aged units for rent

ENHANCED SOCIAL AND COMMUNITY WELL BEING

INITIATIVE	STATUS	COMMENTS
Strategy SP2.1 Facilitate the provision of recreational and leisure opportunities	↻	Maintain current facilities, investigate upgrades to Westonia Swimming Pool.
Strategy SP2.2 Provide facilities and programs for health and well-being needs;	↻	Minor upgrades to medical room facilities including doctor, nurse practitioner and podiatry needs.
Strategy SP2.3 Our children, youth, families and seniors are valued, involved and supported;	↻	Support Westonia CRC in facilitating youth & senior activities
Strategy SP2.4 Support and encourage voluntary community services.	↻	Thank and acknowledge volunteers

A SAFE AND CONNECTED COMMUNITY

INITIATIVE	STATUS	COMMENTS
Strategy SP3.1 Provide a safe and efficient transport network	↻	Investigate small community bus for community use
Strategy SP3.2 Provide equitable access to all Shire facilities and infrastructure.	↻	Free community use of facilities outside of club events

Strategic Priority 2



ECONOMIC

AN ECONOMY THAT IS WELL PREPARED FOR THE FUTURE

INITIATIVE	STATUS	COMMENTS
Strategy SP4.1 Support and strengthen local businesses and local business networks;	↻	Initiate membership with Wheatbelt Business Network, support all local businesses.
Strategy SP4.2 Plan for employment, business and industry growth and change;	↻	Liaise with Evolution Mining regarding potential industry growth and change.
Strategy SP4.3 Tell the world about the opportunities and benefits of doing business in Westonia	↻	Promote via website
Strategy SP4.4 Advocate for infrastructure that meets the needs of contemporary business.	↻	Instigate Westonia Post Office move to the Community Cooperative

THE WESTONIA TOURIST EXPERIENCE IS UNIQUE

INITIATIVE	STATUS	COMMENTS
Strategy SP5.1 Work towards providing a high quality, sustainable and integrated tourism experience to extend the length of stay.	↻	Upgrades to current Caravan Park facilities, assist in developing WEROC App & and Wheatbelt Way App.

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

INITIATIVE	STATUS	COMMENTS
Strategy SP6.1 Strengthen the role and use of local education and training providers;	*	No opportunities to pursue during the reporting period.
Strategy SP6.2 A skilled and qualified workforce.	↻	Encourage training for workforce when required.

Strategic Priority 3



ENVIRONMENTAL

A QUALITY ENVIRONMENT

INITIATIVE	STATUS	COMMENTS
Strategy SP7.1 Develop and implement programs which protect and enhance the Shire's natural environment;	↻	Work with NRM Officer to develop Conservation Plan for Westonia Common
Strategy SP7.2 Build partnerships with people who work with and care for the land to secure a healthy environment;	↻	Liaise with Wheatbelt NRM.

Strategy SP7.3 Effective management and minimisation of waste collection and disposal.	↻	Coordinate effective refuse management at tip site.
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LEAD THE WAY IN RESOURCE RECOVERY

INITIATIVE	STATUS	COMMENTS
Strategy SP8.1 Participate in best practice water and energy management	↻	Install solar panel to all council owned properties over time. New aged units built to 7 star energy rating.

Strategic Priority 4



GOVERNANCE

PROVIDE GOOD STRATEGIC DECISION MAKING, GOVERNANCE, LEADERSHIP AND PROFESSIONAL MANAGEMENT

INITIATIVE	STATUS	COMMENTS
Strategy SP9.1 Continue to participate in sub regional and regional groups to gain efficiencies and productivity e.g. WEROC;	↻	Current CEO/President of WEROC
Strategy SP9.2 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;	↻	Continue to foster new ideas to maintain relevance and strive for visionary ideas to provide solutions to challenges facing the Shire.
Strategy SP9.3 Provide excellent customer service functions to all community members and rate payers;	↻	Continue to strive for excellence in customer service
Strategy SP9.4 Develop excellent communication tools, in a range of suitable formats, to ensure a well-informed community;	↻	Utilise multimedia platforms that suit Westonia and its community.
Strategy SP9.5 Commit to the provision of essential and non-essential services in the community;	↻	Continue to provide essential and non-essential services in the community such as health, aged care.
Strategy SP9.6 Implement a range of collaborative partnerships with businesses and community groups to ensure their sustainability into the future;	↻	Liaise with Wheatbelt Business Network, Westonia Progress Association and provide support at all.

Strategy SP9.7 Annually review compliance methods;	☺	Compliance records reviewed annually
Strategy SP9.8 Human resource excellence;	☺	Structure workforce to continue relevance with current trends.
Strategy SP9.9 Provision of a safe, secure and encouraging working environment for all staff and elected members;	☺	Ensure OSH regulations provide for a safe working environment.

As at 30 June 2017 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



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.

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 one (1) application under the **Freedom of Information Act 1992**.

Payments to Employees

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

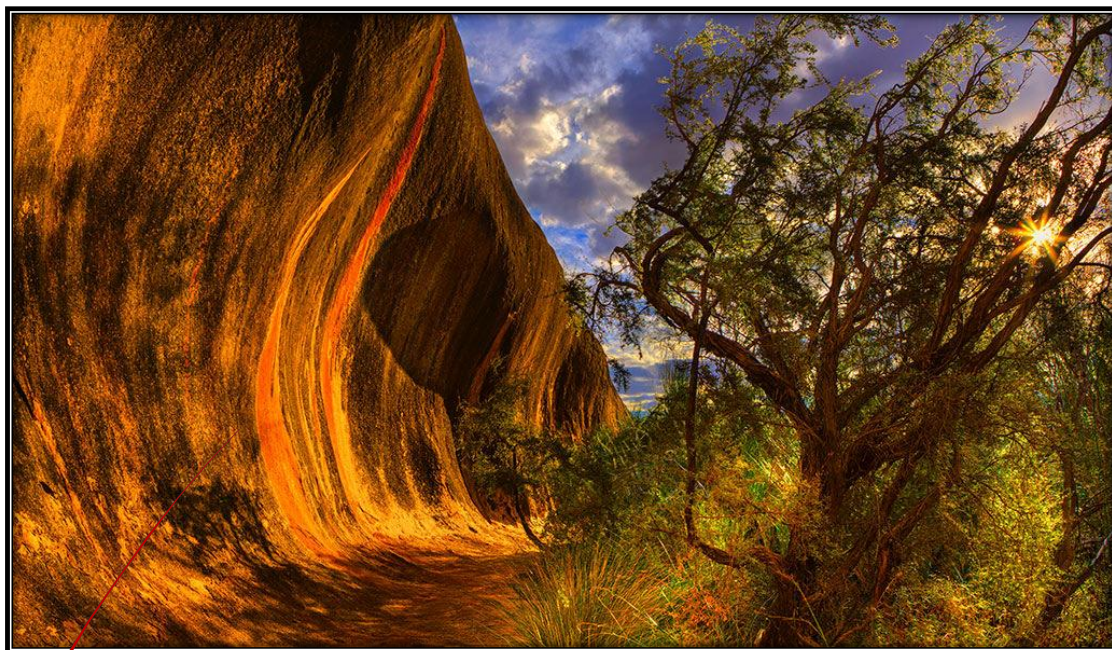
- (a) The number of employees of the local government entitled to an annual salary of \$100,000 or more;
- (b) The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

As at 30th June 2017 one employee of the Shire of Westonia was in the annual salary band of \$130,000 - \$140,000.

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 2016/17 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 2016/17

Compliance Audit Return

All local governments are required to carry out an annual Compliance Audit Return (CAR) for the period 1 January to 31 December as specifies by the *Local Government Act 1995*. The CAR includes a range of compliance categories to be met.

The Completed CAR was received by Council at its March 2017 meeting (ref 09-03/17) and was subsequently submitted to the Department of Local Government prior to 31 March 2017 in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*.



Delegations Review

In accordance with Section 5.46 of the *Local Government Act 1995* a review was undertaken of the Shire's Delegations Register during this period, with Council adopting the review at its May 2017 meeting (ref 10-05/17)

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 2016/17 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.

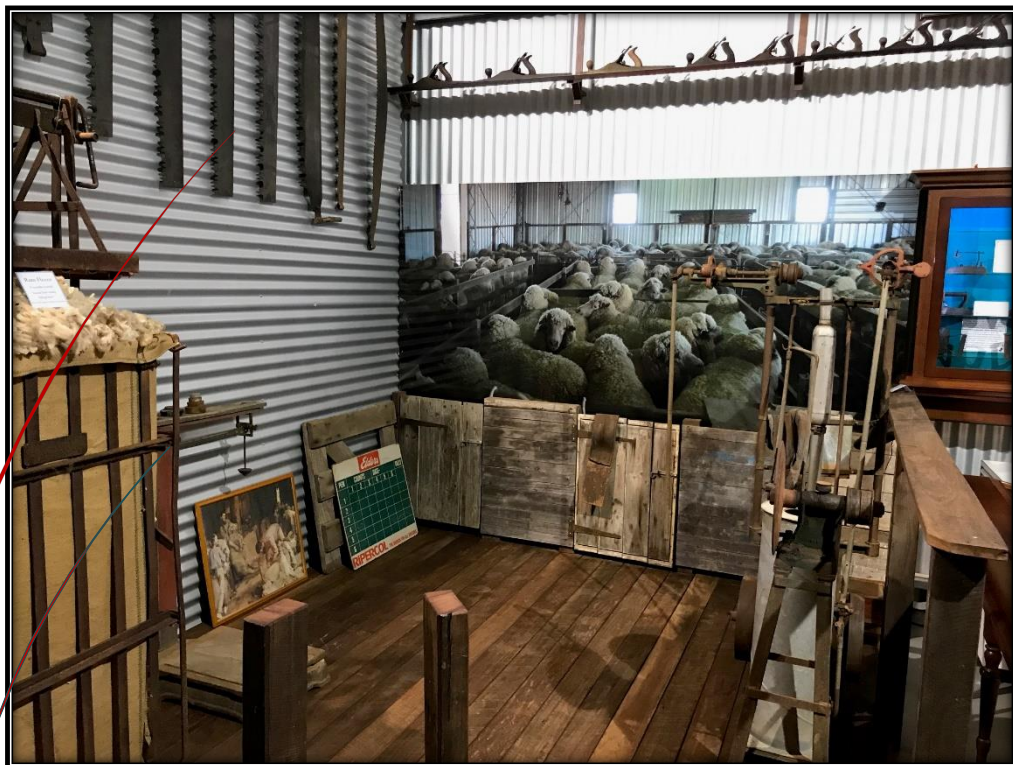
The Shire of Westonia's local laws comply with those requirements.

Local Law Review

A review is to be conducted within 8 years from the day each Local Law commenced, or from when a report of a review of the Local Law was accepted under s3.16

Section 3.16 of the Local Government Act requires periodic reviews of Local Laws. A Local Government is to carry out a review of a Local Law to determine whether or not it considers that it should remain unchanged, be repealed or amended.

Council is currently undergoing this review.



Disability Services

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. In June 2017 Council adopted the *Disability Access and Inclusion Plan 2017-2021*.

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 seven outcomes relating to DAIPs to the public annually.

Outcome 1:

People with disability have the same opportunities as other people to access the services of, and participate in any events organised by, a public authority.

Outcome 2:

People with disability have the same opportunities as other people to access buildings and other facilities of a public authority.

Outcome 3:

People with disability have the same opportunity as other people to access information in a format that will enable them to access

Outcome 4:

People with disability receive the same level of service from the employees of a public authority as other people receive from the employees of that public authority.

Outcome 5:

People with disability have the same opportunities as other people to make complaints to a public authority.

Outcome 6:

People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

Outcome 7:

People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

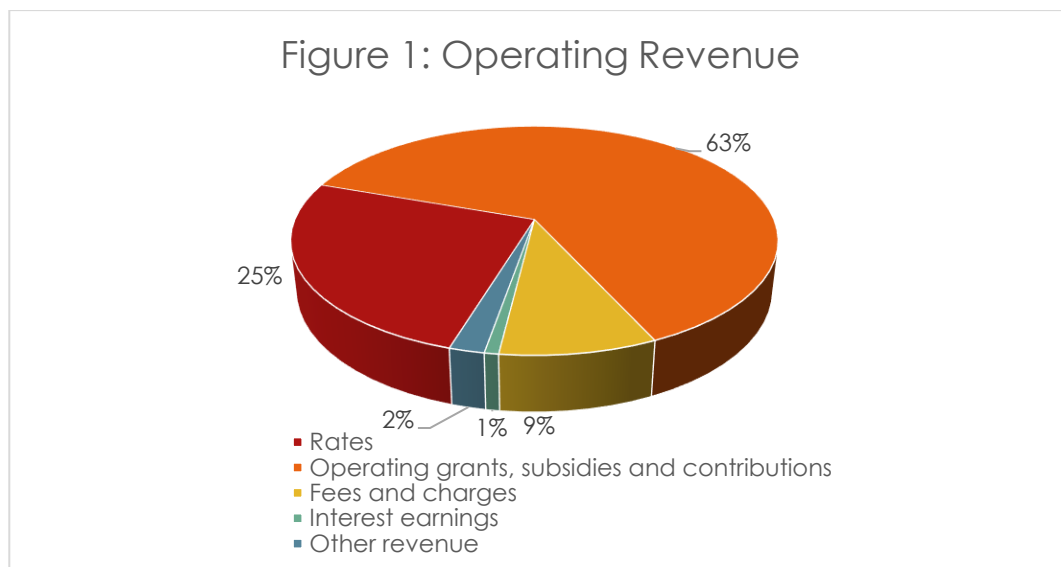
Further information can be obtained by contacting the CEO or the Executive Support Officer.



Financial Report Overview

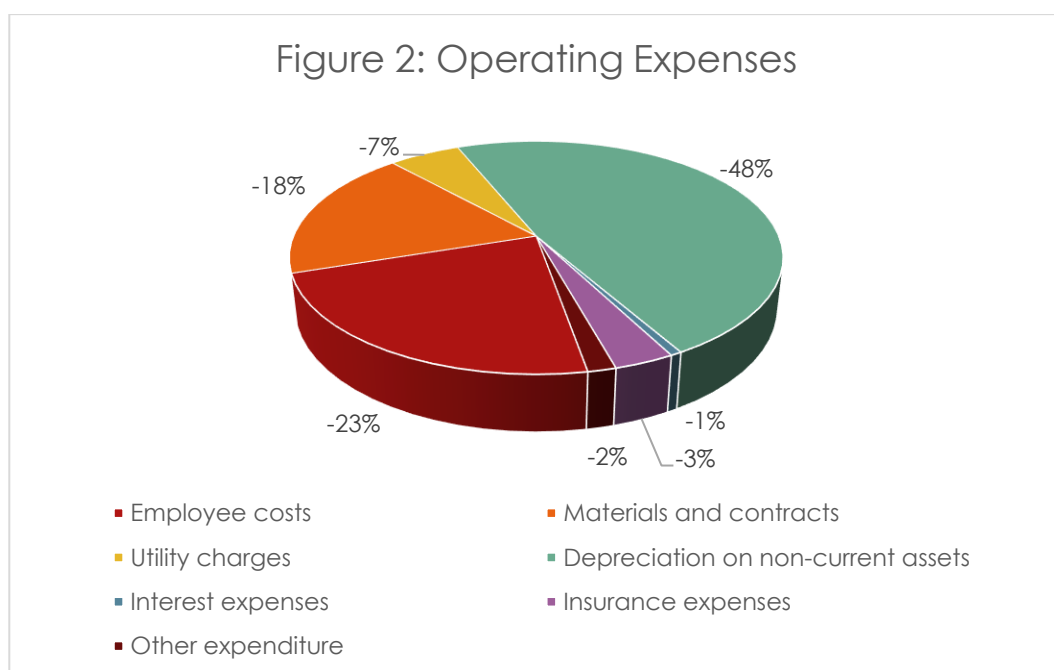
OPERATING SURPLUS

An operating surplus of \$ 221,601 derived from operating revenue of \$3,361,541 (see figure 1) and operating expenditure of \$3,139,940 (see figure 2).



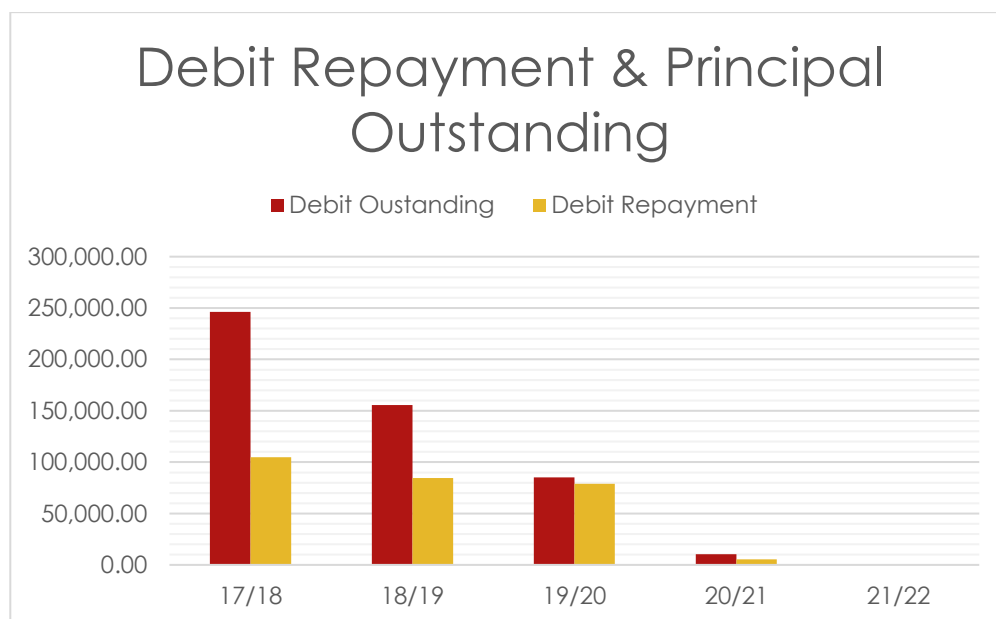
OPERATING EXPENDITURE

Figure 2 shows the allocation of the Shires \$3,139,940 of operating expenditure. The primary expense components for 2016/17 were employee costs (23%), materials and contracts (18%) and depreciation (48%).



DEBT REPAYMENT AND PRINCIPAL OUTSTANDING

Figure 3 shows a comparison of the debt repayments and outstanding principal over the next 5 years.



CAPITAL WORKS

Total capital works expenditure was \$2,796,540 which was expended on the following classes of assets:

- \$ 102,424 on Land and Buildings
- \$ 1,994,858 on Infrastructure assets including roads, and footpaths.
- \$ 652,805 on plant and equipment.
- \$ 46,452 on furniture and equipment.

ASSETS & LIABILITIES

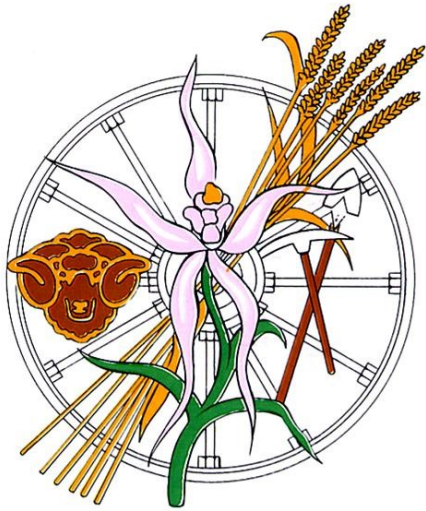
Net assets of \$129,145,549. Includes:

- Infrastructure (\$ 115,700,190)
- Property plant and equipment (\$12,360,392)
- Trade and Receivables (\$166,498); and
- Cash and cash equivalent (\$1,496,844).

The Shires Land and Building assets value increased by \$1,445,397, due largely to the revaluation of Land and Building from historical cost to Fair Value as per the mandatory requirements of the Local Government Act (Financial Management) Regulations 1996.



SHIRE OF WESTONIA



FINANCIAL REPORT

FOR YEAR ENDING
30 JUNE 2017

SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
41 Wolfram Street
Westonia, WA 6423

**SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**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 supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30 June 2017 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 18 day of October 2017



Jamie Criddle
Chief Executive Officer

SHIRE OF WESTONIA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	854,743	855,050	810,380
Operating grants, subsidies and contributions	30	2,125,881	1,398,609	832,833
Fees and charges	29	293,847	292,080	436,919
Interest earnings	2(a)	26,434	34,750	40,063
Other revenue	2(a)	60,636	33,167	68,043
		<u>3,361,541</u>	<u>2,613,656</u>	<u>2,188,238</u>
Expenses				
Employee costs		(711,444)	(680,450)	(713,410)
Materials and contracts		(573,462)	(639,181)	(780,916)
Utility charges		(174,062)	(145,990)	(135,334)
Depreciation on non-current assets	2(a)	(1,498,048)	(2,998,140)	(3,102,185)
Interest expenses	2(a)	(19,993)	(19,993)	(24,432)
Insurance expenses		(104,948)	(102,028)	(114,671)
Other expenditure		(57,982)	(50,873)	(43,429)
		<u>(3,139,940)</u>	<u>(4,636,655)</u>	<u>(4,914,377)</u>
		221,601	(2,022,999)	(2,726,139)
Non-operating grants, subsidies and contributions	30	1,108,024	1,057,083	1,000,350
Profit on asset disposals	21	9,507	0	21,096
(Loss) on asset disposals	21	(128,859)	(152,200)	(34,940)
Net result		1,210,273	(1,118,116)	(1,739,634)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,454,079	0	582,545
Total other comprehensive income		1,454,079	0	582,545
Total comprehensive income		2,664,352	(1,118,116)	(1,157,089)

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 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
	2(a)			
Governance		2,051	2,150	1,623
General purpose funding		2,731,666	2,099,050	1,437,357
Law, order, public safety		39,482	38,450	40,586
Health		1,800	2,000	3,490
Education and welfare		455	0	0
Housing		175,170	192,980	179,521
Community amenities		8,554	9,900	8,644
Recreation and culture		102,957	41,800	93,120
Transport		115,152	115,109	107,234
Economic services		88,544	50,117	68,454
Other property and services		95,709	62,100	248,209
		<u>3,361,540</u>	<u>2,613,656</u>	<u>2,188,238</u>
Expenses				
	2(a)			
Governance		(299,879)	(316,113)	(321,125)
General purpose funding		(46,322)	(43,000)	(41,656)
Law, order, public safety		(77,663)	(49,610)	(80,828)
Health		(20,425)	(27,440)	(25,403)
Education and welfare		(23,730)	(37,943)	(27,099)
Housing		(136,857)	(165,946)	(121,761)
Community amenities		(86,998)	(105,912)	(75,278)
Recreation and culture		(568,774)	(575,286)	(541,682)
Transport		(1,474,940)	(2,957,213)	(3,278,665)
Economic services		(298,695)	(302,949)	(303,853)
Other property and services		(85,664)	(35,250)	(72,595)
		<u>(3,119,947)</u>	<u>(4,616,662)</u>	<u>(4,889,945)</u>
Finance costs				
	2(a)			
Housing		(14,216)	(14,216)	(16,602)
Transport		(3,060)	(3,060)	(4,634)
Economic services		(2,717)	(2,717)	(3,196)
		<u>(19,993)</u>	<u>(19,993)</u>	<u>(24,432)</u>
		221,600	(2,022,999)	(2,726,139)
Non-operating grants, subsidies and contributions				
	30	1,108,024	1,057,083	1,000,350
Profit on disposal of assets	21	9,507	0	21,096
(Loss) on disposal of assets	21	(128,859)	(152,200)	(34,940)
Net result		<u>1,210,272</u>	<u>(1,118,116)</u>	<u>(1,739,633)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,454,079	0	582,545
Total other comprehensive income		<u>1,454,079</u>	<u>0</u>	<u>582,545</u>
Total comprehensive income		<u><u>2,664,351</u></u>	<u><u>(1,118,116)</u></u>	<u><u>(1,157,088)</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 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,496,844	1,218,822
Trade and other receivables	4	166,498	317,473
Inventories	5	7,964	18,125
TOTAL CURRENT ASSETS		<u>1,671,306</u>	<u>1,554,420</u>
NON-CURRENT ASSETS			
Other receivables	4	29,277	37,908
Inventories	5	22,001	13,365
Property, plant and equipment	6	12,360,392	10,749,237
Infrastructure	7	115,700,190	115,002,628
TOTAL NON-CURRENT ASSETS		<u>128,111,860</u>	<u>125,803,138</u>
TOTAL ASSETS		<u>129,783,166</u>	<u>127,357,558</u>
CURRENT LIABILITIES			
Trade and other payables	8	201,023	352,528
Current portion of long term borrowings	9	90,533	84,847
Provisions	10	159,714	172,286
TOTAL CURRENT LIABILITIES		<u>451,270</u>	<u>609,661</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	155,616	246,150
Provisions	10	30,731	20,549
TOTAL NON-CURRENT LIABILITIES		<u>186,347</u>	<u>266,699</u>
TOTAL LIABILITIES		<u>637,617</u>	<u>876,360</u>
NET ASSETS		<u>129,145,549</u>	<u>126,481,198</u>
EQUITY			
Retained surplus		16,204,404	14,709,793
Reserves - cash backed	12	617,534	901,873
Revaluation surplus	13	112,323,611	110,869,532
TOTAL EQUITY		<u>129,145,549</u>	<u>126,481,198</u>

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

**SHIRE OF WESTONIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		16,494,490	856,809	110,286,987	127,638,286
Comprehensive income					
Net result		(1,739,633)	0	0	(1,739,633)
Changes on revaluation of assets	13	0	0	582,545	582,545
Total comprehensive income		(1,739,633)	0	582,545	(1,157,088)
Transfers from/(to) reserves		(45,064)	45,064	0	0
Balance as at 30 June 2016		14,709,793	901,873	110,869,532	126,481,198
Comprehensive income					
Net result		1,210,272	0	0	1,210,272
Changes on revaluation of assets	13	0	0	1,454,079	1,454,079
Total comprehensive income		1,210,272	0	1,454,079	2,664,351
Transfers from/(to) reserves		284,339	(284,339)	0	0
Balance as at 30 June 2017		16,204,404	617,534	112,323,611	129,145,549

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 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		880,813	855,050	806,440
Operating grants, subsidies and contributions		2,263,489	1,398,609	831,408
Fees and charges		293,847	292,080	436,919
Interest earnings		26,434	34,750	40,064
Goods and services tax		(12,194)	58,977	(35,480)
Other revenue		60,636	33,167	68,043
		<u>3,513,025</u>	<u>2,672,633</u>	<u>2,147,394</u>
Payments				
Employee costs		(694,319)	(680,450)	(700,852)
Materials and contracts		(734,321)	(639,181)	(537,248)
Utility charges		(174,062)	(145,990)	(135,334)
Interest expenses		(19,993)	(19,993)	(25,749)
Insurance expenses		(104,948)	(102,028)	(114,671)
Goods and services tax		0	(117,954)	0
Other expenditure		(57,982)	(50,873)	(43,431)
		<u>(1,785,625)</u>	<u>(1,756,469)</u>	<u>(1,557,285)</u>
Net cash provided by (used in) operating activities	14(b)	<u>1,727,400</u>	<u>916,164</u>	<u>590,109</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		(8,636)	0	4,545
Payments for purchase of property, plant & equipment		(801,680)	(996,470)	(1,073,767)
Payments for construction of infrastructure		(1,994,858)	(1,697,746)	(1,321,932)
Non-operating grants, subsidies and contributions		1,108,024	1,057,083	1,000,350
Proceeds from sale of fixed assets		324,500	361,900	230,364
Net cash provided by (used in) investment activities		<u>(1,372,649)</u>	<u>(1,275,233)</u>	<u>(1,160,440)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(84,849)	(84,849)	(79,520)
Proceeds from self supporting loans		8,122	8,123	7,531
Net cash provided by (used in) financing activities		<u>(76,727)</u>	<u>(76,726)</u>	<u>(71,989)</u>
Net increase (decrease) in cash held		278,024	(435,795)	(642,320)
Cash at beginning of year		1,218,822	1,116,918	1,861,142
Cash and cash equivalents at the end of the year	14(a)	<u>1,496,846</u>	<u>681,123</u>	<u>1,218,822</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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		119,499	83,848	1,011,101
		<u>119,499</u>	<u>83,848</u>	<u>1,011,101</u>
Revenue from operating activities (excluding rates)				
Governance		2,051	2,150	1,623
General purpose funding		1,881,467	1,248,850	626,977
Law, order, public safety		39,482	38,450	40,586
Health		1,800	2,000	3,490
Education and welfare		455	0	0
Housing		175,170	192,980	181,817
Community amenities		8,554	9,900	8,644
Recreation and culture		102,957	41,800	93,120
Transport		119,183	115,109	126,034
Economic services		88,544	50,117	68,454
Other property and services		101,185	62,100	248,209
		<u>2,520,848</u>	<u>1,763,456</u>	<u>1,398,954</u>
Expenditure from operating activities				
Governance		(299,879)	(316,113)	(321,125)
General purpose funding		(46,322)	(43,000)	(41,656)
Law, order, public safety		(77,663)	(49,610)	(80,828)
Health		(20,425)	(27,440)	(25,403)
Education and welfare		(23,730)	(37,943)	(27,099)
Housing		(151,073)	(180,162)	(138,363)
Community amenities		(86,998)	(105,912)	(75,278)
Recreation and culture		(568,774)	(575,286)	(541,682)
Transport		(1,605,228)	(3,093,873)	(3,290,361)
Economic services		(301,412)	(305,666)	(315,315)
Other property and services		(87,294)	(53,850)	(92,208)
		<u>(3,268,798)</u>	<u>(4,788,855)</u>	<u>(4,949,318)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(9,507)	0	(21,096)
Loss on disposal of assets	21	128,859	152,200	34,940
Movement in employee benefit provisions (non-current)		10,182	0	9,845
Depreciation and amortisation on assets	2(a)	1,498,048	2,998,140	3,102,185
Amount attributable to operating activities		<u>999,131</u>	<u>208,789</u>	<u>586,611</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,108,024	1,057,083	1,000,350
Proceeds from disposal of assets	21	324,500	361,900	230,364
Purchase of land held for resale		(8,636)	0	4,545
Purchase of property, plant and equipment	6(b)	(801,682)	(989,900)	(1,073,767)
Purchase and construction of infrastructure	7(b)	(1,994,858)	(1,697,746)	(1,321,932)
Amount attributable to investing activities		<u>(1,372,651)</u>	<u>(1,268,663)</u>	<u>(1,160,440)</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(84,849)	(84,849)	(79,520)
Proceeds from self supporting loans		8,122	8,123	7,531
Transfers to reserves (restricted assets)	12	(50,026)	(48,000)	(55,322)
Transfers from reserves (restricted assets)	12	334,365	334,400	10,258
Amount attributable to financing activities		<u>207,612</u>	<u>209,674</u>	<u>(117,053)</u>
Surplus(deficiency) before general rates		<u>(165,908)</u>	<u>(850,200)</u>	<u>(690,882)</u>
Total amount raised from general rates	23	<u>850,199</u>	<u>850,200</u>	<u>810,380</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>684,291</u></u>	<u><u>0</u></u>	<u><u>119,498</u></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 2017

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 20 to these financial statements.

Goods and Services Tax (GST)

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

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

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

(b) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) 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.

(e) 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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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
- asphalt surfaces	50 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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 in accordance with the regulatory framework.

(g) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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.

(i) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

(k) 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.

(l) 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.

(m) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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 proportionate consolidation method. Refer below for a description of the proportionate consolidation 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 17

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(q) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

When the 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.

(u) Budget Comparative Figures

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 ⁽¹⁾	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 15 Revenue from Contracts with Customers	December 2014	1 January 2019	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.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

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

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(w) 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	23,978	31,559
- Other services	0	0
Depreciation		
Buildings - non-specialised	0	126,804
Buildings - specialised	0	137,372
Furniture and equipment	49,559	50,001
Plant and equipment	136,516	131,603
Infrastructure - Roads	1,295,845	2,634,331
Infrastructure - Footpaths	10,993	7,396
Infrastructure - Parks & Ovals	5,135	14,678
	<u>1,498,048</u>	<u>3,102,185</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	19,993	24,432
	<u>19,993</u>	<u>24,432</u>
Other revenue		
Reimbursements and recoveries	9,507	21,096
Other	51,129	46,947
	<u>60,636</u>	<u>68,043</u>
	2017	2017
	Actual	Budget
	\$	\$
Interest earnings		2016
- Reserve funds	16,178	Actual
- Other funds	8,409	23,323
Other interest revenue (refer note 28)	1,847	4,118
	<u>26,434</u>	<u>12,622</u>
	<u>26,434</u>	<u>34,750</u>
		<u>40,063</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce 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 and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. 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 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, 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 AND SERVICES

Objective:

To monitor and control Shire'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 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Law, order, public safety							
FESA	20,776	0	(20,776)	0	19,208	(19,208)	0
Recreation and culture							
CPRPS 16/17 Swim Pool	0	0	0	0	32,000	(32,000)	0
Transport							
Royalties for Regions - Duel Paths	51,625	0	0	51,625	0	(51,625)	0
Main Roads - BlackSpot	160,636	0	(160,636)	0	312,343	(312,343)	0
Main Roads - Spacific	238,904	0	(238,904)	0	241,885	(241,885)	0
Roads to Recovery	666,528	0	(666,528)	0	538,796	(538,796)	0
Economic services							
Royalties for Regions	237,077	0	0	237,077	0	(237,077)	0
Community Crime Pervation	8,000	0	(8,000)	0	0	0	0
Wheatbelt Development Commision	20,000	0	(20,000)	0	0	0	0
Royalties for Regions - Old School	0	0	0	0	15,000	(15,000)	0
Royalties for Regions -Area Promotion	0	0	0	0	25,667	(25,667)	0
Total	<u>1,403,546</u>	<u>0</u>	<u>(1,114,844)</u>	<u>288,702</u>	<u>1,184,899</u>	<u>(1,473,601)</u>	<u>0</u>

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 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		879,310	28,248
Restricted		617,534	1,190,574
		<u>1,496,844</u>	<u>1,218,822</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	12	100,286	117,683
Plant Replacement	12	27,015	284,481
Building Reserve	12	269,114	262,612
Communication/It Reserve	12	26,487	25,847
Community Development Reserve	12	84,971	136,004
Waste Management Reserve	12	44,205	43,137
Swimming Pool Reserve	12	65,455	32,108
Unspent grants	2(c)	0	288,702
		<u>617,533</u>	<u>1,190,574</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	13,241	39,311
Sundry debtors	95,217	232,825
GST receivable	47,674	35,480
Loans receivable - clubs/institutions	8,744	8,235
Prepayments	1,622	1,622
	<u>166,498</u>	<u>317,473</u>
Non-current		
Loans receivable - clubs/institutions	29,277	37,908
	<u>29,277</u>	<u>37,908</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	<u>13,241</u>	<u>39,311</u>
Includes:		
Past due and not impaired	12,030	0
Impaired	<u>0</u>	<u>0</u>
Sundry debtors	<u>95,217</u>	<u>232,825</u>
Includes:		
Past due and not impaired	2,326	0
Impaired	<u>0</u>	<u>0</u>
5. INVENTORIES		
Current		
Fuel and materials	7,964	18,125
	<u>7,964</u>	<u>18,125</u>
Non-current		
Land held for resale - cost		
Development costs	22,001	13,365
	<u>22,001</u>	<u>13,365</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
- Independent valuation 2017 - level 2	174,000	174,000
	<u>174,000</u>	<u>174,000</u>
	<u>174,000</u>	<u>174,000</u>
 Buildings - non-specialised at:		
- Independent valuation 2017- level 2	2,490,944	1,735,000
- Additions after valuation - cost	0	665,708
Less: accumulated depreciation	0	(248,154)
	<u>2,490,944</u>	<u>2,152,554</u>
 Buildings - specialised at:		
- Independent valuation 2017 - level 2	6,399,289	5,055,164
- Additions after valuation - cost	102,424	511,949
Less: accumulated depreciation	0	(268,835)
	<u>6,501,713</u>	<u>5,298,278</u>
	<u>8,992,657</u>	<u>7,450,832</u>
 Total land and buildings	<u>9,166,657</u>	<u>7,624,832</u>
 Furniture and equipment at:		
- Management valuation 2016 - level 3	550,140	550,140
- Additions after valuation - cost	46,452	0
Less: accumulated depreciation	(49,559)	0
	<u>547,033</u>	<u>550,140</u>
 Plant and equipment at:		
- Independent valuation 2016 - level 3	2,157,413	2,574,265
- Additions after valuation - cost	625,805	0
Less: accumulated depreciation	(136,516)	0
	<u>2,646,702</u>	<u>2,574,265</u>
	<u>12,360,392</u>	<u>10,749,237</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. 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 2017

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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	174,000	0	0	0	0	0	0	0	174,000
Total land	174,000	0	0	0	0	0	0	0	174,000
Buildings - non-specialised	2,152,554	0	0	338,390	0	0	0	0	2,490,944
Buildings - specialised	5,298,278	102,424	0	1,101,011	0	0	0	0	6,501,713
Total buildings	7,450,832	102,424	0	1,439,401	0	0	0	0	8,992,657
Total land and buildings	7,624,832	102,424	0	1,439,401	0	0	0	0	9,166,657
Furniture and equipment	550,140	46,452	0	0	0	0	(49,559)	0	547,033
Plant and equipment	2,574,265	652,805	(443,852)	0	0	0	(136,516)	0	2,646,702
Total property, plant and equipment	10,749,237	801,682	(443,852)	1,439,401	0	0	(186,075)	0	12,360,392

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2017	Price per Square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered Valuer	June 2017	Improvements to land using construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2015	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment					
- Management valuation 2016	3	Market approach using recent observable market data for similar items (Net revaluation method)	Management Valuation	June 2016	Price per item

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

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	116,969,497	115,736,960
- Additions after valuation - cost	1,964,916	1,232,537
Less: accumulated depreciation	<u>(3,930,176)</u>	<u>(2,634,331)</u>
	115,004,237	114,335,166
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	219,875	135,950
- Additions after valuation - cost	15,019	83,925
Less: accumulated depreciation	<u>(18,389)</u>	<u>(7,396)</u>
	216,505	212,479
Infrastructure - Parks & Ovals		
- Management valuation 2015 - level 3	469,661	464,191
- Additions after valuation - cost	14,922	5,470
Less: accumulated depreciation	<u>(5,135)</u>	<u>(14,678)</u>
	479,448	454,983
	<u>115,700,190</u>	<u>115,002,628</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. 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 2017

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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	114,335,166	1,964,916	0	0	0	0	(1,295,845)	0	115,004,237
Infrastructure - Footpaths	212,479	15,019	0	0	0	0	(10,993)	0	216,505
Infrastructure - Parks & Ovals	454,983	14,922	0	14,678	0	0	(5,135)	0	479,448
Total infrastructure	<u>115,002,628</u>	<u>1,994,858</u>	<u>0</u>	<u>14,678</u>	<u>0</u>	<u>0</u>	<u>(1,311,973)</u>	<u>0</u>	<u>115,700,190</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2017	Construction/Purchase 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 2017

	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	139,004	317,720
Accrued interest on debentures	2,833	2,833
Accrued salaries and wages	29,378	10,888
ATO liabilities	6,156	5,131
Trust Liability	1,172	0
Payroll Creditors	<u>22,480</u>	<u>15,956</u>
	<u><u>201,023</u></u>	<u><u>352,528</u></u>

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

	<u>90,533</u>	<u>84,847</u>
	<u><u>90,533</u></u>	<u><u>84,847</u></u>

Non-current

Secured by floating charge

 Debentures

	<u>155,616</u>	<u>246,150</u>
	<u><u>155,616</u></u>	<u><u>246,150</u></u>

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	107,721	64,565	172,286
Non-current provisions	<u>0</u>	<u>20,549</u>	<u>20,549</u>
	107,721	85,114	192,835
Additional provision	<u>(17,175)</u>	<u>14,785</u>	<u>(2,390)</u>
Balance at 30 June 2017	<u><u>90,546</u></u>	<u><u>99,899</u></u>	<u><u>190,445</u></u>
Comprises			
Current	90,546	69,168	159,714
Non-current	<u>0</u>	<u>30,731</u>	<u>30,731</u>
	<u><u>90,546</u></u>	<u><u>99,899</u></u>	<u><u>190,445</u></u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Long Service Leave Reserve	117,683	2,568	(19,965)	100,286	117,683	2,500	0	120,183	114,579	3,104	0	117,683
Plant Replacement	284,481	2,534	(260,000)	27,015	284,481	3,000	(280,000)	7,481	276,977	7,504	0	284,481
Building Reserve	262,612	6,502	0	269,114	262,612	6,000	0	268,612	255,685	6,927	0	262,612
Communication/It Reserve	25,847	640	0	26,487	25,847	500	0	26,347	35,152	953	(10,258)	25,847
Community Development Reserve	136,004	3,367	(54,400)	84,971	136,004	2,500	(54,400)	84,104	132,416	3,588	0	136,004
Waste Management Reserve	43,137	1,068	0	44,205	43,137	1,000	0	44,137	41,999	1,138	0	43,137
Swimming Pool Reserve	32,108	33,347	0	65,455	32,108	32,500	0	64,608	0	32,108	0	32,108
	901,872	50,026	(334,365)	617,533	901,872	48,000	(334,400)	615,472	856,808	55,322	(10,258)	901,872

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

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Long Service Leave Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Plant Replacement	Ongoing	- to be used for the purchase of major plant.
Building Reserve	Ongoing	- to be used for the purchase of land and construction of major buildings and facilities.
Communication/It Reserve	Ongoing	- to be used for the purpose of upgrading IT equipment and rebroadcasting equipment.
Community Development Reserve	Ongoing	- to be used for the development of land, buildings and facilities for the community.
Waste Management Reserve	Ongoing	- to be used for ongoing waste management strategies.
Swimming Pool Reserve	Ongoing	- to be used for redevelopment of the Westonia Memorial Swimming Pool.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. REVALUATION SURPLUS

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	132,242		0	0	132,242	132,242		0	0	132,242
Revaluation surplus - Buildings	676,893	1,439,401	0	1,439,401	2,116,294	676,893		0	0	676,893
Revaluation surplus - Furniture and equipment	388,287	0	0	0	388,287	375,324	12,963	0	12,963	388,287
Revaluation surplus - Plant and equipment	569,582	0	0	0	569,582	0	569,582	0	569,582	569,582
Revaluation surplus - Infrastructure Roads	108,718,360	0	0	0	108,718,360	108,718,360		0	0	108,718,360
Revaluation surplus - Infrastructure Footpaths	122,311	0	0	0	122,311	122,311		0	0	122,311
Revaluation surplus - Infrastructure Parks & Ovals	261,858	14,678	0	14,678	276,536	261,858		0	0	261,858
	<u>110,869,533</u>	<u>1,454,079</u>	<u>0</u>	<u>1,454,079</u>	<u>112,323,612</u>	<u>110,286,988</u>	<u>582,545</u>	<u>0</u>	<u>582,545</u>	<u>110,869,533</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>1,496,844</u>	<u>681,123</u>	<u>1,218,822</u>

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

Net result	1,210,273	(1,118,116)	(1,739,634)
Non-cash flows in Net result:			
Depreciation	1,498,048	2,998,140	3,102,185
(Profit)/Loss on sale of asset	119,352	152,200	13,844
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	151,484	(30,000)	(40,844)
(Increase)/Decrease in inventories	10,161	0	(7,054)
Increase/(Decrease) in payables	(151,505)	(28,977)	249,804
Increase/(Decrease) in provisions	(2,390)	0	12,157
Grants contributions for the development of assets	<u>(1,108,024)</u>	<u>(1,057,083)</u>	<u>(1,000,350)</u>
Net cash from operating activities	<u>1,727,399</u>	<u>916,164</u>	<u>590,108</u>

	2017	2016
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	<u>13,000</u>	<u>13,000</u>
Total amount of credit unused	<u>13,000</u>	<u>13,000</u>
Loan facilities		
Loan facilities - current	90,533	84,847
Loan facilities - non-current	<u>155,616</u>	<u>246,150</u>
Total facilities in use at balance date	<u>246,149</u>	<u>330,997</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

15. CONTINGENT LIABILITIES

A claim for damages for faulty road construction resulting in a motor vehicle injury has been brought against the Council. The action is being defended and advice provided by the Council's solicitor indicates the likelihood of a judgement against Council is remote. The amount of the claim is \$500,000 excluding legal costs. Council's insurers would cover all except the first \$10,000 of any claim.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

The Shire of Westonia with Homeswest have a joint venture arrangement to provide low cost housing to the private sector. The total GST inclusive cost of the project was \$467,056 of which Council contributed \$60,000 in cash, \$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.

These assets are included in Land and Buildings as follows:

	2017	2016
	\$	\$
Non-current assets		
Land and buildings	347,000	300,000
Less: accumulated depreciation	0	(11,917)
	<u>347,000</u>	<u>288,083</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	30,716	29,619
General purpose funding	292,400	288,571
Law, order, public safety	305,580	43,210
Health	38,000	36,800
Education and welfare	120,572	120,002
Housing	2,385,129	2,187,366
Community amenities	667,770	600,005
Recreation and culture	3,149,918	2,272,742
Transport	115,885,449	115,144,844
Economic services	1,747,185	1,656,385
Other property and services	3,998,840	3,127,754
Unallocated	1,161,607	1,850,260
	<u>129,783,166</u>	<u>127,357,558</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	3.61	0.74	3.43
Asset sustainability ratio	1.65	0.70	0.86
Debt service cover ratio	15.46	3.72	18.66
Operating surplus ratio	0.08	(1.99)	0.34
Own source revenue coverage ratio	0.38	0.28	0.35

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$643,822.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$617,346.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.41	0.74	0.83
Debt service cover ratio	9.31	9.66	(0.20)
Operating surplus ratio	(0.43)	(1.52)	12.75

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Police Licensing	(1,505)	120,458	(120,558)	(1,605)
BCITF Training Levy - Now CTF Levy	514	264	0	778
BRB Building Levy - Now BSL Levy	503	158	(227)	434
Nomination Deposits	0	0	0	0
Bonds	3,080	340	(1,000)	2,420
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	3,135	0	0	3,135
Accommodation Units	2,900	0	0	2,900
WEIRA - Booderockin Water Scheme	646	0	0	646
Warralakin Hall	170	0	0	170
Social Club	8,412	2,510	0	10,922
Walgoolan History Group	12,065	0	0	12,065
Community Project	1,000	0	0	1,000
Rural Youth	6,596	0	(1,959)	4,637
Westonia P & C	909	0	0	909
LGMA - Receipts	5,382	0	0	5,382
Rates Incentive Prize	500	1,050	(500)	1,050
Rent Pre Payments	835	0	0	835
Westonia Historical Society	0	5,784	0	5,784
Cemetry Committee	0	3,000	0	3,000
	<u>67,856</u>			<u>77,176</u>

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Toro Time Cutter/Mower	0	0	0	0	2,100	500	0	(1,600)
Mitz Fuso Canter	33,000	20,500	0	(12,500)	33,000	20,000	0	(13,000)
Cat Loader	0	0	0	0	189,000	110,000	0	(79,000)
770D JohnDeer Grader	160,000	50,000	0	(110,000)	160,000	120,000	0	(40,000)
Other property and services								
Toyota Landcruiser GXL	74,630	73,000	0	(1,630)	75,000	66,000	0	(9,000)
Toyota Landcruiser GXL	71,524	77,000	5,476	0				
Works Supervisor Vehicle	54,729	50,000	0	(4,729)	55,000	45,400	0	(9,600)
Works Supervisor Vehicle	49,969	54,000	4,031	0				
	<u>443,852</u>	<u>324,500</u>	<u>9,507</u>	<u>(128,859)</u>	<u>514,100</u>	<u>361,900</u>	<u>0</u>	<u>(152,200)</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Actual	Budget	Actual	Budget	Actual
	2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Loan 5 - Lifestyle Village	237,872	0	54,030	54,030	183,842	183,842	14,216	14,216
Transport								
Loan 4 - Depot	47,095	0	22,696	22,696	24,399	24,399	3,060	3,060
	<u>284,967</u>	<u>0</u>	<u>76,726</u>	<u>76,726</u>	<u>208,241</u>	<u>208,241</u>	<u>17,276</u>	<u>17,276</u>
<u>Self Supporting Loans</u>								
Economic services								
Loan 6 - Community Bus	46,030	0	8,123	8,123	37,907	37,907	2,717	2,717
	<u>46,030</u>	<u>0</u>	<u>8,123</u>	<u>8,123</u>	<u>37,907</u>	<u>37,907</u>	<u>2,717</u>	<u>2,717</u>
	<u>330,997</u>	<u>0</u>	<u>84,849</u>	<u>84,849</u>	<u>246,148</u>	<u>246,148</u>	<u>19,993</u>	<u>19,993</u>

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire of Westonia has no Overdraft facility.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Residential	0.055185	44	660,089	36,427	0	0	36,427	36,429	0	0	36,429
Mining	0.145258	2	1,591,500	231,178	0	0	231,178	231,178	0	0	231,178
Unimproved value valuations											
Rural/Pastoral	0.014939	142	37,745,480	563,880	0	0	563,880	563,880	0	0	563,880
Mining	0.016983	5	127,100	2,159	0	0	2,159	2,159	0	0	2,159
Sub-Total		193	40,124,169	833,644	0	0	833,644	833,646	0	0	833,645
Minimum payment	\$										
Gross rental value valuations											
Residential	355	23	51,665	8,165	0	0	8,165	8,165	0	0	8,165
Unimproved value valuations											
Rural/Pastoral	355	18	196,720	6,390	0	0	6,390	6,390	0	0	6,390
Mining	200	10	29,748	2,000	0	0	2,000	2,000	0	0	2,000
Sub-Total		51	278,133	16,555	0	0	16,555	16,555	0	0	16,555
		244	40,402,302	850,199	0	0	850,199	850,201	0	0	850,200
Total amount raised from general rate							850,199				850,200
Ex-gratia rates							4,544				4,850
Totals							<u>854,743</u>				<u>855,050</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>684,292</u>	<u>119,499</u>	<u>119,499</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	879,310	28,248	28,248
Restricted	617,534	1,190,574	1,190,574
Receivables			
Rates outstanding	13,241	39,311	39,311
Sundry debtors	95,217	232,825	232,825
GST receivable	47,674	35,480	35,480
Loans receivable - clubs/institutions	8,744	8,235	8,235
Income Received in Advance	1,622	1,622	1,622
Inventories			
Fuel and materials	7,964	18,125	18,125
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(139,004)	(317,720)	(317,720)
Accrued interest on debentures	(2,833)	(2,833)	(2,833)
Accrued salaries and wages	(29,378)	(10,888)	(10,888)
ATO liabilities	(6,156)	(5,131)	(5,131)
Trust Liability	(1,172)	0	0
Payroll Creditors	(22,480)	(15,956)	(15,956)
Current portion of long term borrowings			
Secured by floating charge	(90,533)	(84,847)	(84,847)
Provisions			
Provision for annual leave	(90,546)	(107,721)	(107,721)
Provision for long service leave	(69,168)	(64,565)	(64,565)
Unadjusted net current assets	<u>1,220,036</u>	<u>944,759</u>	<u>944,759</u>
Adjustments			
Less: Reserves - restricted cash	(617,533)	(901,872)	(901,872)
Less: Loans receivable - clubs/institutions	(8,744)	(8,235)	(8,235)
Add: Secured by floating charge	90,533	84,847	84,847
Adjusted net current assets - surplus/(deficit)	<u><u>684,292</u></u>	<u><u>119,499</u></u>	<u><u>119,499</u></u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR

Rates Discounts

No discount on Rates is available.

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	16-Sep-16	0	0.00%	11.00%
Option Two				
First Instalment	16-Sep-16	10	5.50%	11.00%
Second Instalment	18-Nov-16	10	5.50%	11.00%
Option Three				
First Instalment	16-Sep-16	10	5.50%	11.00%
Second Instalment	18-Nov-16	10	5.50%	11.00%
Third Instalment	18-Jan-17	10	5.50%	11.00%
Fourth Instalment	20-Mar-17	10	5.50%	11.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			7,557	2,000
Interest on instalment plan			2,698	1,650
Charges on instalment plan			1,404	1,000
			11,659	4,650

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

29. FEES & CHARGES	2017	2016
	\$	\$
Law, order, public safety	1,085	1,774
Health	0	1,840
Housing	172,680	176,002
Community amenities	8,554	8,644
Recreation and culture	1,951	782
Economic services	54,752	45,177
Other property and services	54,825	202,700
	<u>293,847</u>	<u>436,919</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	2,051	44
General purpose funding	1,847,321	585,378
Law, order, public safety	34,397	34,412
Housing	287	3,518
Recreation and culture	101,006	92,338
Transport	115,152	107,234
Economic services	25,667	9,545
Other property and services	0	364
	<u>2,125,881</u>	<u>832,833</u>
Non-operating grants, subsidies and contributions		
Housing	0	94,918
Transport	1,093,024	905,432
Economic services	15,000	0
Other property and services	0	0
	<u>1,108,024</u>	<u>1,000,350</u>
	<u>3,233,905</u>	<u>1,833,183</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>13</u>	<u>13</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	21,318	21,320	21,000
President's allowance	5,553	5,553	5,500
Travelling expenses	983	1,500	829
Telecommunications allowance	1,054	1,200	1,430
	<u>28,908</u>	<u>29,573</u>	<u>28,759</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	412,303
Post-employment benefits	71,946
Other long-term benefits	83,897
	568,146
	568,146

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the equity method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note

Transactions with related parties

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

The following transactions occurred with related parties:

	2017
	\$
Associated companies/individuals:	
Purchase of goods and services	112,192

There are no amounts payable to, or outstanding from, related parties as at the financial year end.

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

34. 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.

(b) Current year transactions	2017	2017	2016
	\$	Budget	\$
		\$	
Operating income			
- Lease Proceeds	88,239	86,600	88,285
Operating Expenditure			
- Other	10,525	16,250	7,729
Capital expenditure			
- Loan Repayment	54,029	54,030	50,765
- Development costs			
	<u>54,029</u>	<u>54,030</u>	<u>50,765</u>

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

	2018	2019	2020	2021	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	(1,467)	(1,512)	(1,557)	0	(4,536)
- Loan repayments	(68,245)	(68,245)	(68,245)	0	(204,735)
	<u>(69,712)</u>	<u>(69,757)</u>	<u>(69,802)</u>	<u>0</u>	<u>(209,271)</u>
Cash inflows					
- Leasing proceeds	97,600	100,600	103,600	0	301,800
- Sale proceeds	0	0	0	0	0
	<u>97,600</u>	<u>100,600</u>	<u>103,600</u>	<u>0</u>	<u>301,800</u>
Net cash flows	<u>27,888</u>	<u>30,843</u>	<u>33,798</u>	<u>0</u>	<u>92,529</u>

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,496,844	1,218,822	1,496,844	1,218,822
Receivables	195,775	355,381	195,775	355,381
	<u>1,692,619</u>	<u>1,574,203</u>	<u>1,692,619</u>	<u>1,574,203</u>
Financial liabilities				
Payables	201,023	352,528	201,023	352,528
Borrowings	246,149	330,997	246,149	363,086
	<u>447,172</u>	<u>683,525</u>	<u>447,172</u>	<u>715,614</u>

Fair value is determined as follows: □

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

Another risk associated with cash 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 and investments.

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	14,968	12,188
- Statement of Comprehensive Income	14,968	12,188

Notes:

⁽¹⁾ 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 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. 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:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	95%	61%
- Overdue	4%	39%

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	201,023	0	0	201,023	201,023
Borrowings	24,399	221,750	0	246,149	246,149
	<u>225,422</u>	<u>221,750</u>	<u>0</u>	<u>447,172</u>	<u>447,172</u>
<u>2016</u>					
Payables	352,528	0	0	352,528	352,528
Borrowings	104,840	273,849	0	378,689	330,997
	<u>457,368</u>	<u>273,849</u>	<u>0</u>	<u>731,217</u>	<u>683,525</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	24,399		183,842	37,908			246,149	6.41%
Weighted average Effective interest rate	7.37%		6.33%	6.17%				
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures		47,095		237,872	46,030		330,997	6.46%
Weighted average Effective interest rate		7.37%		6.33%	6.17%			

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF WESTONIA

Report on the Financial Report

Opinion

We have audited the financial report of the Shire of Westonia, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Westonia is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Council 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 Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matter

Without modifying our opinion, we draw attention to page 58 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

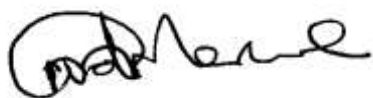
Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the operating surplus and own source revenue ratios there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE
Director

Perth

Date: 18 October 2017

**SHIRE OF WESTONIA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

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.

	2017	2016	2015
Asset consumption ratio	0.97	0.73	0.73
Asset renewal funding ratio	1.34	1.22	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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$