

SHIRE OF
WESTONIA
A vibrant community lifestyle

2015-2016 Annual Report

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

Or email
In person

| shire@westonia.wa.gov.au
| 41 Wolfram Street, Westonia WA 6423

A
vibrant
community lifestyle.



2015/16

CONTENTS

Westonia in Brief	3
Westonia Locality.....	4
Fast Facts	5
President's Report	6
CEOs Report	7
2015/2016 Councillors'	9
Council	10
Councillor Meeting Attendance.....	10
Councillors' Remuneration	10
Primary and Annual Returns	10
Organisational Structure	11
Strategic Plan	12
State Records Act 2000	16
Freedom of Information Statement.....	16
Payments to Employees	16
Register of Minor Complaints.....	16
Public Interest Disclosure	17
National Competition Policy Statement	17
Compliance Audit Return	17
Delegations Review.....	17
Local Law Review	17
Disability Services Statement	18
Financial Report Overview	19
 2015-2016 Financial Statements.....	 21

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

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

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



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

LOCALITIES

Westonia, Walgoolan, Carrabin,
Warralakin, Elachbutting

LOCAL INDUSTRIES

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

Fast Facts



Where did my rates go?

2015/16



President's Report

An Overview of 2015/16



I am pleased to provide this report on the activities of the Westonia Shire Council for the 12 month period ending June 30th 2016.

In the past year, the Council has continued its focus on achieving the strategic interests of the Westonia community. Day to day activities, projects and community issues have been addressed, with dedicated focus and due diligence by all involved in the operations of the Shire, and I am confident that the community is well placed because of these efforts.

The October 2015 elections brought a new Council Elective. I would like to express my appreciation and acknowledgement for the work of former Councillor Michael Cunningham. I congratulate Councillor Renae Corsini on her commitment to Westonia through her nomination and subsequent appointment as an elected member for the next 4 years. I acknowledge former Shire President of 12 years Mr Louis Geier for his dedication, commitment and outstanding service to Westonia Shire Council and Community. I also take this time to acknowledge the Jefferys Family for 60 Years continual service to the Westonia Shire Council.

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 \$ 810,379, representing a 98% collection rate. Council finished the year with a cash carry-over of \$28,247 in the Municipal Fund and \$ 1,190,575 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 am proud to be the head of a very positive, stable and productive Council.

Shire roads have continued to be a high priority and they have been maintained at a high standard. Roadwork expenditure included \$ 1,316,462 on road construction projects and over \$ 417,303 on general road maintenance, batters and spraying.

Some major achievements for Council during the year included:

- Purchase of new JCB Telehandler
- Purchase of new Hitachi ZX33U-5 Mini Excavator
- Construction of a new Caravan Park Camp Kitchen
- R4R Aged Housing Units x2
- Securement of Westonia Primary School Site & New Toilet Facilities
- Capital Roads & Footpath Program

The Shire of Westonia continues to align all activities to our integrated Planning Framework, with the Community Strategic Plan 2023 the core document. The Community Strategic Plan informs the Corporate Business Plan – a document which activates the initiatives laid out in the Community Strategic Plan. The Annual Budget then allocates the resources needed to make the initiatives a reality.

I also acknowledge the effort of Chief Executive Officer Jamie Criddle and his employees for the hard work to continue strong service delivery. I would like to acknowledge the excellent workforce that the Shire is lucky enough to have. The work on a suite of major projects will ensure adequate facilities for future generations and continue to make the Shire a great place to work and live.

In Conclusion, I would like to thank the Westonia community for its positivity and support for the Shire and the bright future that we all face together.


Karin Day
PRESIDENT

CEO's Report

An Executive Summary



It is with pleasure to present my annual report on the 2015/2016 year of operations of the Shire of Westonia.

MANAGEMENT STAFF

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

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

During the year of review there were four changes to the staff structure where David White, Ted Bukelis, Roger Pascoe and Kerry-lynn French resigned from their positions. Council and Staff wish David, Ted, Roger and Kerry-lynn all the best with their future endeavours.

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

BUDGETING

The Shires budgeting process commences in February/March of each year with the preparation of a draft budget based on previously adopted works and capital expenditure programs and issues identified to elected members and staff by residents of the Shire.

Residents are encouraged to provide budgetary requests either to their elected members or to the management staff. The draft budget is presented at the June meeting of Council, where it is refined until a suitable balance between required works and an acceptable rate level is achieved and is adopted at a special meeting in early July.

Finance

The Shire's financial position to the 30 June 2016 ended with an untied accrued surplus of \$28,248 with restricted cash of \$288,702. 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.

2010/2011	\$904,076	2011/2012	\$982,401
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 2015/2016 year that have not been reported in other sectors of the Annual Report include:

- Construction of new ablutions & Campers Kitchen at Caravan Park;
- Construction of new ablutions at the Old School site;
- Completion of 2 aged houses (two 2x2 houses);
- Construction of Gazebo to Cemetery;
- Over \$1,700,000 worth of road works;
- Major footpath upgrades;
- Changeover of a Telehandler, Mini Excavator and several light vehicles;
- Minor Swimming Pool Upgrades;
- Depot machinery Storage shed

Plant purchases include:

- Telehandler;
- Mini Excavator (including rock breaker);
- Various Admin, Works Fleet vehicles.

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 2015/2016 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 2015/2016.



JAMIE CRIDDLE
CHIEF EXECUTIVE OFFICER



2015-2016 Councillors'

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



Cr Karin Day (2019)
Shire President

Email: cr.day@westonia.wa.gov.au

Portfolio: WEROC (proxy), Wheatbelt Communities, Emergency Services, 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



Email: cr.jefferys@westonia.wa.gov.au

Cr John Jefferys (2017)

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



Cr Bill Huxtable (2017)

Email: cr.huxtable@westonia.wa.gov.au

Portfolio: Community Development, Development Assessment Panels, Tourism



Email: cr.corsini@westonia.wa.gov.au

Cr Renae Corsini (2019)

Portfolio: Agriculture, Community Development, Sport & Recreation

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

Council

COUNCIL MEETINGS

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

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

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

Councillor Meeting Attendance

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

	2015						2016					
	July	Aug	Sept	Oct	Nov	Dec	Feb	March	April	May	June	
President Cr Karin Day	●	●	●	●	●	●	●	●	●	●	●	
Deputy President Cr Doug Hermon	●	●	●	●	●	●	●	●	●	●	●	
Cr Louis Geier	●	●	●	●	●	●	●	●	●	●	●	
Cr John Jefferys	●	●	●	●	●	●	●	●	●	●	●	
Cr Bill Huxtable	●	●	●	●	●	●	●	●	●	●	●	
Cr Renae Corsini	Elected 19 Oct 15			●	●	●	●	●	●	●	●	
Cr Mick Cunningham	●	●	●	Predecessor from 19 Oct 15								

● Attended ● Apologies ● Leave of Absence

Councillors' Remuneration

In the 2015/16 financial year the following remunerations were made to Councillors:

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

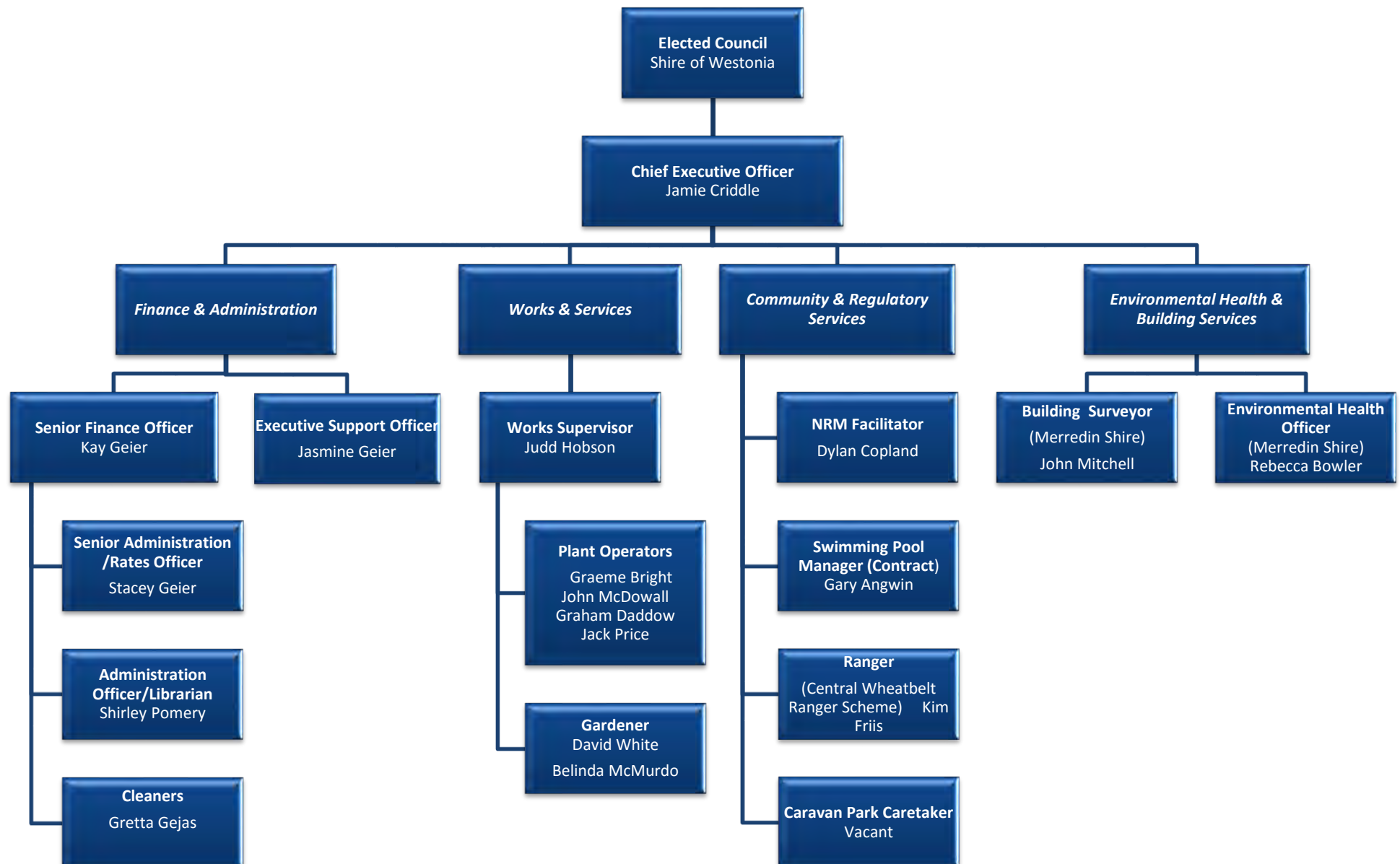
Councillors: \$3,500.00

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 2016 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.

Organisational Structure



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**ENVIROMENTAL****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.

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**

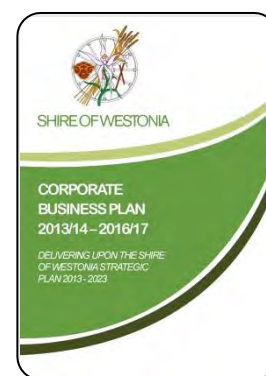
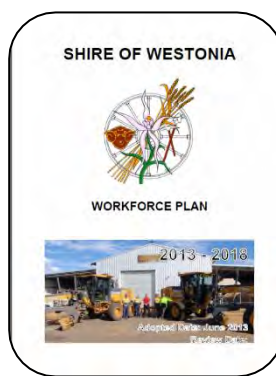
INITIATIVE	STATUS	COMMENTS
Strategy SP9.1 Continue to participate in sub regional and regional groups to gain efficiencies and productivity e.g. WEROC;		Current CEO/President of WEROC
Strategy SP9.2 Provide development opportunities, and a secure Council environment that encourages visionary leadership 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 2016 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



Compliance

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 no applications 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:

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

As at 30th June 2016 one employee of the Shire of Westonia was in the annual salary band of \$130,000 - \$140,000.

Register of Minor Complaints

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

Council did not receive any complaints during the 2015/16 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 2015/16

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 2016 meeting (ref 10-03/16) and was subsequently submitted to the Department of Local Government prior to 31 March 2016 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 2016 meeting (ref 13-05/16)

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 2015/16 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.

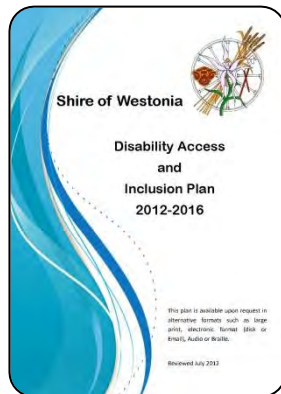
Council is currently undergoing this review.

Disability Services Statement

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

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

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



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

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

Outcome 1: Services and Events

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

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

Outcome 2: Buildings and Other Facilities

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

Outcome 3: Information

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

People with disabilities can access information produced by the Shire of Westonia in different formats. Anyone requiring a different format are encouraged to contact the Shire Office.

Council also has a website which enables ease of access to public documents, information and other Council related data.

Outcome 4: Level and Quality of Service

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

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

Outcome 5: Complaints Process

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

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

Outcome 6: Public Consultation Process

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

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

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



Annual Financial Report Overview

Operating Surplus

An operating surplus of \$ 119,498 derived from operating revenue of \$ 2,147,394 (see figure 1) and operating expenditure of \$ 1,557,285 (see figure 2).

Capital Works

Total capital works expenditure was \$2,395,699 which was expended on the following classes of assets:

- \$ 582,207 on Land and Buildings
- \$ 1,316,462 on Infrastructure assets including roads, and footpaths.
- \$ 465,923 on plant and equipment.
- \$ 25,637 on furniture and equipment.

Assets & Liabilities

Net assets of \$.

Includes:

- Infrastructure (\$ 115,002,628)
- Property plant and equipment (\$2,574,265); and
- Cash and cash equivalent (\$1,218,822).

The Shires plant & equipment assets value increased by \$ 582,542, due largely to the revaluation of Plant & Equipment from historical cost to Fair Value as per the mandatory requirements of the Local Government Act (Financial Management) Regulations 1996.

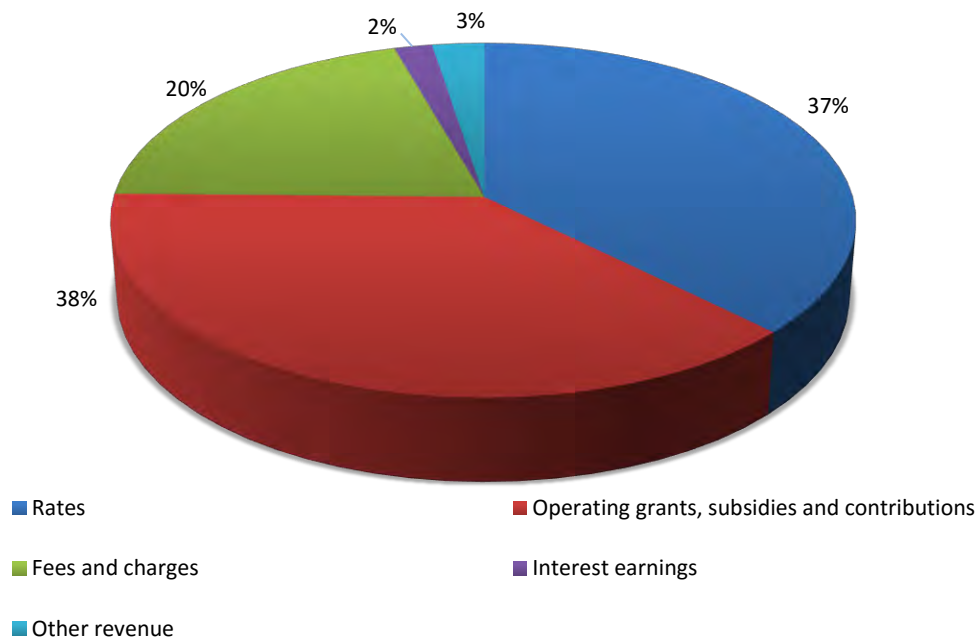
\$ 103,519 of debt was repaid during 15/16 and \$335,333 was owing as at 30th June 2016 (see figure 3).

Operating

Figure 1 shows the various sources of the Shires \$ in operating revenue during 2015/16.

Operating revenue increased by 17% in 2015/16. This increase was influenced by grants and subsidies funding increasing by \$ in 2015/16. (see figure 3).

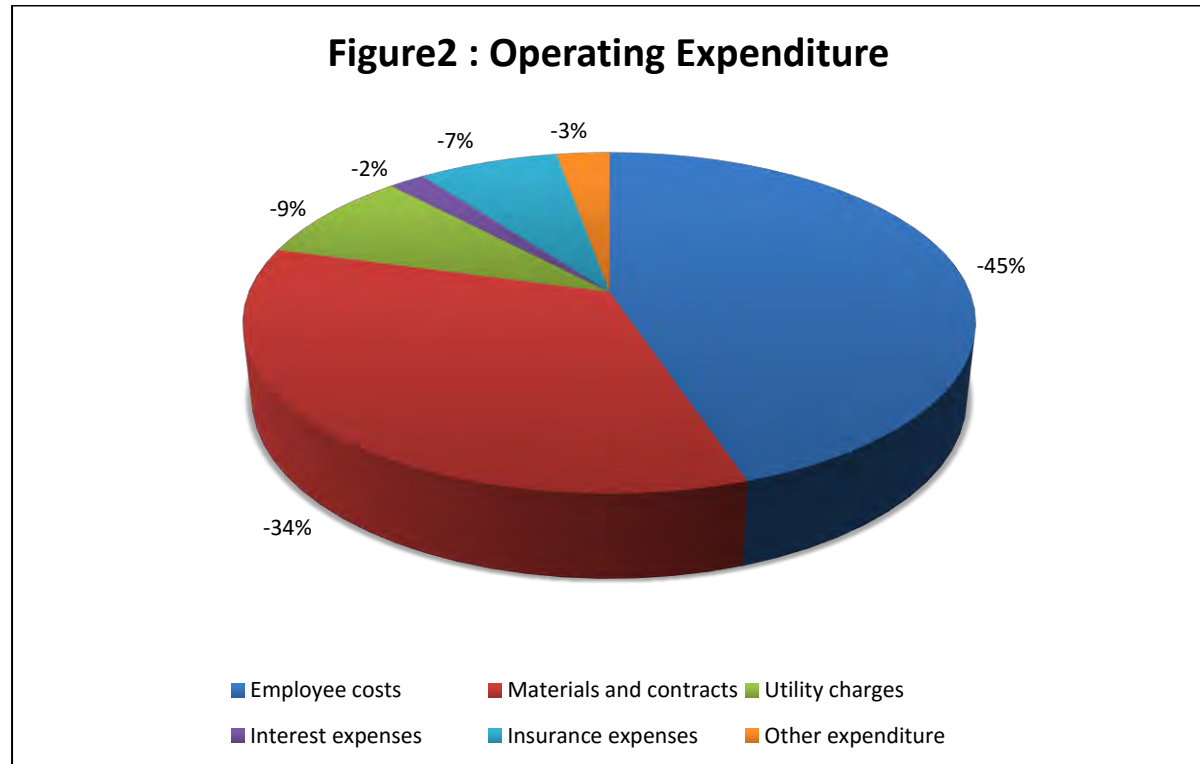
Figure1 : Operating Revenue



Annual Financial Report Overview

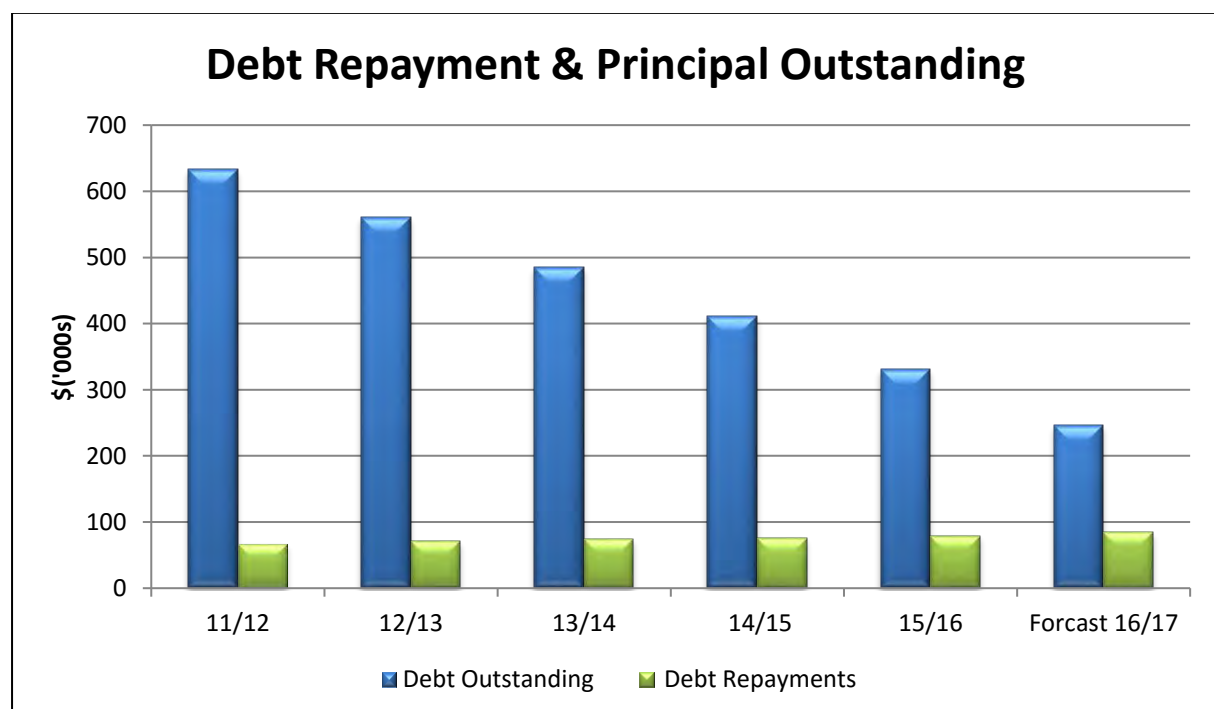
Operating Expenditure

Figure 2 shows the allocation of the Shires \$ of operating expenditure. The primary expense components for 2015/16 were employee costs (14%), materials and contracts (17%) and depreciation (62%).



Debt Repayment and Principal Outstanding

Figure 3 shows a comparison of the debt repayments and outstanding principal over the last 5 years and the 16/17 forecast.





SHIRE OF
WESTONIA
A vibrant community lifestyle

FINANCIAL REPORT

FOR YEAR ENDED
30 JUNE 2016

SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Auditor's Report	58
Supplementary Ratio Information	60

Principal place of business:
Wolfram Street
Westonia, WA 6423

**SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 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 16th day of FEBRUARY 2017



Chief Executive Officer

SHIRE OF WESTONIA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	22	810,380	815,162	775,285
Operating grants, subsidies and contributions	29	832,833	812,146	2,437,438
Fees and charges	28	436,919	312,000	297,399
Interest earnings	2(a)	40,064	29,750	38,796
Other revenue	2(a)	68,042	65,518	133,042
		<u>2,188,238</u>	<u>2,034,576</u>	<u>3,681,960</u>
Expenses				
Employee costs		(713,410)	(589,762)	(642,513)
Materials and contracts		(780,916)	(638,702)	(718,432)
Utility charges		(135,334)	(136,050)	(137,866)
Depreciation on non-current assets	2(a)	(3,102,185)	(1,549,660)	(1,528,907)
Interest expenses	2(a)	(24,432)	(25,321)	(29,883)
Insurance expenses		(114,671)	(101,200)	(106,670)
Other expenditure		(43,429)	(50,000)	(88,018)
		<u>(4,914,377)</u>	<u>(3,090,695)</u>	<u>(3,252,289)</u>
		(2,726,139)	(1,056,119)	429,671
Non-operating grants, subsidies and contributions	29	1,000,350	1,145,100	981,361
Profit on asset disposals	20	21,096	16,820	813
(Loss) on asset disposals	20	(34,940)	(53,252)	(40,863)
Net result		<u>(1,739,633)</u>	<u>52,549</u>	<u>1,370,982</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	582,545	0	109,477,853
Total other comprehensive income		<u>582,545</u>	<u>0</u>	<u>109,477,853</u>
Total comprehensive income		<u><u>(1,157,088)</u></u>	<u><u>52,549</u></u>	<u><u>110,848,835</u></u>

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

SHIRE OF WESTONIA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		1,623	2,150	2,182
General purpose funding		1,437,357	1,463,508	2,636,968
Law, order, public safety		40,586	38,850	44,756
Health		3,490	1,500	1,350
Education and welfare		0	100	0
Housing		179,521	213,700	139,314
Community amenities		8,644	9,900	52,145
Recreation and culture		93,120	54,100	101,742
Transport		107,234	107,200	99,516
Economic services		68,454	84,206	391,841
Other property and services		248,209	59,362	212,146
		<u>2,188,238</u>	<u>2,034,576</u>	<u>3,681,960</u>
Expenses	2(a)			
Governance		(321,125)	(314,140)	(316,281)
General purpose funding		(41,656)	(42,600)	(39,492)
Law, order, public safety		(80,828)	(49,670)	(49,041)
Health		(25,403)	(27,290)	(21,238)
Education and welfare		(27,099)	(27,400)	(16,527)
Housing		(121,761)	(152,300)	(114,256)
Community amenities		(75,278)	(94,415)	(77,286)
Recreation and culture		(541,682)	(532,955)	(441,231)
Transport		(3,278,665)	(1,480,798)	(1,669,131)
Economic services		(303,853)	(309,306)	(285,131)
Other property and services		(72,595)	(34,500)	(192,792)
		<u>(4,889,945)</u>	<u>(3,065,374)</u>	<u>(3,222,406)</u>
Finance costs	2(a)			
Housing		(16,602)	(17,480)	(20,122)
Transport		(4,634)	(4,645)	(6,324)
Economic services		(3,196)	(3,196)	(3,437)
		<u>(24,432)</u>	<u>(25,321)</u>	<u>(29,883)</u>
		<u>(2,726,139)</u>	<u>(1,056,119)</u>	<u>429,671</u>
Non-operating grants, subsidies and contributions	29	1,000,350	1,145,100	981,361
Profit on disposal of assets	20	21,096	16,820	813
(Loss) on disposal of assets	20	(34,940)	(53,252)	(40,863)
Net result		<u>(1,739,633)</u>	<u>52,549</u>	<u>1,370,982</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	582,545	0	109,477,853
Total other comprehensive income		<u>582,545</u>	<u>0</u>	<u>109,477,853</u>
Total comprehensive income		<u><u>(1,157,088)</u></u>	<u><u>52,549</u></u>	<u><u>110,848,835</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 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,218,822	1,861,142
Trade and other receivables	4	317,473	276,038
Inventories	5	18,125	11,071
TOTAL CURRENT ASSETS		<u>1,554,420</u>	<u>2,148,251</u>
NON-CURRENT ASSETS			
Other receivables	4	37,908	46,030
Inventories	5	13,365	15,612
Property, plant and equipment	6	10,749,237	9,785,210
Infrastructure	7	115,002,628	116,337,101
TOTAL NON-CURRENT ASSETS		<u>125,803,138</u>	<u>126,183,953</u>
TOTAL ASSETS		<u>127,357,558</u>	<u>128,332,204</u>
CURRENT LIABILITIES			
Trade and other payables	8	352,528	102,724
Current portion of long term borrowings	9	84,847	79,520
Provisions	10	172,286	169,974
TOTAL CURRENT LIABILITIES		<u>609,661</u>	<u>352,218</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	246,150	330,997
Provisions	10	20,549	10,704
TOTAL NON-CURRENT LIABILITIES		<u>266,699</u>	<u>341,701</u>
TOTAL LIABILITIES		<u>876,360</u>	<u>693,919</u>
NET ASSETS		<u>126,481,198</u>	<u>127,638,285</u>
EQUITY			
Retained surplus		14,709,793	16,494,490
Reserves - cash backed	11	901,872	856,808
Revaluation surplus	12	110,869,533	110,286,988
TOTAL EQUITY		<u>126,481,198</u>	<u>127,638,286</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 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		15,121,461	858,855	809,135	16,789,451
Comprehensive income					
Net result		1,370,982	0	0	1,370,982
Changes on revaluation of assets	12	0	0	109,477,853	109,477,853
Total comprehensive income		1,370,982	0	109,477,853	110,848,835
Transfers from/(to) reserves		2,047	(2,047)	0	0
Balance as at 30 June 2015		16,494,490	856,808	110,286,988	127,638,286
Comprehensive income					
Net result		(1,739,633)	0	0	(1,739,633)
Changes on revaluation of assets	12	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	901,872	110,869,533	126,481,198

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		806,440	815,162	777,357
Operating grants, subsidies and contributions		831,408	812,146	2,278,087
Fees and charges		436,919	312,000	297,399
Interest earnings		40,064	29,750	38,796
Goods and services tax		(35,480)	150,000	212,973
Other revenue		68,043	65,518	133,042
		<u>2,147,394</u>	<u>2,184,576</u>	<u>3,737,654</u>
Payments				
Employee costs		(700,852)	(622,372)	(677,787)
Materials and contracts		(537,248)	(510,108)	(688,693)
Utility charges		(135,334)	(136,050)	(137,866)
Interest expenses		(25,749)	(25,321)	(30,524)
Insurance expenses		(114,671)	(101,200)	(106,670)
Goods and services tax		0	(150,000)	(219,720)
Other expenditure		(43,431)	(50,000)	(88,018)
		<u>(1,557,285)</u>	<u>(1,595,051)</u>	<u>(1,949,278)</u>
Net cash provided by (used in) operating activities	13(b)	590,109	589,525	1,788,376
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on Land held for resale		4,545	0	0
Payments for purchase of property, plant & equipment		(1,073,767)	(706,300)	(1,005,449)
Payments for construction of infrastructure		(1,321,932)	(2,024,275)	(972,896)
Non-operating grants, subsidies and contributions		1,000,350	1,145,100	981,361
Proceeds from sale of fixed assets		230,364	222,650	149,983
Net cash provided by (used in) investment activities		<u>(1,160,440)</u>	<u>(1,362,825)</u>	<u>(847,001)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(79,520)	(79,520)	(74,528)
Proceeds from self supporting loans		7,531	7,644	7,193
Net cash provided by (used in) financing activities		<u>(71,989)</u>	<u>(71,876)</u>	<u>(67,335)</u>
Net increase (decrease) in cash held		(642,320)	(845,176)	874,040
Cash at beginning of year		1,861,142	1,785,594	987,102
Cash and cash equivalents at the end of the year	13(a)	<u><u>1,218,822</u></u>	<u><u>940,418</u></u>	<u><u>1,861,142</u></u>

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

**SHIRE OF WESTONIA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at July 1 b/fwd - surplus/(deficit)		<u>1,011,101</u> 1,011,101	<u>1,024,770</u> 1,024,770	<u>(37,095)</u> (37,095)
Revenue from operating activities (excluding rates)				
Governance		1,623	2,150	2,182
General purpose funding		626,977	652,813	1,861,683
Law, order, public safety		40,586	38,850	44,756
Health		3,490	1,500	1,350
Education and welfare		0	100	0
Housing		181,817	213,700	139,314
Community amenities		8,644	9,900	52,145
Recreation and culture		93,120	54,100	101,742
Transport		126,034	124,020	99,516
Economic services		68,454	84,206	391,841
Other property and services		248,209	59,362	212,959
		<u>1,398,954</u>	<u>1,240,701</u>	<u>2,907,488</u>
Expenditure from operating activities				
Governance		(321,125)	(314,140)	(316,281)
General purpose funding		(41,656)	(42,600)	(39,492)
Law, order, public safety		(80,828)	(49,670)	(49,041)
Health		(25,403)	(27,290)	(21,238)
Education and welfare		(27,099)	(27,400)	(16,527)
Housing		(138,363)	(169,780)	(134,378)
Community amenities		(75,278)	(94,415)	(77,286)
Recreation and culture		(541,682)	(532,955)	(464,758)
Transport		(3,290,361)	(1,499,873)	(1,686,962)
Economic services		(315,315)	(320,787)	(288,568)
Other property and services		(92,208)	(65,037)	(198,621)
		<u>(4,949,318)</u>	<u>(3,143,947)</u>	<u>(3,293,151)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(21,096)	(16,820)	(813)
Loss on disposal of assets	20	34,940	53,252	40,863
Movement in employee benefit provisions (non-current)		9,845	0	1,907
Depreciation and amortisation on assets	2(a)	<u>3,102,185</u>	<u>1,549,660</u>	<u>1,528,907</u>
Amount attributable to operating activities		<u>586,611</u>	<u>707,616</u>	<u>1,148,106</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,000,350	1,145,100	981,361
Proceeds from disposal of assets	20	234,909	222,650	149,983
Purchase of property, plant and equipment	6(b)	(1,073,767)	(706,300)	(1,005,449)
Purchase and construction of infrastructure	7(b)	<u>(1,321,932)</u>	<u>(2,024,275)</u>	<u>(972,896)</u>
Amount attributable to investing activities		<u>(1,160,440)</u>	<u>(1,362,825)</u>	<u>(847,001)</u>
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(79,520)	(79,520)	(74,528)
Proceeds from self supporting loans		7,531	7,644	7,193
Transfers to reserves (restricted assets)	11	(55,322)	(83,610)	(124,453)
Transfers from reserves (restricted assets)	11	<u>10,258</u>	<u>0</u>	<u>126,500</u>
Amount attributable to financing activities		<u>(117,053)</u>	<u>(155,486)</u>	<u>(65,288)</u>
Surplus(deficiency) before general rates		<u>(690,882)</u>	<u>(810,695)</u>	<u>235,816</u>
Total amount raised from general rates	22	<u>810,380</u>	<u>810,695</u>	<u>775,285</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u><u>119,498</u></u>	<u><u>0</u></u>	<u><u>1,011,101</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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	0 to 20 years
Furniture and equipment	0 to 10 years
Plant and equipment	0 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- 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.

Capitalisation threshold

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques (Continued)

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

Held-to-maturity investments are included in 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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, 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.

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽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 2018	<p>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.</p> <p>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.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>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.</p> <p>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.</p>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation. The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

⁽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 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	31,559	20,745
- Other services	0	3,830
Depreciation		
Buildings - Non Specialised	126,804	121,350
Buildings - Specialised	137,372	131,463
Furniture & Equipment	50,001	37,050
Plant & Equipment	131,603	132,336
Infrastructure - Roads	2,634,331	1,092,009
Infrastructure - Footpaths	7,396	1,948
Infrastructure - Parks & Ovals	14,678	12,751
	<u>3,102,185</u>	<u>1,528,907</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	24,432	29,883
	<u>24,432</u>	<u>29,883</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	21,096	5,069
Other	46,946	127,973
	<u>68,042</u>	<u>133,042</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		2015
- Reserve funds	23,323	Actual
- Other funds	4,118	\$
Other interest revenue (refer note 27)	12,622	
	<u>40,064</u>	<u>24,286</u>
		<u>6,312</u>
		<u>8,198</u>
		<u>38,796</u>

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To help ensure adequate staff, community and aged housing.

Activities:

Provision and maintenance of staff, community and aged housing.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY & SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
FESA	Law, Order, Public Safety	0	26,328	(26,328)	0	20,776	(20,776)	0
State NRM -Bird Hide	Ecomomic Services	20,000	0	(20,000)	0	0	0	0
Royalties for Regions	Ecomomic Services	0	328,212	(91,135)	237,077	0	0	237,077
Lottery West - 100yr Celebrations	Recreation & Culture	0	12,750	(12,750)	0	0	0	0
Royalties for Regions - Dual Paths	Transport	0	51,625	0	51,625	0	0	51,625
Main Roads-Specific	Transport	0	273,737	(273,737)	0	238,904	(238,904)	0
Main Roads-Blackspot	Transport	0	179,864	(19,228)	160,636	0	(160,636)	0
Roads to Recovery	Transport	0	172,036	(172,036)	0	666,528	(666,528)	0
Community Crime Prevention	Ecomomic Services	0	8,000	0	8,000	0	(8,000)	0
Wheatbelt Development Commission	Ecomomic Services	0	20,000	0	20,000	0	(20,000)	0
Total		20,000	1,072,552	(615,214)	477,338	926,208	(1,114,844)	288,702

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 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted Cash		28,248	526,996
Restricted Cash		<u>1,190,574</u>	<u>1,334,146</u>
		<u><u>1,218,822</u></u>	<u><u>1,861,142</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	117,683	114,579
Plant Replacement	11	284,481	276,977
Building Reserve	11	262,612	255,685
Communication/It Reserve	11	25,847	35,152
Community Development Reserve	11	136,004	132,416
Waste Management Reserve	11	43,137	41,999
Swimmig Pool Reserve	11	32,108	0
Unspent grants	2(c)	<u>288,702</u>	<u>477,338</u>
		<u><u>1,190,574</u></u>	<u><u>1,334,146</u></u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	39,311	35,372
Sundry debtors	232,825	232,022
GST receivable	35,480	0
Loans receivable - clubs/institutions	8,235	7,644
Income Received in Advance	1,622	1,000
	<u>317,473</u>	<u>276,038</u>
Non-current		
Loans receivable - clubs/institutions	37,908	46,030
	<u>37,908</u>	<u>46,030</u>
5. INVENTORIES		
Current		
Fuel and materials	18,125	11,071
	<u>18,125</u>	<u>11,071</u>
Non-current		
Land held for resale - cost		
Cost of acquisition	0	9,912
Development costs	13,365	5,701
	<u>13,365</u>	<u>15,613</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - Freehold at:		
- Independent valuation 2014 - level 2	174,000	174,000
	<u>174,000</u>	<u>174,000</u>
	<u>174,000</u>	<u>174,000</u>
Buildings - Non Specialised at:		
- Independent valuation 2014 - level 2	1,735,000	1,735,000
- Additions after valuation - cost	665,708	83,501
Less: accumulated depreciation	<u>(248,154)</u>	<u>(121,350)</u>
	2,152,554	1,697,151
Buildings - Specialised at:		
- Independent valuation 2014 - level 3	5,055,164	5,055,164
- Additions after valuation - cost	511,949	511,949
Less: accumulated depreciation	<u>(268,835)</u>	<u>(131,463)</u>
	5,298,278	5,435,650
	<u>7,450,832</u>	<u>7,132,801</u>
Total land and buildings	<u>7,624,832</u>	<u>7,306,801</u>
Furniture & Equipment at:		
- Management valuation 2016- level 2	550,140	0
- Management valuation 2015 - level 3	0	173,541
- Independent valuation 2015 - level 3	0	388,000
	<u>550,140</u>	<u>561,541</u>
Plant & Equipment at:		
- Independent Valuation 2016 - level 2	2,574,265	0
- Management valuation 2013 - level 3	0	1,377,745
- Additions after valuation - cost	0	763,213
Less accumulated depreciation	<u>0</u>	<u>(224,090)</u>
	2,574,265	1,916,868
	<u>10,749,237</u>	<u>9,785,210</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 2016

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	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	1,697,151	582,207	0	0	0	0	(126,804)	0	2,152,554
Buildings - Specialised	5,435,650	0	0	0	0	0	(137,372)	0	5,298,278
Total buildings	7,132,801	582,207	0	0	0	0	(264,176)	0	7,450,832
Total land and buildings	7,306,801	582,207	0	0	0	0	(264,176)	0	7,624,832
Furniture & Equipment	561,541	25,637	0	12,963	0	0	(50,001)	0	550,140
Plant & Equipment	1,916,868	465,923	(246,505)	569,582	0	0	(131,603)	0	2,574,265
Total property, plant and equipment	9,785,210	1,073,767	(246,505)	582,545	0	0	(445,780)	0	10,749,237

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2014	Price per hectare/market borrowing rate
Buildings - Non Specialised	2	Market approach using recent observable market date for similar properties	Independent Registered Valuer	June 2014	Price per Square metre
Buildings - Specialised	3	Improvements to land valued using cost approach using depreciated replacment cost	Independent Registered Valuer	June 2014	Improvements to land using construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Furniture & Equipment	2	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 & Equipment	2	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 2016

	2016 \$	2015 \$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation June 2015 - Level 3	115,736,960	115,736,960
- Additions after valuation - cost	1,232,537	0
Less accumulated depreciation	<u>(2,634,331)</u>	<u>0</u>
	114,335,166	115,736,960
 Infrastructure - Footpaths		
- Management valuation June 2015 - Level 3	135,950	135,950
- Additions after valuation - cost	83,925	0
Less accumulated depreciation	<u>(7,396)</u>	<u>0</u>
	212,479	135,950
 Infrastructure - Parks & Ovals		
- Management valuation June 2015 - Level 3	464,191	464,191
- Additions after valuation - cost	5,470	0
Less accumulated depreciation	<u>(14,678)</u>	<u>0</u>
	454,983	464,191
	<u>115,002,628</u>	<u>116,337,101</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 2016

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)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	115,736,960	1,232,537	0	0	0	0	(2,634,331)	114,335,166
Infrastructure - Footpaths	135,950	83,925	0	0	0	0	(7,396)	212,479
Infrastructure - Parks & Ovals	464,191	5,470	0	0	0	0	(14,678)	454,983
Total infrastructure	<u>116,337,101</u>	<u>1,321,932</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,656,405)</u>	<u>115,002,628</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2015	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 2016

	2016 \$	2015 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	317,720	82,954
Accrued interest on debentures	2,833	4,152
Accrued salaries and wages	10,888	0
GST due to ATO	5,131	15,618
Payroll Creditors	15,956	0
	<u>352,528</u>	<u>102,724</u>

9. LONG-TERM BORROWINGS

Current

Secured by floating charge		
Loan Liability - Current	84,847	79,520
	<u>84,847</u>	<u>79,520</u>

Non-current

Secured by floating charge		
Loan Liability - Non Current	246,150	330,997
	<u>246,150</u>	<u>330,997</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	85,085	84,889	169,974
Non-current provisions	<u>0</u>	<u>10,704</u>	<u>10,704</u>
	85,085	95,593	180,678
Additional provision	<u>22,636</u>	<u>(10,479)</u>	<u>12,157</u>
Balance at 30 June 2016	<u>107,721</u>	<u>85,114</u>	<u>192,835</u>
Comprises			
Current	43,156	64,565	172,286
Non-current	<u>0</u>	<u>20,549</u>	<u>20,549</u>
	<u>43,156</u>	<u>85,114</u>	<u>192,835</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Long Service Leave Reserve	114,579	3,104	0	117,683	114,579	3,500	0	118,079	117,345	3,734	(6,500)	114,579
Plant Replacement	276,977	7,504	0	284,481	276,977	6,000	0	282,977	220,043	56,934	0	276,977
Building Reserve	255,685	6,927	0	262,612	255,685	7,000	0	262,685	317,162	58,523	(120,000)	255,685
Communication/It Reserve	35,152	953	(10,258)	25,847	35,152	500	0	35,652	34,521	631	0	35,152
Community Development Reserve	132,416	3,588	0	136,004	132,416	3,500	0	135,916	128,498	3,918	0	132,416
Waste Management Reserve	41,999	1,138	0	43,137	41,999	500	0	42,499	41,286	713	0	41,999
Swimmig Pool Reserve	0	32,108	0	32,108	0	62,610	0	62,610	0	0	0	0
	<u>856,808</u>	<u>55,322</u>	<u>(10,258)</u>	<u>901,872</u>	<u>856,808</u>	<u>83,610</u>	<u>0</u>	<u>940,418</u>	<u>858,855</u>	<u>124,453</u>	<u>(126,500)</u>	<u>856,808</u>

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

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 Reseve	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.
Swimmig 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 2016

12. REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	Decrement	Movement on	Balance	Balance	Increment	Decrement	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	809,135		0	0	809,135	809,135	0	0	0	809,135
Plant & Equipment	0	569,582	0	569,582	569,582	0	0	0	0	0
Furniture & Equipment	375,324	12,963	0	12,963	388,287	0	375,324	0	375,324	375,324
Infrastructure - Roads	108,718,360	0	0	0	108,718,360	0	108,718,360	0	108,718,360	108,718,360
Infrastructure - Footpaths	122,311	0	0	0	122,311	0	122,311	0	122,311	122,311
Infrastructure - Parks & Ovals	261,858	0	0	0	261,858	0	261,858	0	261,858	261,858
	110,286,988	582,545	0	582,545	110,869,533	809,135	109,477,853	0	109,477,853	110,286,988

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 2016

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>1,218,822</u>	<u>940,418</u>	<u>1,861,142</u>

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

Net result	(1,739,633)	52,549	1,370,982
Non-cash flows in Net result:			
Depreciation	3,102,185	1,549,660	1,528,907
(Profit)/Loss on sale of asset	13,844	36,432	40,050
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(40,844)	79,721	(157,279)
(Increase)/Decrease in inventories	(7,054)	3,162	0
Increase/(Decrease) in payables	249,804	13,100	(14,683)
Increase/(Decrease) in provisions	12,157	0	1,760
Grants contributions for the development of assets	<u>(1,000,350)</u>	<u>(1,145,100)</u>	<u>(981,361)</u>
Net cash from operating activities	<u>590,109</u>	<u>589,524</u>	<u>1,788,376</u>

	2016 \$	2015 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	13,000	13,000
Credit card balance at balance date	<u>0</u>	<u>0</u>
Total amount of credit unused	<u>13,000</u>	<u>13,000</u>
Loan facilities		
Loan facilities - current	84,847	79,520
Loan facilities - non-current	246,150	330,997
Total facilities in use at balance date	<u>330,997</u>	<u>410,517</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 2016**

14. CONTINGENT LIABILITIES

The Shire of Westonia is not aware of any reportable contingent liability.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire of Westonia 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.

16. 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:

	2016	2015
	\$	\$
Non-current assets		
Land and buildings	300,000	300,000
Less: accumulated depreciation	(11,917)	(7,500)
	<u>288,083</u>	<u>292,500</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	29,619	26,684
General purpose funding	288,571	322,068
Law, order, public safety	43,210	81,342
Health	36,800	38,400
Education and welfare	120,002	90,000
Housing	2,187,366	2,047,449
Community amenities	600,005	604,647
Recreation and culture	2,272,742	2,393,795
Transport	115,144,844	117,461,905
Economic services	1,656,385	1,418,132
Other property and services	3,127,754	2,975,148
Unallocated	1,850,260	872,636
	<u>127,357,558</u>	<u>128,332,206</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015	2014
18. FINANCIAL RATIOS			
Current ratio	0.74	3.43	0.97
Asset sustainability ratio	0.70	0.86	0.70
Debt service cover ratio	3.72	18.66	5.47
Operating surplus ratio	(1.99)	0.34	(0.72)
Own source revenue coverage ratio	0.28	0.35	0.38

The above ratios are calculated as follows:

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

Notes:

(a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 60 of this document.

(i) For 2016, the Debt Service Cover and the Operating Surplus ratios as disclosed above are 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 of \$617,346.

(ii) For 2015, the Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015 as mentioned in (i).

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

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

	2016	2015	2014
Current ratio	0.74	0.83	3.31
Debt service cover ratio	9.66	12.75	10.68
Operating surplus ratio	(1.52)	(0.20)	(0.20)

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

19. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Police Licensing	(1,120)	125,501	(125,886)	(1,505)
BCITF Training Levy - Now CTF Levy	0	514	0	514
BRB Building Levy - Now BSL Levy	0	503	0	503
Nomination Deposits	0	400	(400)	0
Bonds	2,480	760	(160)	3,080
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	551	2,584	0	3,135
Accommodation Units	2,900	0	0	2,900
WEIRA - Booderockin Water Scheme	647	0	0	647
Warralakin Hall	1,700	0	0	1,700
Social Club	9,038	2,974	(3,600)	8,412
Walgoolan History Group	12,065	0	0	12,065
Community Project	1,000	0	0	1,000
Rural Youth	6,596	0	0	6,596
Westonia P & C	909	0	0	909
LGMA - Receipts	4,514	868	0	5,382
Rates Incentive Prize	50	0	450	500
	<u>64,044</u>			<u>68,552</u>

20. DISPOSALS OF ASSETS - 2015/16 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 \$
Land Held for Resale								
No 20 Lot 298 Pyrite Street	2,249	4,545	2,296	0	0	0		
Transport								
Holden Colarado - WT111	32,923	32,045	0	(878)	32,951	31,500	0	(1,451)
Toyota HiluX - WT06 (Gardner)	13,312	12,727	0	(585)	13,806	8,200	0	(5,606)
Mini Excavator	22,598	17,000	0	(5,598)	23,373	16,000	0	(7,373)
Telehandler	50,248	69,048	18,800	0	50,630	67,450	16,820	0
Economic services								
Toyoya Hilux Dual Cab -04WT	33,720	25,454	0	(8,266)	33,785	25,500	0	(8,285)
Other property and services								
Toyota Landcruiser - 0WT	68,299	61,136	0	(7,163)	69,080	61,000	0	(8,080)
Toyota Aurion - 02WT	25,404	12,954	0	(12,450)	35,457	13,000	0	(22,457)
	<u>248,753</u>	<u>234,909</u>	<u>21,096</u>	<u>(34,940)</u>	<u>259,082</u>	<u>222,650</u>	<u>16,820</u>	<u>(53,252)</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments Actual Budget \$ \$		Principal 30 June 2016 Actual Budget \$ \$		Interest Repayments Actual Budget \$ \$	
Housing								
Loan 5 - Lifestyle Village	288,637	0	50,765	50,765	237,872	237,872	16,602	17,480
Transport								
Loan 4 - Depot	68,206	0	21,111	21,111	47,095	47,095	4,635	4,645
Economic services								
Loan 6 -Community Bus *	53,674	0	7,644	7,644	46,030	46,030	3,196	3,196
	410,517	0	79,520	79,520	330,997	330,997	24,433	25,321
	410,517	0	79,520	79,520	330,997	330,997	24,433	25,321

(*)Self supporting loan financed by payments from third parties.
All 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 2016**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire of Westonia did not have any unspent debentures as at 30 June 2016.

(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 2016

22. RATING INFORMATION - 2015/16 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	5.1699	67	653,432	33,782	0	0	33,782	33,782	0	0	33,782
Mining	13.8366	2	1,591,500	220,209	0	0	220,209	220,209	0	0	220,209
Unimproved value valuations											
Rural/Pastoral	1.4221	160	37,800,500	537,561	0	0	537,561	537,561	(106)	0	537,455
Mining	1.7158	14	127,262	2,184	(421)	0	1,763	2,184	0	0	2,184
Sub-Total		243	40,172,694	793,736	(421)	0	793,315	793,736	(106)	0	793,630
Minimum payment	Minimum \$										
Gross rental value valuations											
Residential	355	24	58,322	8,520	0	0	8,520		8,520	0	8,520
Mining	355	0	0	0	0	0	0		0	0	0
Unimproved value valuations											
Rural/Pastoral	355	19	216,900	6,745	0	0	6,745		6,745	0	6,745
Mining	200	9	30,365	1,800	0	0	1,800		1,800	0	1,800
Sub-Total		52	305,587	17,065	0	0	17,065	0	17,065	0	17,065
		295	40,478,281	810,801	(421)	0	810,380	793,736	16,959	0	810,695
Discounts/concessions (refer note 26)							0				0
Total amount raised from general rate							810,380				810,695
Specified Area Rate (refer note 24)							0				0
Ex-gratia rates							0				4,467
Totals							810,380				815,162

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit)	<u>119,498</u>	<u>1,011,101</u>	<u>1,011,101</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted Cash	28,248	526,996	526,996
Restricted Cash	1,190,574	1,334,146	1,334,146
Receivables			
Rates outstanding	39,311	35,372	35,372
Sundry debtors	232,825	232,022	232,022
GST receivable	35,480	0	0
Loans receivable - clubs/institutions	8,235	7,644	7,644
Income Received in Advance	1,622	1,000	1,000
Inventories			
Fuel and materials	18,125	11,071	11,071
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(317,720)	(82,954)	(82,954)
Accrued interest on debentures	(2,833)	(4,152)	(4,152)
Accrued salaries and wages	(10,888)	0	0
GST due to ATO	(5,131)	(15,618)	(15,618)
Payroll Creditors	(15,956)	0	0
Current portion of long term borrowings			
Secured by floating charge	(84,847)	(79,520)	(79,520)
Provisions			
Provision for annual leave	(107,721)	(85,085)	(85,085)
Provision for long service leave	(64,565)	(84,889)	(84,889)
Unadjusted net current assets	<u>944,759</u>	<u>1,796,033</u>	<u>1,796,033</u>
Adjustments			
Less: Reserves - restricted cash	(901,873)	(856,808)	(856,808)
Less: Land held for resale - cost			
Less: Loans receivable - clubs/institutions	(8,235)	(7,644)	(7,644)
Add: Secured by floating charge	84,847	79,520	79,520
Adjusted net current assets - surplus/(deficit)	<u>119,498</u>	<u>1,011,101</u>	<u>1,011,101</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire of Westonia did not levy a Specified Area Rate during the year.

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire of Westonia did not impose any service charges during the year.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

Rates Discounts

No discount on Rates is available.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	04-Sep-15			
Option Two				
First Instalment	04-Sep-15	0		
Second Instalment	04-Jan-16	5	5.50%	10.00%
Option Three				
First Instalment	04-Sep-15	0		
Second Instalment	06-Nov-15	5	5.50%	10.00%
Third Instalment	04-Jan-16	5	5.50%	10.00%
Fourth Instalment	07-Mar-16	5	5.50%	10.00%

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	9,761	2,000
Interest on instalment plan	2,861	1,650
Charges on instalment plan	1,536	1,000
	<u>14,158</u>	<u>4,650</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. FEES & CHARGES	2016 \$	2015 \$
Governance	0	67
General purpose funding	0	4,437
Law, order, public safety	1,774	392
Health	1,840	1,350
Housing	176,002	139,314
Community amenities	8,644	9,145
Recreation and culture	782	2,818
Transport	0	1,016
Economic services	45,177	41,789
Other property and services	202,700	97,071
	<u>436,919</u>	<u>297,399</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2016 \$	2015 \$
Operating grants, subsidies and contributions		
Governance	44	0
General purpose funding	585,378	1,818,450
Law, order, public safety	34,412	39,964
Housing	3,518	0
Community amenities	0	43,000
Recreation and culture	92,338	98,924
Transport	107,234	98,500
Economic services	9,545	338,600
Other property and services	364	0
	<u>832,833</u>	<u>2,437,438</u>
Non-operating grants, subsidies and contributions		
Housing	94,918	251,082
Transport	905,432	710,279
	<u>1,000,350</u>	<u>981,361</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>13</u>	<u>13</u>
-----------	-----------

31. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	21,000	21,000	25,850
President's allowance	5,500	5,500	1,000
Travelling Expenses	829	1,500	1,111
Telecommunications allowance	1,430	1,200	1,890
	<u>28,759</u>	<u>29,200</u>	<u>29,851</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

32. 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	2016 \$	2016 Budget \$	2015 \$
Operating income			
- Lease Proceeds	88,285	86,600	66,543
Operating Expenditure			
- Other	7,729	16,250	3,461
Capital expenditure			
- Loan Repayments	50,765	50,765	47,698
- Development costs			
	<u>50,765</u>	<u>50,765</u>	<u>47,698</u>

(c) Expected Future Cash Flows

	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
Cash outflows					
- Development costs	(1,422)	(1,467)	(1,512)	0	(4,401)
- Loan repayments	(68,245)	(68,245)	(68,245)	0	(204,735)
	<u>(69,667)</u>	<u>(69,712)</u>	<u>(69,757)</u>	<u>0</u>	<u>(209,136)</u>
Cash inflows					
- Leasing proceeds	94,600	97,600	100,600	0	292,800
	<u>94,600</u>	<u>97,600</u>	<u>100,600</u>	<u>0</u>	<u>292,800</u>
Net cash flows	<u>24,933</u>	<u>27,888</u>	<u>30,843</u>	<u>0</u>	<u>83,664</u>

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,218,822	1,861,142	1,218,822	1,861,142
Receivables	355,381	322,068	355,381	322,068
	<u>1,574,203</u>	<u>2,183,210</u>	<u>1,574,203</u>	<u>2,183,210</u>
Financial liabilities				
Payables	352,528	102,724	352,528	102,724
Borrowings	330,997	410,517	363,086	381,517
	<u>683,525</u>	<u>513,241</u>	<u>715,616</u>	<u>484,241</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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

Cash and cash equivalents 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.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	12,188	14,241
- Statement of Comprehensive Income	12,188	14,241

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 2016

34. 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:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	61%	95.66%
- Overdue	39%	4.34%

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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>2016</u>					
Payables	352,530	0	0	352,530	352,530
Borrowings	104,840	273,849	0	378,689	330,997
	<u>457,370</u>	<u>273,849</u>	<u>0</u>	<u>731,219</u>	<u>683,527</u>
<u>2015</u>					
Payables	102,724	0	0	102,724	102,724
Borrowings	104,840	367,850	10,839	483,529	410,517
	<u>207,564</u>	<u>367,850</u>	<u>10,839</u>	<u>586,253</u>	<u>513,241</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	47,095	0	237,872	46,030	0	330,997	6.46%
Weighted average		7.37%		6.33%	6.17%			
Effective interest rate								
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	68,206	0	288,637	53,674	410,517	6.48%
Weighted average			7.37%		6.33%	6.17%		
Effective interest rate								

**SHIRE OF WESTONIA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

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

	2016	2015	2014
Asset consumption ratio	0.96	0.73	0.49
Asset renewal funding ratio	1.22	N/A	N/A

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000
PO Box 5785, St Georges Terrace,
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephens.com.au

16 February 2017

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

Dear Jamie

**AUDIT OF SHIRE OF WESTONIA
FOR THE YEAR ENDED 30TH JUNE 2016**

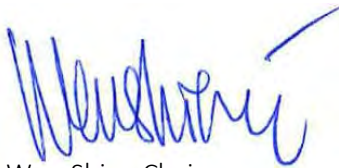
We advise that we have completed the audit of your Shire for the year ended 30th June 2016 and enclose our Audit Report and a copy of the Management Report.

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

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

Please contact us if you have any queries.

Yours sincerely



Wen-Shien Chai
Partner
[Moore Stephens](http://www.moorestephens.com.au)

Encl.

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Westonia, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

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

Report On Other Legal and Regulatory Requirements

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

Annual Budget

A copy of the annual budget for the year ended 30 June 2016 was not submitted to the Department of Local Government and Communities within 30 days of its adoption as required by Financial Management Regulation 33.

Differential General Rates

With respect to differential rates imposed for 2015/2016,

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

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i. reasonably calculated; and
 - ii. based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS

WEN-SHIEN CHAI
PARTNER

Date: 16 February 2017
Perth, WA