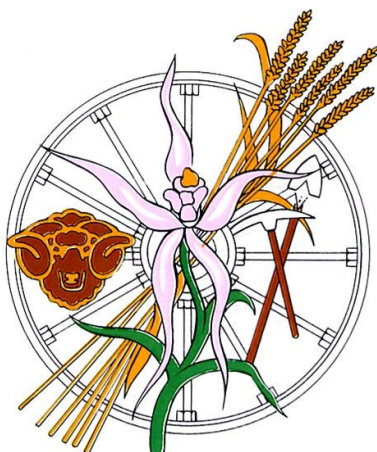


2013/14

Annual Report

www.westonia.wa.gov.au

Westonia.....a vibrant community lifestyle



Shire of Westonia

Wolfram street, Westonia



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

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

By email		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

President's Report



I am pleased to present the 2013/2014 Annual Report for the Shire of Westonia.

I would like to extend my thanks to all staff for their efforts throughout the year, their efforts have enabled the Shire to continue functioning and steadily improving. The Shire is looking relatively attractive, staff are delivering many services, with particular focus on activities for children and more sport and recreation opportunities for older community members.

I am pleased to report that a long awaited major upgrade to the main street was completed during the 2013/2014 financial year. This involved the application of a seven metre bitumen seal to Wolfram Street, from Boodarockin Road to Cement Street: Site works were also undertaken in preparation for the application of a seven metre bitumen seal at the intersection of Wolfram Street and Westonia-Carrabin Road, as well as the bitumising of a two kilometre stretch of Westonia Carrabin Road and the reseal of the final section of Leaches Road to Warralakin Road. These Projects were a carryover from the 2012/2013 financial year.

With the impending retirement of the “Baby Boomers” generation, we can expect that the demands on the provisions of Infrastructure, services and facilities will continue to increase. Westonia was successful in obtaining funding via the Royalties for Regions Program, Country Local Government Fund to build Aged Housing. This project commenced in 2013/14 two (2) two bedroom units located on the corner of Gold and Quartz Street Lot 414 arrived in February/March 2014 to provide additional accommodation options for older residents, Site works were also undertaken for a further two (2) two bedroom aged units to be situated adjacent on Quartz Street within the 2014/2015 Budget.

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

In October, 2013 brought Local Government Election where Cr John Jefferys, and myself were re-elected. Cr Bill Huxtable was elected to fill the vacancy carried forward.

My fellow Councillors continue to serve the community in a co-operative and team environment and, together with our staff, I feel confident that we will continue to produce outstanding outcomes for each and every resident within the Shire of Westonia.

The 2013/2014 year has been a successful one but there is always room for improvement and hopefully the next year can achieve even better results in excellence and delivering of services and leadership from Council through to all areas

Louis Geier
PRESIDENT

Chief Executive Officer's Report



It is with pleasure to present the Chief Executive Officers annual report on the 2013/2014 year of operations of the Shire of Westonia.

MANAGEMENT STAFF

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

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

During the year of review there were three changes to the staff structure where Jan Swanepole, Roger Pascoe and Katrina Kingston all resigned from their positions.

Council and Staff wish Jan, Roger and Katrina all the best with their future endeavours.

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

BUDGETING

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

All budgets take into consideration items of works that have been identified in the Corporate Business Plan, Strategic Plan and Forward Capital Works Plan.

FINANCE

The Shire's financial position to the 30 June 2014 ended with an untied accrued surplus of \$108,247 with restricted cash of an additional \$20,000. The restricted cash component is for use in the 2014/2015 year. This surplus was a pleasing result due to Council experiencing a number of matters that required out of budget expenditure and with a majority of intended projects completed or in process of construction/completion.

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

GENERAL PURPOSE GRANT

Whilst the demand for works and services throughout the Shire is increasing the levels of Government funding, particularly the General Purpose Grant and Roadwork's 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

The confirmed figure for 2014/2015 is \$1,193,478 being a very welcoming increase of \$142,070.

MAJOR/CAPITAL EXPENDITURE

Some major projects and purchases made during the 2013/2014 year that have not been reported in other sectors of the Annual Report include:

- Completion of the Club Hotel Museum project;
- Construction of community houses (one 4x2 house & four 2x2 units);
- Completion of the Community Resource Centre Façade project;
- Minor Swimming Pool Upgrades (Leak Detector/Shut down system);
- Tourism initiatives (Entry Statement, Tourism Billboards, Parking Bay Gazebo);
- Recreation upgrades (Play Equipment, Golf Club Tees);
- Complete Airport Building.

Plant purchases include:

- Smooth Drum Roller. (\$190,000)
- 3 Point Linkage Road Broom (\$11,500)
- Various Admin, Works Fleet vehicles. (\$84,500)

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 2013/2014 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 2013/2014 and I am confident the Council will again receive that support in 2014/2015 and for many years to come.

JAMIE CRIDDLE
CHIEF EXECUTIVE OFFICER



Westonia in Brief



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

The shire population consists of approximately 277 people spread across an area of 3,268 square kilometres and includes the towns of Walgoolan, Carrabin, Warralakin and the main centre Westonia. Westonia's main industries are broad acre wheat and sheep farming, and gold mining. Westonia is a small and friendly rural community where people from all walks of life can participate.

The town of Westonia was named after Alfred David Weston, a sandalwood cutter who prospected in his spare time, and discovered gold near Boodalin Soak in 1910. He pegged the lease and started mining, creating a rush of gold prospectors to the area. A month after Alfred Weston made his initial application for four gold mining leases, Edmund Annear of Burracoppin made an application for a mining lease three miles south east of Weston's leases at the Boodalin Soak. Annear named the lease the Edna May after an aunt. This lease would eventually become Westonia's Edna May Gold mine, a mine that has been an active gold mine four times since the initial lease was pegged. The Edna May is currently operated by Evolution Mining who poured

their first gold from the mine in April of 2010, which signalled its movement into full mining production for the fourth time.

By the 1930's the district had also been extensively developed for agriculture and wheat/sheep farming now represents the primary industry in the area. Westonia has however always benefitted greatly from the coexistence of both the mining and agricultural industries within the shire.

Shire Statistics

Area	3,268km ²
Length of Sealed Roads	121km
Length of Unsealed Roads	764km
Population	277
Number of Dwellings	128
Total Rates	\$ 720,000
Total Revenue	\$2,501,120
Number of Employees	19

Shire Attractions

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

Local Industries

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

Localities

Westonia, Walgoolan, Carrabin
Warralakin, Elachbutting

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.

COMMITTEE MEETINGS

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



Cr Louis Geier (2017)
Shire President

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



Cr Karin Day (2015)
Deputy President

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



Cr Doug Hermon (2015)

Portfolio: Community Development, Emergency, Services. Agriculture



Cr Michael Cunningham (2015)

Portfolio: Tourism, Community Development, Sport & Recreation



Cr John Jefferys (2017)

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



Cr Bill Huxtable (2017)

Portfolio: Community Development, Development Assessment Panels

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

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.

	18 July 13	15 Aug 13	19 Sept 13	24 Oct 13	21 Nov 13	19 Dec 13	20 Feb 14	20 March 14	17 April 14	15 May 14	19 June 14
President Cr Louis Geier	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Deputy President Cr Karin Day	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cr Doug Hermon	✓		✓	✓	✓	✓	✓	✓		✓	✓
Cr John Jefferys		✓	✓	✓		✓	✓	✓	✓		✓
Cr Mick Cunningham	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Cr Bill Huxtable	Elected Member from 24 Oct 13			✓	✓	✓	✓	✓	✓	✓	✓
Cr Leon Guest	✓	✓	✓	✓	Predecessor Resignation from 24 Oct 13						

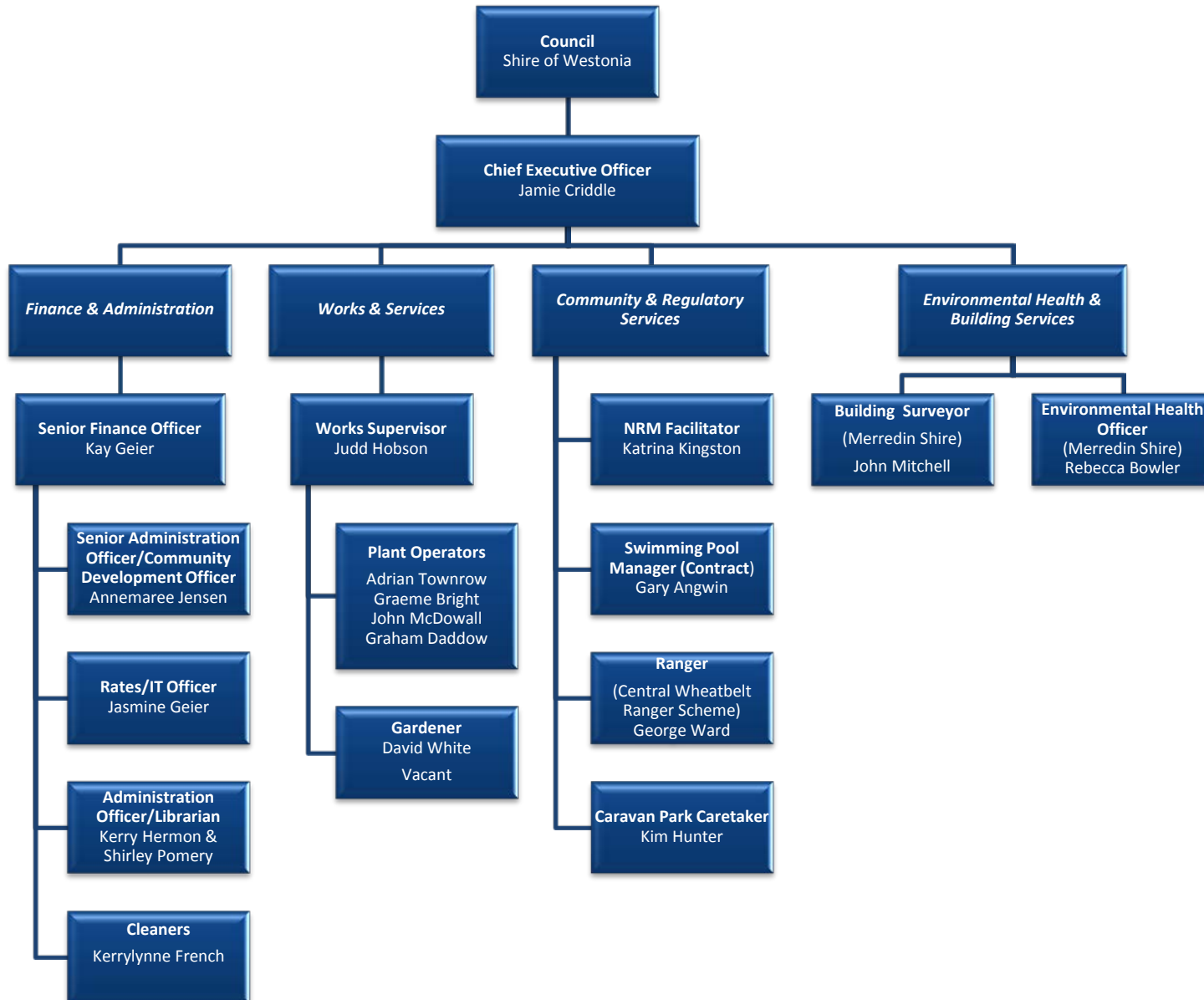
Councillors' Remuneration

In the 2013/14 financial year the following remunerations were made to Councillors:

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

Councillors: \$3,500.00

Staff Organisational Structure



Future Plan

Community Strategic Plan

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

Corporate Business Plan

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

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

The Corporate Business Plan also has the following supporting documents:

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

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

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

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

Reporting Requirements

The operations of the Strategic Community Plan and Corporate Business Plan are to be reported on and this commences as from 1 July 2013. Reporting required is to include an overview, what major initiatives are to continue into the next financial year, any modifications made to the Strategic Community Plan and any significant modifications made to the Corporate Business Plan.

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

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

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

1. CONTINUE TO DEVELOP OUR UNIQUE COUNTRY LIFESTYLE

- 1.1 Create a strong sense of identity and belonging;
- 1.2 Maintain the provision of high quality, financially viable, accessible community services and infrastructure to meet the needs of the community;

- 1.3 Assist in providing a range of accommodation options in the Shire.

2. ENHANCED SOCIAL AND COMMUNITY WELL BEING

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

3. A SAFE AND CONNECTED COMMUNITY

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

4. AN ECONOMY THAT IS WELL PREPARED FOR THE FUTURE

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

5. THE WESTONIA TOURIST EXPERIENCE IS UNIQUE

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

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

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

7. A QUALITY ENVIRONMENT

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

8. LEAD THE WAY IN RESOURCE RECOVERY

- 8.1 Participate in best practice water and energy management

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

- 9.1 Continue to participate in sub regional and regional groups to gain efficiencies and productivity e.g. WEROC;
- 9.2 Provide development opportunities, and a secure Council environment that encourages visionary leadership and ideas to complement existing strategies in providing solutions to the long term challenges facing the Shire;
- 9.3 Provide excellent customer service functions to all community members and rate payers;
- 9.4 Develop excellent communication tools, in a range of suitable formats, to ensure a well-informed community;
- 9.5 Commit to the provision of essential and non-essential services in the community;
- 9.6 Implement a range of collaborative partnerships with businesses and community groups to ensure their sustainability into the future;
- 9.7 Annually review compliance methods;
- 9.8 Human resource excellence;
- 9.9 Provision of a safe, secure and encouraging working environment for all staff and elected members;



Major Initiatives proposed or continuing during 2014/15 are:

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

Plant purchases include:

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

As at 30 June 2014 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

Forward Capital Works Plan

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

Public Interest Disclosures

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 2013/14.

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.

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 2013/14 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.

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 2014 one employee of the Shire of Westonia was in the annual salary band of \$120,000 - \$130,000.

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 2013/14 financial year.

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***.

Disability Services Statement

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

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

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

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

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

Outcome 1: Services and Events

Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by the Shire. Council ensures people with disabilities are given access to all Shire events and to access the services of the Shire. These facilities include level ground for caravan parking, new footpaths to the town centre.

Outcome 2: Buildings and Other Facilities

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

Outcome 3: Information

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

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

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

Outcome 4: Level and Quality of Service

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

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

Outcome 5: Complaints Process

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

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

Outcome 6: Public Consultation Process

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

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

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

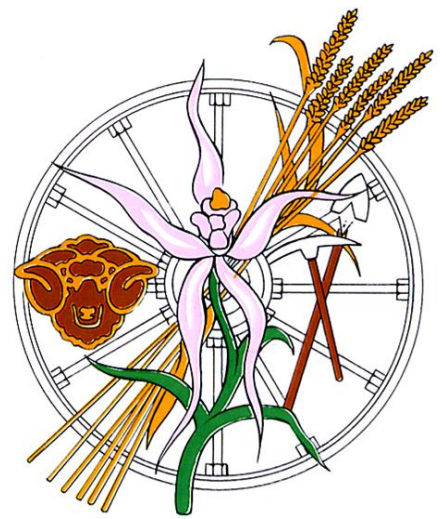
WESTONIA



*Where the Wheatbelt
meets the Goldfields*



SHIRE OF WESTONIA



FINANCIAL REPORT

FOR YEAR ENDED
30 JUNE 2014

SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business: Wolfram Street WESTONIA WA 6423	

**SHIRE OF WESTONIA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Westonia being the annual financial report and supporting notes and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Westonia at 30th June 2014 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 23 day of March 2015



J.Criddle
Chief Executive Officer

SHIRE OF WESTONIA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	741,913	760,571	723,147
Operating Grants, Subsidies and Contributions	28	927,213	382,189	1,115,652
Fees and Charges	27	286,684	261,420	222,721
Service Charges	24	0	0	14,610
Interest Earnings	2(a)	36,895	63,150	65,279
Other Revenue		34,926	84,257	257,784
		<u>2,027,631</u>	<u>1,551,587</u>	<u>2,399,193</u>
Expenses				
Employee Costs		(576,524)	(707,680)	(755,762)
Materials and Contracts		(529,344)	(598,355)	(570,053)
Utility Charges		(140,582)	(145,599)	(111,347)
Depreciation on Non-Current Assets	2(a)	(1,354,731)	(811,800)	(1,213,815)
Interest Expenses	2(a)	(33,480)	(35,298)	(41,323)
Insurance Expenses		(117,483)	(91,800)	(109,227)
Other Expenditure		(66,580)	(3,500)	(45,318)
		<u>(2,818,724)</u>	<u>(2,394,032)</u>	<u>(2,846,845)</u>
		(791,093)	(842,445)	(447,652)
Non-Operating Grants, Subsidies and Contributions				
	28	699,393	1,835,000	540,515
Loss on Revaluation of Fixed Assets	2(a)	0	0	(227,021)
Profit on Asset Disposals	20	24,518	0	0
Loss on Asset Disposals	20	(20,333)	(84,500)	(68,512)
NET RESULT		(87,515)	908,055	(202,670)
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	809,135	0	0
Total Other Comprehensive Income		<u>809,135</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>721,620</u></u>	<u><u>908,055</u></u>	<u><u>(202,670)</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 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
	2(a)			
Governance		35,707	7,150	2,182
General Purpose Funding		1,362,806	1,058,938	1,554,738
Law, Order, Public Safety		51,208	48,220	43,136
Health		1,548	1,500	30
Education and Welfare		2,307	50	3
Housing		263,781	140,420	140,387
Community Amenities		8,647	10,500	9,062
Recreation and Culture		84,891	75,190	138,787
Transport		73,727	78,500	145,086
Economic Services		90,073	80,419	87,922
Other Property and Services		52,936	50,700	277,860
		<u>2,027,631</u>	<u>1,551,587</u>	<u>2,399,193</u>
Expenses				
	2(a)			
Governance		(305,670)	(325,844)	(258,022)
General Purpose Funding		(1,492)	(36,624)	(45,716)
Law, Order, Public Safety		(58,153)	(63,271)	(51,445)
Health		(27,947)	(14,713)	(20,731)
Education and Welfare		(15,160)	(31,163)	(17,004)
Housing		(70,465)	0	(136,490)
Community Amenities		(74,459)	(68,208)	(54,785)
Recreation & Culture		(339,043)	(348,322)	(344,546)
Transport		(1,376,404)	(1,157,447)	(1,382,649)
Economic Services		(252,863)	(287,212)	(261,904)
Other Property and Services		(263,588)	(25,930)	(232,230)
		<u>(2,785,244)</u>	<u>(2,358,734)</u>	<u>(2,805,522)</u>
Financial Costs				
	2(a)			
General Purpose Funding		0	0	(1,810)
Housing		(23,457)	(23,738)	(26,362)
Transport		(7,698)	(7,490)	(8,867)
Economic Services		(2,325)	0	(4,284)
Other Property and Services		0	(4,070)	0
		<u>(33,480)</u>	<u>(35,298)</u>	<u>(41,323)</u>
Loss on Revaluation of Non-Current Assets				
Law, Order, Public Safety		0	0	(42,811)
Other Property and Services		0	0	(184,210)
		<u>0</u>	<u>0</u>	<u>(227,021)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		0	0	302,022
Housing		0	1,104,564	0
Recreation & Culture		0	19,000	0
Transport		699,393	629,704	238,493
Economic Services		0	81,732	0
		<u>699,393</u>	<u>1,835,000</u>	<u>540,515</u>
Profit/(Loss) on Disposal of Assets				
Housing		12,250	0	0
Recreation & Culture		(20,333)	0	0
Transport		12,268	(84,500)	(68,512)
		<u>4,185</u>	<u>(84,500)</u>	<u>(68,512)</u>
Net Result		<u>(87,515)</u>	<u>908,055</u>	<u>(202,670)</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	809,135	0	0
Total Other Comprehensive Income		<u>809,135</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>721,620</u></u>	<u><u>908,055</u></u>	<u><u>(202,670)</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 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	987,102	1,683,833
Trade and Other Receivables	4	118,308	175,299
Inventories	5	11,071	2,172
TOTAL CURRENT ASSETS		<u>1,116,481</u>	<u>1,861,304</u>
NON-CURRENT ASSETS			
Other Receivables	4	53,674	60,867
Inventories	5	15,613	15,613
Property, Plant and Equipment	6	9,016,669	8,047,308
Infrastructure	7	7,368,384	6,871,520
TOTAL NON-CURRENT ASSETS		<u>16,454,340</u>	<u>14,995,308</u>
TOTAL ASSETS	17	<u>17,570,821</u>	<u>16,856,612</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	117,407	79,890
Current Portion of Long Term Borrowings	9	74,528	76,363
Provisions	10	170,121	142,659
TOTAL CURRENT LIABILITIES		<u>362,056</u>	<u>298,912</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	410,517	485,045
Provisions	10	8,797	4,824
TOTAL NON-CURRENT LIABILITIES		<u>419,314</u>	<u>489,869</u>
TOTAL LIABILITIES		<u>781,370</u>	<u>788,781</u>
NET ASSETS		<u>16,789,451</u>	<u>16,067,831</u>
EQUITY			
Retained Surplus		15,121,461	15,284,010
Reserves - Cash Backed	11	858,855	783,821
Revaluation Surplus	12	809,135	0
TOTAL EQUITY		<u>16,789,451</u>	<u>16,067,831</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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		15,477,102	793,399	0	16,270,501
Comprehensive Income					
Net Result		(202,670)	0	0	(202,670)
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		(202,670)	0	0	(202,670)
Transfers from/(to) Reserves		9,578	(9,578)	0	0
Balance as at 30 June 2013		15,284,010	783,821	0	16,067,831
Comprehensive Income					
Net Result		(87,515)	0	0	(87,515)
Changes on Revaluation of Non-Current Assets	12	0	0	809,135	809,135
Total Comprehensive Income		(87,515)	0	809,135	721,620
Transfers from/(to) Reserves		(75,034)	75,034	0	0
Balance as at 30 June 2014		15,121,461	858,855	809,135	16,789,451

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		737,341	760,571	708,089
Operating Grants, Subsidies and Contributions		966,764	382,189	1,109,490
Fees and Charges		286,684	261,420	222,721
Service Charges		0	0	14,610
Interest Earnings		36,895	63,150	65,279
Goods and Services Tax		119,559	150,000	128,203
Other Revenue		34,926	84,257	257,784
		<u>2,182,169</u>	<u>1,701,587</u>	<u>2,506,176</u>
Payments				
Employee Costs		(531,830)	(780,987)	(754,084)
Materials and Contracts		(513,217)	(598,355)	(523,575)
Utility Charges		(140,582)	(145,599)	(111,347)
Interest Expenses		(34,248)	(35,298)	(42,121)
Insurance Expenses		(117,483)	(91,800)	(109,227)
Goods and Services Tax		(97,123)	(150,000)	(118,996)
Other Expenditure		(66,580)	(23,500)	(45,318)
		<u>(1,501,063)</u>	<u>(1,825,539)</u>	<u>(1,704,668)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>681,106</u>	<u>(123,952)</u>	<u>801,508</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(15,613)
Payments for Purchase of Property, Plant & Equipment		(618,662)	(1,805,250)	(854,360)
Payments for Construction of Infrastructure		(1,556,670)	(1,307,357)	(735,767)
Non-Operating Grants, Subsidies and Contributions		699,393	1,835,000	540,515
Proceeds from Sale of Fixed Assets		167,696	115,000	158,501
Net Cash Provided by (Used in) Investment Activities		<u>(1,308,243)</u>	<u>(1,162,607)</u>	<u>(906,724)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(76,363)	(76,363)	(71,588)
Proceeds from Self Supporting Loans		6,769	6,769	6,370
Net Cash Provided By (Used In) Financing Activities		<u>(69,594)</u>	<u>(69,594)</u>	<u>(65,218)</u>
Net Increase (Decrease) in Cash Held		(696,731)	(1,356,153)	(170,434)
Cash at Beginning of Year		1,683,833	2,054,753	1,854,267
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>987,102</u></u>	<u><u>698,600</u></u>	<u><u>1,683,833</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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		35,707	7,150	2,182
General Purpose Funding		620,893	298,367	1,133,613
Law, Order, Public Safety		51,208	48,220	43,136
Health		1,548	1,500	30
Education and Welfare		2,307	50	3
Housing		276,031	1,244,984	140,387
Community Amenities		8,647	10,500	9,062
Recreation and Culture		84,891	94,190	138,787
Transport		785,388	708,204	383,579
Economic Services		90,073	162,151	87,922
Other Property and Services		52,936	50,700	277,860
		<u>2,009,629</u>	<u>2,626,016</u>	<u>2,216,561</u>
Expenses				
Governance		(305,670)	(325,844)	(258,022)
General Purpose Funding		(1,492)	(36,624)	(47,526)
Law, Order, Public Safety		(58,153)	(63,271)	(94,256)
Health		(27,947)	(14,713)	(20,731)
Education and Welfare		(15,160)	(31,163)	(17,004)
Housing		(93,922)	(23,738)	(162,852)
Community Amenities		(74,459)	(68,208)	(54,785)
Recreation and Culture		(359,376)	(348,322)	(344,546)
Transport		(1,384,102)	(1,249,437)	(1,460,028)
Economic Services		(255,188)	(287,212)	(266,188)
Other Property and Services		(263,588)	(30,000)	(416,440)
		<u>(2,839,057)</u>	<u>(2,478,532)</u>	<u>(3,142,378)</u>
Net Result Excluding Rates		(829,428)	147,484	(925,817)
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	20	(4,185)	84,500	68,512
Movement in Employee Benefit Provisions (Non-current)		3,973	0	(4,146)
Depreciation and Amortisation on Assets	2(a)	1,354,731	811,800	1,213,815
Loss on revaluation of Non-Current Assets	2(a)	0	0	227,021
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(135,765)	(1,314,020)	(351,236)
Purchase Furniture and Equipment	6(a)	(129,683)	(90,730)	(47,427)
Purchase Plant and Equipment	6(a)	(353,214)	(400,500)	(455,697)
Purchase Roads	7(a)	(1,549,725)	(1,307,357)	(735,767)
Purchase Parks and Ovals	7(a)	(6,945)	0	0
Proceeds from Disposal of Fixed Assets	20	167,696	115,000	158,501
Repayment of Debentures	21(a)	(76,363)	(76,363)	(71,588)
Proceeds from Self Supporting Loans		6,769	6,769	6,370
Transfers to Reserves (Restricted Assets)	11	(75,034)	(33,900)	(230,389)
Transfers from Reserves (Restricted Assets)	11	0	120,000	239,967
ADD Surplus/(Deficit) July 1 B/Fwd	22(b)	848,165	1,209,765	1,032,899
LESS Surplus/(Deficit) June 30 C/Fwd	22(b)	(37,095)	33,019	848,165
Total Amount Raised from General Rate	22(a)	<u>(741,913)</u>	<u>(760,571)</u>	<u>(723,147)</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 2014

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 also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. 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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 Council's intentions to release for sale.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

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

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

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

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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 Council 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.

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13 (as allowed for in the standard).

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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 Council.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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 Council 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 Council 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 2014

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 Council 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 and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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 2014

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 Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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 Council 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 Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

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

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, 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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council'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 Council'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 Council'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 or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are recognised when the Council 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 Council, are classified as finance leases.

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

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

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

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

(o) Investment in Associates

An associate is an entity over which the Council 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 Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

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

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

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council 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 Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Council'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 Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(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 Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council'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.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, 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 2014**

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 Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, 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	December 2013	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 Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]</p> <p>[AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</p>	December 2012	1 January 2014	<p>Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.</p> <p>It is not expected to have a significant impact on Council.</p>
<p>(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</p> <p>[AASB 132]</p>	June 2012	1 January 2014	<p>This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact the Council’s financial statements.</p>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

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 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Significant Expense			
Law, Order, Public Safety	0	42,811	
Other Property Services	0	184,210	
	<u>0</u>	<u>227,021</u>	
The significant expense in 2013 relates to the fair valuation of Plant and Equipment. There were no significant expenses in year ended 30 June 2014.			
Auditors Remuneration			
- Audit of the annual financial report	27,440	8,000	
- Financial Management Review	0	7,500	
- Assistance with the finalisation of the annual financial report	0	2,800	
- Acquittals	2,250	1,500	
Depreciation			
Non-Specialised Buildings	162,391	143,653	
Furniture and Equipment	21,892	18,457	
Plant and Equipment	110,642	176,776	
Roads	1,045,235	860,368	
Footpaths	1,948	1,950	
Parks and Ovals	12,623	12,611	
	<u>1,354,731</u>	<u>1,213,815</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21.(a)</i>)	33,480	39,513	
Other	0	1,810	
	<u>33,480</u>	<u>41,323</u>	
(ii) Crediting as Revenue:			
Other Revenue			
Reimbursements and Recoveries	0	257,784	
Other	34,926	0	
	<u>34,926</u>	<u>257,784</u>	
	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Reserve Funds	28,690	31,500	42,680
- Other Funds	672	28,000	16,454
Other Interest Revenue (<i>refer note 26</i>)	7,533	3,650	6,145
	<u>36,895</u>	<u>63,150</u>	<u>65,279</u>

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Food quality and pest control, immunisation services and operation of health clinic.

EDUCATION AND WELFARE

Objective:

To meet the needs of the community in these areas.

Activities:

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

HOUSING

Objective:

To help ensure adequate housing.

Activities:

Maintenance and establishment of staff and rental housing.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, aquatic centre, recreation centre and various reserves.
Operation of library and TV and Radio re-broadcasting.

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

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

Activities:

Private works operation, plant repairs and operation costs .

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/12 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance ⁽¹⁾ 30/06/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance 30/06/14 \$
Fesa	Law, Order, Public Safety	5,808	0	(5,808)	0	26,335	(26,335)	0
Dog Fence Project	Law, Order, Public Safety	2,362	0	(2,362)	0	0	0	0
Community Drought Relief Fund	Education and Welfare	28,919	0	(28,919)	0	0	0	0
Country Local Government Fund	Housing	305,988	0	(305,988)	0	0	0	0
One Life Suicide Prevention	Education and Welfare	0	0	0	0	2,500	(2,500)	0
CSRFF Grant Golf Tees	Recreation & Culture	0	0	0	0	8,000	(8,000)	0
LotteryWest -Playground	Recreation & Culture	0	0	0	0	6,720	(6,720)	0
State 2020 Grants	Transport	0	0	0	0	185,275	(185,275)	0
State NRM -Bird Hide	Economic Services	0	0	0	0	20,000	0	20,000
Keep Australia Beautiful Grant	Economic Services	0	0	0	0	7,000	(7,000)	0
WPA - Museum Grant	Economic Services	0	0	0	0	15,000	(15,000)	0
WPA - Playground Grant	Recreation & Culture	0	0	0	0	8,818	(8,818)	0
WPA - Defib your Club	Recreation & Culture	0	0	0	0	2,300	(2,300)	0
Total		<u>343,077</u>	<u>0</u>	<u>(343,077)</u>	<u>0</u>	<u>281,948</u>	<u>(261,948)</u>	<u>20,000</u>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		108,247	900,012
Restricted		<u>878,855</u>	<u>783,821</u>
		<u><u>987,102</u></u>	<u><u>1,683,833</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	117,345	112,889
Plant Reserve	11	220,043	212,035
Building Reserve	11	317,162	305,640
Television Reserve	11	34,521	33,490
Community Development Reserve	11	128,498	79,685
Waste Management Reserve	11	41,286	40,082
Unspent Grants	2(c)	20,000	0
		<u><u>878,855</u></u>	<u><u>783,821</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		37,444	32,872
Sundry Debtors		73,671	113,222
GST Receivable		0	22,436
Loans - Clubs/Institutions		7,193	6,769
		<u>118,308</u>	<u>175,299</u>
Non-Current			
Loans - Clubs/Institutions		53,674	60,867
		<u>53,674</u>	<u>60,867</u>
5. INVENTORIES			
Current			
Fuel and Materials		11,071	2,172
		<u>11,071</u>	<u>2,172</u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		9,912	9,912
Development Costs		5,701	5,701
		<u>15,613</u>	<u>15,613</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2014	2013
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	174,000	0
- Cost	<u>0</u>	<u>41,758</u>
	174,000	41,758
Total Land	<u>174,000</u>	<u>41,758</u>
Non-Specialised Buildings at:		
- Independent Valuation 2014	1,735,000	0
- Cost	0	3,353,896
Less: Accumulated Depreciation	<u>0</u>	<u>(300,524)</u>
	1,735,000	3,053,372
Specialised Buildings at:		
- Independent Valuation 2014	5,055,164	0
- Cost	0	4,262,542
Less: Accumulated Depreciation	<u>0</u>	<u>(1,122,934)</u>
	5,055,164	3,139,608
Total Buildings	<u>6,790,164</u>	<u>6,192,980</u>
Total Land and Buildings	<u>6,964,164</u>	<u>6,234,738</u>
Furniture and Equipment at:		
- Cost	520,954	391,271
Less Accumulated Depreciation	<u>(274,160)</u>	<u>(252,268)</u>
	246,794	139,003
Plant and Equipment at:		
- Management Valuation 2013	1,560,807	1,673,567
- Additions after Valuation - Cost	353,214	0
Less Accumulated Depreciation	<u>(108,310)</u>	<u>0</u>
	1,805,711	1,673,567
	<u>9,016,669</u>	<u>8,047,308</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land and non-specialised building, valuations were made on the basis of observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use (level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, valuations were performed having regards for their current replacement costs based on recent contract process, current condition (level 2 inputs), current zoning, residential values and remaining useful life assessments (level 3 inputs). Given the significance of the level 3 inputs into the overall fair value measurement, these land and specialised building assets are deemed to have been valued using level 3 inputs.

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

The revaluation of these assets resulted in an overall increase of \$809,135 in net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer note 12(a) and (b) for further details) and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

Plant and Equipment:

The Shire's plant and equipment was revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at 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. Thus the value is considered in accordance with Local Government (Financial Management) Regulation 17A(2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) 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)	Depreciation (Expense)	Carrying Amount at the End of Year
		\$	\$	\$	\$	\$	\$
Freehold Land	(Level 2)	41,758	0	0	132,242	0	174,000
Total Land		41,758	0	0	132,242	0	174,000
Non-Specialised Buildings	(Level 2)	3,053,372	23,543	(32,750)	(1,230,327)	(78,838)	1,735,000
Specialised Buildings	(Level 3)	3,139,608	112,222	(20,333)	1,907,220	(83,553)	5,055,164
Total Buildings		6,192,980	135,765	(53,083)	676,893	(162,391)	6,790,164
Total Land and Buildings		6,234,738	135,765	(53,083)	809,135	(162,391)	6,964,164
Furniture and Equipment		139,003	129,683	0	0	(21,892)	246,794
Plant and Equipment	(Level 2)	1,673,567	353,214	(110,428)	0	(110,642)	1,805,711
Total Property, Plant and Equipment		8,047,308	618,662	(163,511)	809,135	(294,925)	9,016,669

SHIRE OF WESTONIA
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	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	23,432,697	21,882,972
Less Accumulated Depreciation	<u>(16,294,984)</u>	<u>(15,249,749)</u>
	7,137,713	6,633,223
Footpaths - Cost	38,967	38,968
Less Accumulated Depreciation	<u>(23,380)</u>	<u>(21,433)</u>
	15,587	17,535
Parks and Ovals - Cost	365,820	358,875
Less Accumulated Depreciation	<u>(150,736)</u>	<u>(138,113)</u>
	215,084	220,762
	<u><u>7,368,384</u></u>	<u><u>6,871,520</u></u>

SHIRE OF WESTONIA
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FOR THE YEAR ENDED 30TH JUNE 2014

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$
Roads	6,633,223	1,549,725	(1,045,235)	7,137,713
Footpaths	17,535	0	(1,948)	15,587
Parks and Ovals	220,762	6,945	(12,623)	215,084
Total	<u>6,871,520</u>	<u>1,556,670</u>	<u>(1,059,806)</u>	<u>7,368,384</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	73,218	48,192
Accrued Interest on Debentures	4,793	5,561
Accrued Salaries and Wages	37,034	26,137
GST Payable	2,362	0
	<u>117,407</u>	<u>79,890</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	<u>74,528</u>	<u>76,363</u>
	<u>74,528</u>	<u>76,363</u>
Non-Current		
Secured by Floating Charge Debentures	<u>410,517</u>	<u>485,045</u>
	<u>410,517</u>	<u>485,045</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	170,121	142,659
Non-Current	8,797	4,824
	<u>178,918</u>	<u>147,483</u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2013	49,392	98,091	147,483
Additional provision	57,969	8,145	66,114
Amounts used	<u>(31,703)</u>	<u>(2,976)</u>	<u>(34,679)</u>
Balance at 30 June 2014	<u>75,658</u>	<u>103,260</u>	<u>178,918</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	112,889	114,013	107,426
Amount Set Aside / Transfer to Reserve	4,456	4,700	5,463
Amount Used / Transfer from Reserve	0	0	0
	<u>117,345</u>	<u>118,713</u>	<u>112,889</u>
(b) Plant Reserve			
Opening Balance	212,035	205,813	340,562
Amount Set Aside / Transfer to Reserve	8,008	9,000	111,440
Amount Used / Transfer from Reserve	0	0	(239,967)
	<u>220,043</u>	<u>214,813</u>	<u>212,035</u>
(c) Building Reserve			
Opening Balance	305,640	309,614	206,926
Amount Set Aside / Transfer to Reserve	11,522	14,000	98,714
Amount Used / Transfer from Reserve	0	(120,000)	0
	<u>317,162</u>	<u>203,614</u>	<u>305,640</u>
(d) Television Reserve			
Opening Balance	33,490	33,681	24,759
Amount Set Aside / Transfer to Reserve	1,031	1,200	8,731
Amount Used / Transfer from Reserve	0	0	0
	<u>34,521</u>	<u>34,881</u>	<u>33,490</u>
(e) Community Development Reserve			
Opening Balance	79,685	80,072	75,446
Amount Set Aside / Transfer to Reserve	48,813	3,000	4,239
Amount Used / Transfer from Reserve	0	0	0
	<u>128,498</u>	<u>83,072</u>	<u>79,685</u>
(f) Waste Management Reserve			
Opening Balance	40,082	40,627	38,280
Amount Set Aside / Transfer to Reserve	1,204	2,000	1,802
Amount Used / Transfer from Reserve	0	0	0
	<u>41,286</u>	<u>42,627</u>	<u>40,082</u>
TOTAL RESERVES	<u><u>858,855</u></u>	<u><u>697,720</u></u>	<u><u>783,821</u></u>
Total Opening Balance	783,821	783,820	793,399
Total Amount Set Aside / Transfer to Reserve	75,034	33,900	230,389
Total Amount Used / Transfer from Reserve	0	(120,000)	(239,967)
TOTAL RESERVES	<u><u>858,855</u></u>	<u><u>697,720</u></u>	<u><u>783,821</u></u>

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

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

11. RESERVES - CASH BACKED (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

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

The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.
The Building Reserve is expected to be utilised in 2014/15.

12. REVALUATION SURPLUS

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

(a) Land & Buildings

Opening Balance
Revaluation Increment

2014
\$

2013
\$

	0	0
	809,135	0
	809,135	0
TOTAL ASSET REVALUATION SURPLUS	809,135	0

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>987,102</u>	<u>698,600</u>	<u>1,683,833</u>

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

Net Result	(87,515)	908,055	(202,670)
Depreciation	1,354,731	811,800	1,213,815
Loss on Revaluation of Fixed Assets	0	0	227,021
(Profit)/Loss on Sale of Asset	(4,185)	84,500	68,512
(Increase)/Decrease in Receivables	57,415	10,645	(12,013)
(Increase)/Decrease in Inventories	(8,899)	0	39,718
Increase/(Decrease) in Payables	37,517	(103,952)	5,962
Increase/(Decrease) in Employee Provisions	31,435	0	1,678
Grants Contributions for the Development of Assets	<u>(699,393)</u>	<u>(1,835,000)</u>	<u>(540,515)</u>
Net Cash from Operating Activities	<u>681,106</u>	<u>(123,952)</u>	<u>801,508</u>

	2014 \$	2013 \$
(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	74,528	76,363
Loan Facilities - Non-Current	410,517	485,045
Total Facilities in Use at Balance Date	<u>485,045</u>	<u>561,408</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 2014**

14. CONTINGENT LIABILITIES

There are no known contingent liabilities at the reporting date.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

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

16. JOINT VENTURE ARRANGEMENTS

The Shire together with Homewest have a joint venture arrangement to provide low cost housing to the private sector. The total GST inclusive cost of the project was \$467,056 of which Council contributed \$60,000 in cash, \$48,508 in land and siteworks and \$5,786 for additional amenities and landscaping.

In 2007/08 Council constructed a patio for the cost of \$8,876 and in 2009/10 a carport for \$9,023.

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

	2014	2013
	\$	\$
Non-Current Assets		
Land & Buildings	300,000	143,771
Less: Accumulated Depreciation	0	(22,847)
	<u>300,000</u>	<u>120,924</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	26,635	1,192
General Purpose Funding	165,236	55,308
Law, Order, Public Safety	85,417	102,118
Health	40,000	2,873
Housing	1,758,164	3,412,461
Community Amenities	557,572	613,370
Recreation and Culture	2,075,221	1,629,997
Transport	7,788,300	7,231,316
Economic Services	1,199,378	613,536
Other Property and Services	2,896,615	2,181,206
Unallocated	978,283	1,013,235
	<u>17,570,821</u>	<u>16,856,612</u>

SHIRE OF WESTONIA
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	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	0.97	5.79	5.27
Asset Sustainability Ratio	0.70	1.00	1.17
Debt Service Cover Ratio	5.47	4.61	9.58
Operating Surplus Ratio	(0.72)	(0.58)	(0.09)
Own Source Revenue Coverage Ratio	0.38	0.44	0.45

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	$\frac{\text{annual operating surplus before interest \& depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 57 of this document.

Three of the 2013 ratios disclosed above are distorted by an item of significant expense totalling \$227,021 relating to the revaluation decrement of plant and equipment in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), and 2(a)(ii) for further details).

This item of significant expense is considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

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

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Police Licencing	479	110,390	(107,985)	2,884
George Road Water Extension	20,545	0	0	20,545
St John Ambulance	2,047	0	0	2,047
Westonia Sports Club	122	0	0	122
Westonia Progress Association	552	909	0	1,461
Accommodation Units	2,900	0	0	2,900
Weira-Boodarockin Water	647	0	0	647
BCITF Levy	937	668	0	1,605
Housing Bond	660	1,160	0	1,820
Social Club	8,643	4,899	(6,214)	7,328
Walgoolan History Group	12,065	0	0	12,065
Community Project (Scrap)	1,000	0	0	1,000
Building Levy	469	382	0	851
Rural Youth	3,404	3,192	0	6,596
Nomination Deposits	0	240	(240)	0
Unclassified	(3,477)	0	0	(3,477)
Warralakin Hall	0	1,700	0	1,700
LGMA	0	5,837	0	5,837
	<u>50,993</u>			<u>65,931</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Housing						
102 Jasper Street 1238-931	32,750	0	45,000	0	12,250	0
Recreation and Culture						
Golf Course Upgrade	20,333	0	0	0	(20,333)	0
Transport						
CEO Vehicle	46,354	74,500	51,001	47,500	4,647	(27,000)
Senior Finance Vehicle	12,543	27,000	15,010	13,000	2,467	(14,000)
Works Supervisor Vehicle	23,163	37,000	26,000	24,000	2,837	(13,000)
Depot Vehicle	5,982	22,000	6,363	6,500	381	(15,500)
NRM Officer Vehicle	22,386	39,000	24,322	24,000	1,936	(15,000)
	<u>163,511</u>	<u>199,500</u>	<u>167,696</u>	<u>115,000</u>	<u>4,185</u>	<u>(84,500)</u>

Profit	24,518	0
Loss	<u>(20,333)</u>	<u>(84,500)</u>
	<u>4,185</u>	<u>(84,500)</u>

SHIRE OF WESTONIA
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FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 3 - Staff Residence	6,512		6,512	6,511	0	6,512	141	309
Loan 5 - Lifestyle Village	381,152		44,816	44,817	336,336	336,335	23,316	23,429
Transport								
Loan 4 - Depot	106,108		18,266	18,266	87,842	87,843	7,698	7,490
Economic Services								
Loan 6 - Community Bus *	67,636		6,769	6,769	60,867	60,867	2,325	4,070
	561,408	0	76,363	76,363	485,045	491,557	33,480	35,298

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

(b) New Debentures - 2013/14

The Shire did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

The Shire did not have an overdraft facility as at 30th June 2014.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate / General Rate											
GRV Residnetial	0.0477	38	603,824	28,780	0	0	28,780	39,786	0	0	39,786
GRV Mining	0.1255	2	1,591,500	199,810	0	0	199,810	199,810	0	0	199,810
Unimproved Value Valuations											
UV Rural	0.0129	143	37,865,100	487,400	24	0	487,424	494,635	0	0	494,635
UV Mining	0.0129	16	177,777	2,288	1,335	0	3,623	1,790	0	0	1,790
Sub-Totals		199	40,238,201	718,278	1,359	0	719,637	736,021	0	0	736,021
Minimum \$											
Minimum Payment											
GRV Residnetial	355	31	73,260	11,005	0	0	11,005	11,360	0	0	11,360
Unimproved Value Valuations											
UV Rural	355	18	236,400	6,390	0	0	6,390	7,810	0	0	7,810
UV Mining	35	9	11,969	315	0	0	315	880	0	0	880
Sub-Totals		58	321,629	17,710	0	0	17,710	20,050	0	0	20,050
Ex-Gratia Rates							737,347				756,071
Total Amount Raised From General Rate							4,566				4,500
Specified Area Rate (refer note 23.)							741,913				760,571
Total Rates							0				0
							741,913				760,571

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

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

	2014 (30 June 2014 Carried Forward)	2014 (1 July 2013 Brought Forward)	2013 (30 June 2013 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>(37,095)</u>	<u>848,165</u>	<u>848,165</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	108,247	900,012	900,012
Restricted	878,855	783,821	783,821
Receivables			
Rates Outstanding	37,444	32,872	32,872
Sundry Debtors	73,671	113,222	113,222
GST Receivable	0	22,436	22,436
Loans - Clubs/Institutions	7,193	6,769	6,769
Inventories			
Fuel and Materials	11,071	2,172	2,172
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(73,218)	(48,192)	(48,192)
Accrued Interest on Debentures	(4,793)	(5,561)	(5,561)
Accrued Salaries and Wages	(37,034)	(26,137)	(26,137)
GST Payable	(2,362)	0	0
Provisions			
Provision for Annual Leave	(75,658)	(49,392)	(49,392)
Provision for Long Service Leave	(94,463)	(93,267)	(93,267)
<u>Net Current Assets</u>	<u>828,953</u>	<u>1,638,755</u>	<u>1,638,755</u>
Less:			
Reserves - Restricted Cash	(858,855)	(783,821)	(783,821)
Loans - Clubs/Institutions	(7,193)	(6,769)	(6,769)
Surplus/(Deficit)	<u>(37,095)</u>	<u>848,165</u>	<u>848,165</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges during the year ended 30 June 2014.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

No discount on rates is available.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%	N/A	5,348	1,650
Interest on Instalments Plan	5.00%	N/A	2,185	2,000
Charges on Instalment Plan	N/A	36	1,344	0
			8,877	3,650

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

27. FEES & CHARGES	2014 \$	2013 \$
Governance	325	73
Law, Order, Public Safety	0	6,915
Health	91	27
Housing	191,390	137,905
Community Amenities	8,938	2,038
Recreation and Culture	2,649	5,201
Economic Services	48,180	47,844
Other Property and Services	35,111	22,718
	286,684	222,721

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

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

28. GRANT REVENUE

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

	2014	2013
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	927,213	1,115,652
Non-Operating Grants, Subsidies and Contributions	699,393	540,515
	<u>1,626,606</u>	<u>1,656,167</u>
By Program:		
Governance	17,318	2,082
General Purpose Funding	578,495	1,072,843
Law, Order, Public Safety	47,271	32,369
Health	1,650	0
Education and Welfare	2,500	0
Housing	43,823	4,013
Recreation and Culture	83,693	125,975
Transport	790,294	376,145
Economic Services	45,073	31,120
Other Property and Services	16,489	11,620
	<u>1,626,606</u>	<u>1,656,167</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>13</u>	<u>15</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	25,500	17,500	22,000
President's Allowance	1,000	8,000	1,000
Travelling Expenses	1,108	2,000	25,236
Telecommunications Allowance	998	0	0
	<u>28,606</u>	<u>27,500</u>	<u>48,236</u>

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

31. MAJOR LAND TRANSACTIONS

Lifestyle Village Project

(a) Details

The Shire commenced the project in 2009/10. The project involves constructing five residential units which was subsequently leased to Evoluton Mining Ltd (formerly known as Catalpa Resources Ltd) for 10 years expiring on the 30 June 2020.

(b) Current year transactions	2014 \$	2014 Budget \$	2013 \$
Operating Income			
- Leasing Proceeds	148,743	0	107,328
Operating Expenditure			
- Other	27,169	0	27,113
Capital Expenditure			
- Loan Repayments	44,817	0	42,109
- Development Costs	0	0	11,767
	<u>44,817</u>	<u>0</u>	<u>53,876</u>

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

(c) Assets and Liabilities

Land and Building	660,000	1,970,704
- Less Accumulated Depreciation	0	(88,959)
	<u>660,000</u>	<u>1,881,745</u>
Long Term Borrowings		
- Current	47,698	44,817
- Non-Current	288,637	336,335
	<u>336,335</u>	<u>381,152</u>

(d) Expected Future Cash Flows

	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
Cash Outflows					
- Insurance	(1,334)	(1,377)	(1,422)	0	(4,133)
- Loan Repayments	(68,245)	(68,245)	(68,245)	(68,245)	(272,980)
	<u>(69,579)</u>	<u>(69,622)</u>	<u>(69,667)</u>	<u>(68,245)</u>	<u>(277,113)</u>
Cash Inflows					
- Leasing Proceeds	88,700	91,600	94,600	0	274,900
- Sale Proceeds	0	0	0	0	0
	<u>88,700</u>	<u>91,600</u>	<u>94,600</u>	<u>0</u>	<u>274,900</u>
Net Cash Flows	<u>19,121</u>	<u>21,978</u>	<u>24,933</u>	<u>(68,245)</u>	<u>(2,213)</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major undertakings during the 2013/14 financial year.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	987,102	1,683,833	987,102	1,683,833
Receivables	171,982	236,166	171,982	236,166
	<u>1,159,084</u>	<u>1,919,999</u>	<u>1,159,084</u>	<u>1,919,999</u>
Financial Liabilities				
Payables	117,407	79,890	117,407	79,890
Borrowings	485,045	561,408	423,360	547,989
	<u>602,452</u>	<u>641,298</u>	<u>540,767</u>	<u>627,879</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash 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 is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	13,355	16,823
- Statement of Comprehensive Income	13,355	16,823

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 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	79.90%	71.96%
- Overdue	20.10%	28.04%

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	117,407	0	0	117,407	117,407
Borrowings	104,840	393,605	89,924	588,369	485,045
	<u>222,247</u>	<u>393,605</u>	<u>89,924</u>	<u>705,776</u>	<u>602,452</u>
<u>2013</u>					
Payables	79,890	0	0	79,890	79,890
Borrowings	111,662	419,301	169,008	700,031	561,408
	<u>191,552</u>	<u>419,301</u>	<u>169,008</u>	<u>779,921</u>	<u>641,298</u>

**SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2014</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	87,843	0	397,202	485,045	6.50%
Weighted Average Effective Interest Rate				7.37%		6.31%		
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures	6,511	0	0	0	106,109	448,788	561,408	6.51%
Weighted Average Effective Interest Rate	6.32%				7.37%	6.31%		

**SHIRE OF WESTONIA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

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

	2014	2013	2012
Asset Consumption Ratio	0.49	0.47	N/A
Asset Renewal Funding Ratio (Note 1)	N/A	N/A	N/A

The above ratios are calculated as follows:

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

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

Note 1: The Shire has not yet adopted an Asset Management Plan as at the 30 June 2014 therefore this ratio has not been calculated for 2013 and 2014.

2 April 2015

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

Dear Jamie

**AUDIT OF SHIRE OF WESTONIA
FOR THE YEAR ENDED 30TH JUNE 2014**



We advise that we have completed the audit of your Shire for the year ended 30th June 2014 and enclose our Audit Report and a copy of the Management Report.

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

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

Please contact us if you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wen-Shien Chai', with a long horizontal stroke extending to the right.

WEN-SHIEN CHAI
PARTNER

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Westonia, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting Interpretations).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 (as amended):

Submission of Financial Report

The accounts and financial report for the year ended 30 June 2014 were not submitted to the auditor by 30 September 2014 as required by Section 6.4(3) of the Local Government Act.

Annual Budget

A copy of the annual budget for the year ended 30 June 2014 was not submitted to the Department of Local Government and Communities within 30 days of its adoption as required by Financial Management Regulation 33.

Budget Review

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

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position of the Shire.

In respect of the financial management practices of the Shire, we noted the audit in respect of the year ended 30 June 2014 was considerably delayed and was far from efficient. This was a direct result of staff experiencing difficulty in reconciling and finalising balances for financial reporting purposes after balance date. This reflects on the efficiency of the Shire as a whole as it compromises the delivery of meaningful, accurate and timely management information which is necessary when making decisions in respect to the allocation of scarce resources.

- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.

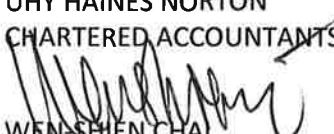
- c) In relation to the Supplementary Ratio Information presented at page 57 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:

- i) reasonably calculated; and
- ii) based on verifiable information

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

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

Date: 2 April 2015
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

WEN-SHIEN CHAI
PARTNER