

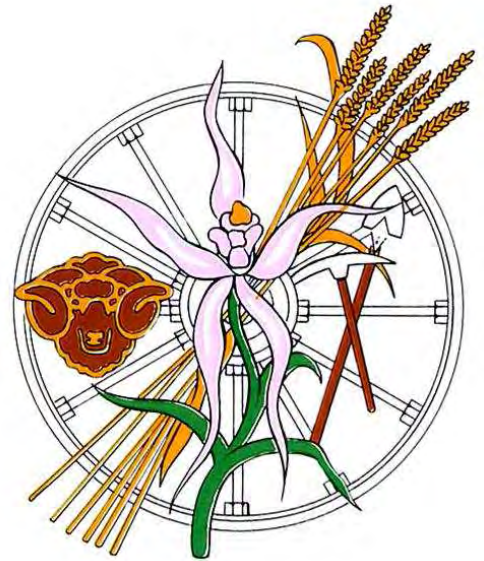


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# SHIRE OF WESTONIA



# ANNUAL REPORT 2010 - 2011

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## Annual Report

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## Financial Report

2010-2011 FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT

Front Cover: A view of the Westonia Tavern from Cement Street

# SHIRE OF WESTONIA STATISTICS

Shire Office, Wolfram Street, Westonia WA 6423  
 Telephone: (08) 9046 7063 Facsimile: (08) 9046 7001  
 Email: shire@westonia.wa.gov.au Web: www.westonia.wa.gov.au

**President:** Louis Geier

**Deputy President:** Leon Guest

**Councillors-**

Louis Geier (2013), Leon Guest (2013), John Jefferys (2013)

Karin Day (2015), Mick Cunningham (2015), Doug Hermon (2015)

**Retiring Councillors- Peter Antonio, Russell Crook, John Corsini**

Note: Year in brackets denotes expiry of election term

**Chief Executive Officer**  
**Director, Westonia Operations**

Jeff Sowiak

Kim Hastie

**Senior Finance Officer**  
**Administration Officers**

Kay Geier

Jasmine Geier

Annemaree Jensen

Rose Smith

**NRM Officer**

Katrina Kingston

**Swimming Pool Manager**

Gary Angwin

**Environmental Health/Building Officer**

Wendy Dallywater

**Works Supervisor**

Kevin Paust

**Grader Operator**

David Hamilton

**Plant Operators**

Adrian Townrow, Graeme Bright, Kathy Paust

**Gardener**

Graham Daddow

**Cleaners**

Myra Vaughan, Pam White

**Caravan Park Caretaker**

Kim Hunter

Shire Statistics	
<b>Distance from Perth</b>	316km
<b>Area</b>	3,268km <sup>2</sup>
<b>Length of Sealed Roads</b>	121km
<b>Length of Unsealed Roads</b>	764km
<b>Population</b>	213
<b>Number of Dwellings</b>	128
<b>Total Rates</b>	\$605,453
<b>Total Revenue</b>	\$3,074,606
<b>Number of Employees</b>	19

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

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

Localities
Westonia, Walgoolan, Carrabin Warralakin, Elachbutting

Sporting Facilities
Tennis, Lawn Bowls, Golf – Visitors welcome to use all sporting facilities

Council Meets on the third Thursday of each month, except January

## COUNCIL



**Front Seated L-R:** Shire President Cr Louis Geier, Deputy President Cr Russell Crook.

**Back: L-R:** CEO Jeff Sowiak, Director of Westonia Operations Kim Hastie, Cr John Jefferys, Cr Peter Antonio, Cr John Corsini & Cr Leon Guest.

## STAFF



**L-R Standing:** Graeme Bright, Doug Hermon, Kevin Paust, Clint Townrow, Adrian Townrow, David Hamilton. **Seated:** Kathy Paust & Graham Daddow



**L-R:** Kim Hastie, Kara Hatch, Kay Geier, Brittany Antonio, Jasmine Geier, Annemaree Jensen

## PRESIDENT'S REPORT

It is with pleasure that I provide this annual report to the community of Westonia which represents the 2010/2011 financial year ending on the 30th June 2011.

It would be appropriate at this stage to recognise the contributions provided by Russell Crook, Peter Antonio and John Corsini who have retired from Council this year. Each have made outstanding contributions to their community and have made personal sacrifices in order to full-fill their roles as elected representatives in making Westonia a better place to live. We thank each of you sincerely.



*Cr Louis Geier*

I congratulate Karin Day, Mick Cunningham and Doug Hermon on their commitment to Westonia through their nomination and subsequent appointment as elected members for the next 4 years and I feel sure you will join me in wishing them well with the job ahead.

We have continued working well with our corporate partners, Catalpa Resources, and the recent growth of the company will ensure that we can look forward to many more years of successful operations which will be of great benefit to all. Catalpa continues to support the community within the MOU and for on-going sponsorship of groups, clubs and organisations.

I am particularly pleased to report the completion of the Life Style Village and the fact that all units are occupied by tenants from Catalpa. This project has been long in the making however the final result is one which will have far reaching positive impact, both financially and socially on our community and will provide a legacy for future generations.

Work has continued on the facades project with progress noticeable on the car-park adjoining the administration centre and at the Community Resource Centre, both of which have funding in the current budget, and which will further enhance our townscape amenity.

Many hours have been spent in the merger process but I am pleased to report that we are now entering the final stages before the Minister For local Government makes his recommendation for or against the proposed merge of Yilgarn and Westonia. No doubt many of you are eagerly awaiting the outcome so that we can get on with the development of plans for our long term future with some form of confidence either alone, or as a partner with Yilgarn. I expect to be able to advise the whole community of this decision and future actions before Christmas.

We have farewelled Kim Hastie who has admirably filled the position of Director Westonia Operations for the past two years and I feel sure you will join me in thanking Kim for his contribution and wishing him well with the future. We welcome John Merrick back to Westonia in an acting capacity following his work with Yilgarn and Westonia as a project officer.

May I take this opportunity of thanking all staff for their continued commitment to providing an excellent service to the community, and also to my fellow Councillors

for their support, diligence and personal contribution to our residents and the Shire of Westonia as a whole.

**Louis Geier**  
**PRESIDENT**

# CHIEF EXECUTIVE OFFICER'S REPORT

## 2010/2011 FINANCIAL YEAR

I have pleasure in presenting my report on the administration and management of the Shire of Westonia for the year ended 30<sup>th</sup> June 2011 and in doing so, acknowledge Councillors and Staff for their support and involvement in the projects undertaken this year.

The Council has ended 2010/2011 with an operating surplus of \$985,000 before capital movements, and after funding major buildings projects, ended the year with a cash position of \$1.1m of which over \$700,000 is restricted for reserves, loans and other commitments.



Of the reserves that Council holds, the largest is the Plant Reserve of \$252,000 which will be largely utilised to fund plant purchases in 2011/2012. Council recognises that further transfers to this reserve will be required to ensure future purchases and plant replacement are funded.

The Council's debt service ratio, that is the ratio of debt repayments to revenue, is less than 5.6% with the increase this year being a result of the loan required to fund the construction of the Life-style village following its completion this year.

### Major areas of activity:

Council undertook numerous projects and delivered a wide range of services to the community, some of which are included below with relevant expenditure also shown;

- Bush Fire Control - \$30,000
- Pool Maintenance - \$64,000
- Library - \$18,000
- Walgoolan Gazebo - \$48,000
- Lifestyle Village - \$1,177,577



Inside and outside the completed Lifestyle Village townhouses



- Roads & Streets - \$320,000
- Standpipes - \$30,000
- Museum - \$114,000
- Resource Centre Façade - \$20,000



Work being undertaken as part of the Resource Centre façade project

- Roads-Capital Works - \$809,000 (less \$491,000 grants)
- Plant and Equipment - \$300,00 (less \$155,000 trades)

I again acknowledge the work undertaken by the Director Westonia Operations and his inside and operational staff and would particularly like to thank the Councillors for their leadership over the past twelve months.

Jeff Sowiak  
**CHIEF EXECUTIVE OFFICER**

## **PAYMENTS TO EMPLOYEES**

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

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

As at 30<sup>th</sup> June 2010 one employee of the Shire of Westonia was in the annual salary band of \$100,000 - \$110,000.

## **NATIONAL COMPETITION POLICY STATEMENT**

Local Government is bound by the principles set out in the National Competition Policy.

Competitive neutrality relates to the removal of benefits and costs associated with government activities and costs associated with public ownership. Local government is required to test its neutrality for each activity that generates income greater than \$200,000.

The Shire of Westonia does not have an activity that generates more than \$200,000.

Legislation review relates to legislation that may conflict with the principles of National Competition Policy. Local governments are able to make local laws and are required to test local laws against the National Competition Policy.

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

## **FREEDOM OF INFORMATION STATEMENT**

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

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

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

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

Changes to personal information should be made in writing.

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

## **DISABILITY SERVICES STATEMENT**

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

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

## **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.

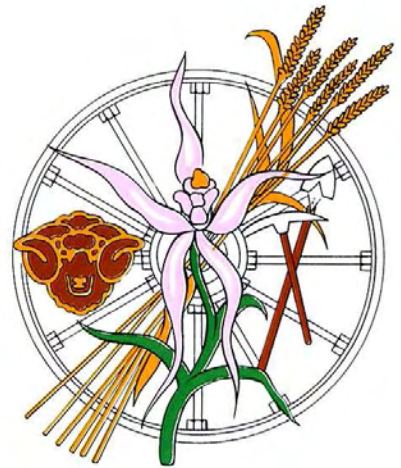
The Shire of Westonia has complied with items 1 to 4.



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# SHIRE OF WESTONIA



## FINANCIAL REPORT

FOR YEAR ENDED  
30 JUNE 2011

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**SHIRE OF WESTONIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**SHIRE OF WESTONIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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**SHIRE OF WESTONIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Westonia being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Westonia at 30th June 2011 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 on the *8th* day of *November* 2011.

  
\_\_\_\_\_  
Jeff Sowiak  
Chief Executive Officer



**SHIRE OF WESTONIA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 Budget \$	2011 \$	2010 \$
<b>REVENUE</b>				
Rates	22	505,484	606,255	434,135
Operating Grants, Subsidies contributions	27	821,700	1,213,421	1,062,192
Non-Operating Grants and Contributions	27	886,945	914,671	692,609
Fees and Charges	26	248,450	199,066	226,577
Service Charges	24	7,550	5,610	8,770
Profit on Asset Disposals	20	41,500	24,890	5,974
Interest Earnings	2(a)	52,500	74,124	91,022
Other Revenue		99,300	56,982	61,727
		<u>2,663,429</u>	<u>3,095,019</u>	<u>2,583,006</u>
<b>EXPENSES</b>				
Employee Costs		(636,100)	(602,526)	(398,436)
Materials and Contracts		(431,125)	(391,100)	(398,935)
Utility Charges		(103,500)	(114,807)	(100,974)
Depreciation on Non-Current Assets	2(a)	(1,189,550)	(1,129,860)	(1,147,588)
Interest Expenses	2(a)	(43,850)	(46,078)	(18,905)
Loss on Asset Disposal	20	(15,500)	(6,257)	(53,901)
Insurance Expenses		(93,500)	(82,663)	(78,207)
Other Expenditure		(31,000)	(22,196)	(11,287)
		<u>(2,544,125)</u>	<u>(2,395,487)</u>	<u>(2,208,233)</u>
		<b>119,304</b>	<b>699,532</b>	<b>374,773</b>
<b>Other Comprehensive Income</b>				
Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>119,304</u></u>	<u><u>699,532</u></u>	<u><u>374,773</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 2011**

	NOTE	2011 Budget	2011 \$	2010 \$
<b>REVENUE</b>	2(a)			
Governance		3,300	48,780	45,228
General Purpose Funding		1,270,084	1,646,477	1,421,668
Law, Order, Public Safety		49,400	52,010	33,968
Health		1,600	1,950	1,850
Education and Welfare		200	20,050	0
Housing		520,950	482,251	46,016
Community Amenities		6,600	5,400	5,420
Recreation and Culture		163,695	216,670	129,933
Transport		485,800	508,751	681,718
Economic Services		78,700	38,164	102,933
Other Property and Services		83,100	74,516	114,272
		<u>2,663,429</u>	<u>3,095,019</u>	<u>2,583,006</u>
<b>EXPENSES EXCLUDING FINANCE COSTS</b>	2(a)			
Governance		(279,050)	(269,648)	(196,544)
General Purpose Funding		(34,180)	(24,584)	(35,754)
Law, Order, Public Safety		(58,850)	(56,964)	(48,197)
Health		(25,190)	(21,517)	(19,990)
Education and Welfare		(12,690)	(22,588)	(9,232)
Housing		(149,256)	(90,389)	(85,171)
Community Amenities		(46,085)	(28,836)	(37,620)
Recreation & Culture		(369,425)	(344,744)	(295,033)
Transport		(1,212,495)	(1,181,353)	(1,165,909)
Economic Services		(229,125)	(214,865)	(237,459)
Other Property and Services		(83,929)	(93,921)	(58,419)
		<u>(2,500,275)</u>	<u>(2,349,409)</u>	<u>(2,189,328)</u>
<b>FINANCE COSTS</b>	2(a)			
Housing		(32,795)	(32,684)	(6,583)
Transport		(11,055)	(11,049)	(12,081)
Economic Services		0	(2,345)	(241)
		<u>(43,850)</u>	<u>(46,078)</u>	<u>(18,905)</u>
<b>NET RESULT</b>		<u>119,304</u>	<u>699,532</u>	<u>374,773</u>
<b>Other Comprehensive Income</b>				
Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>119,304</u></u>	<u><u>699,532</u></u>	<u><u>374,773</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 2010**

	NOTE	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,103,846	1,919,191
Trade and Other Receivables	4	447,755	119,026
Inventories	5	44,370	83,368
<b>TOTAL CURRENT ASSETS</b>		<u>1,595,971</u>	<u>2,121,585</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	7,616,954	6,309,369
Infrastructure	7	7,073,997	7,093,838
<b>TOTAL NON-CURRENT ASSETS</b>		<u>14,690,951</u>	<u>13,403,207</u>
<b>TOTAL ASSETS</b>	17	<u>16,286,922</u>	<u>15,524,792</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	122,735	67,217
Long Term Borrowings	9	67,113	63,234
Provisions	10	82,779	88,491
<b>TOTAL CURRENT LIABILITIES</b>		<u>272,627</u>	<u>218,942</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	632,996	620,568
Provisions	10	4,560	8,075
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>637,556</u>	<u>628,643</u>
<b>TOTAL LIABILITIES</b>		<u>910,183</u>	<u>847,585</u>
<b>NET ASSETS</b>		<u>15,376,739</u>	<u>14,677,207</u>
<b>EQUITY</b>			
Retained Surplus		13,312,452	12,158,368
Reserves - Cash Backed	11	594,158	1,048,710
Reserves - Asset Revaluation	12	1,470,129	1,470,129
<b>TOTAL EQUITY</b>		<u>15,376,739</u>	<u>14,677,207</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 2011**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2009</b>	<b>11,754,039</b>	<b>1,078,266</b>	<b>1,470,129</b>	<b>14,302,434</b>
Net Result	374,773	0	0	374,773
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	29,556	(29,556)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2010</b>	<b>12,158,368</b>	<b>1,048,710</b>	<b>1,470,129</b>	<b>14,677,207</b>
Net Result	699,532	0	0	699,532
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	454,552	(454,552)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2011</b>	<b><u>13,312,452</u></b>	<b><u>594,158</u></b>	<b><u>1,470,129</u></b>	<b><u>15,376,739</u></b>

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

**SHIRE OF WESTONIA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 Budget \$	2011 \$	2010 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		505,484	601,297	426,187
Operating Grants, Subsidies, contributions		821,700	1,210,421	1,121,621
Fees and Charges		269,057	197,449	226,577
Service Charges		7,550	5,610	8,770
Interest Earnings		52,500	74,124	91,022
Goods and Services Tax		250,000	374,181	214,567
Other Revenue		99,300	56,982	61,727
		<u>2,005,591</u>	<u>2,520,064</u>	<u>2,150,471</u>
<b>Payments</b>				
Employee Costs		(640,126)	(599,895)	(380,356)
Materials and Contracts		(391,424)	(387,788)	(471,279)
Utility Charges		(103,500)	(114,807)	(100,974)
Insurance Expenses		(93,500)	(82,663)	(78,207)
Interest expenses		(43,850)	(44,276)	(14,691)
Goods and Services Tax		(250,000)	(283,092)	(253,819)
Other Expenditure		(31,000)	(22,196)	(11,287)
		<u>(1,553,400)</u>	<u>(1,534,717)</u>	<u>(1,310,613)</u>
<b>Net cash provided by (used) in operating activities</b>	13(b)	<u>452,191</u>	<u>985,347</u>	<u>839,858</u>
<b>Cash Flows from Investing Activities</b>				
<b>Payments</b>				
Land Held for Resale		(65,000)	0	(45,170)
Property, Plant & Equipment		(1,643,000)	(1,688,526)	(1,468,721)
Infrastructure		(1,170,000)	(829,778)	(953,570)
Non-Operating Grants, Contributions		886,945	541,300	692,609
Proceeds from Sale of Plant & Equipment		315,000	160,005	138,901
		<u>315,000</u>	<u>160,005</u>	<u>138,901</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(1,676,055)</u>	<u>(1,816,999)</u>	<u>(1,635,951)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(63,689)	(63,693)	(31,617)
Proceeds from Self Supporting Loans		0	0	6,815
Proceeds from New Debentures		0	80,000	500,000
		<u>0</u>	<u>80,000</u>	<u>500,000</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(63,689)</u>	<u>16,307</u>	<u>475,198</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(1,287,553)</u>	<u>(815,345)</u>	<u>(320,895)</u>
Cash at Beginning of Year		1,947,593	1,919,191	2,240,086
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>660,040</u></u>	<u><u>1,103,846</u></u>	<u><u>1,919,191</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 2011**

	NOTE	2011 Budget \$	2011 \$	2010 \$
<b>REVENUE</b>				
Governance		3,300	48,780	45,228
General Purpose Funding		764,600	1,040,222	987,533
Law, Order, Public Safety		49,400	52,010	33,968
Health		1,600	1,950	1,850
Education and Welfare		200	20,050	0
Housing		520,950	482,251	46,016
Community Amenities		6,600	5,400	5,420
Recreation and Culture		163,695	216,670	129,933
Transport		485,800	508,751	681,718
Economic Services		78,700	38,164	102,933
Other Property and Services		83,100	74,516	114,272
		<u>2,157,945</u>	<u>2,488,764</u>	<u>2,148,871</u>
<b>EXPENSES</b>				
Governance		(279,050)	(269,648)	(196,544)
General Purpose Funding		(34,180)	(24,584)	(35,754)
Law, Order, Public Safety		(58,850)	(56,964)	(48,197)
Health		(25,190)	(21,517)	(19,990)
Education and Welfare		(12,690)	(22,588)	(9,232)
Housing		(182,051)	(123,073)	(91,754)
Community Amenities		(46,085)	(28,836)	(37,620)
Recreation & Culture		(369,425)	(344,744)	(295,033)
Transport		(1,223,550)	(1,192,402)	(1,177,990)
Economic Services		(229,125)	(217,210)	(237,700)
Other Property and Services		(83,929)	(93,921)	(58,419)
		<u>(2,544,125)</u>	<u>(2,395,487)</u>	<u>(2,208,233)</u>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	20	(26,000)	(18,633)	47,927
Movement in Employee Benefit Provisions		0	(3,515)	(1,212)
Depreciation and Amortisation on Assets	2 (a)	1,189,550	1,129,860	1,147,588
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		0	0	(45,170)
Purchase Land and Buildings		(1,330,000)	(1,380,244)	(1,252,626)
Purchase Infrastructure Assets - Roads		(1,150,000)	(816,867)	(841,795)
Purchase Infrastructure Assets - Other		(20,000)	(12,911)	(111,775)
Purchase Plant and Equipment		(378,000)	(298,243)	(169,511)
Purchase Furniture and Equipment		0	(10,039)	(46,584)
Proceeds from Disposal of Assets	20	315,000	160,005	138,901
<b>Debt Management</b>				
Repayment of Debentures	21 (a)	(63,689)	(63,693)	(31,617)
Proceeds from New Debentures		0	80,000	500,000
Self-Supporting Loan Principal Income		0	0	6,815
<b>Reserve Transactions</b>				
Transfers to Reserves (Restricted Assets)	11	(52,501)	(65,448)	(450,444)
Transfers from Reserves (Restricted Assets)	11	520,000	520,000	480,000
<b>ADD</b> Surplus/(Deficit) July 1 B/Fwd		876,336	857,412	1,112,142
<b>LESS</b> Surplus/(Deficit) June 30 C/Fwd		0	777,216	857,412
<b>Amount Required to be Raised from Rates</b>	22	<u>(505,484)</u>	<u>(606,255)</u>	<u>(434,135)</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 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

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 the selected non-current assets, financial assets and liabilities.

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

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

**(c) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

**(e) Trade and Other Receivables**

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

**(g) Fixed Assets**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

***Initial Recognition***

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

***Revaluation***

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.



**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**(g) 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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

***Depreciation of Non-Current Assets***

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	0 to 20 years
Furniture and Equipment	0 to 10 years
Plant and Equipment	0 to 10 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years

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

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets (Continued)***

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

**(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 (ie trade date accounting is adopted).

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

***Classification and Subsequent Measurement***

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

*(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**(i) Estimation of Fair Value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(j) Impairment**

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 *'Impairment of Assets'* and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

**(k) Trade and Other Payables**

Trade 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 and are usually paid within 30 days of recognition.

**(l) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

**(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

**(ii) Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(m) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

**(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) that outflow can be reliably measured.

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

Provisions are not recognised for future operating losses.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(o) Leases**

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

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

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

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

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

**(p) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

**(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 operation for the current reporting period.

**(r) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees.

**(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 resale where it is held as non-current based on 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.

**(u) Comparative Figures**

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

**(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 2011**

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	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 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

Title and Topic	Issued	Applicable (*)	Impact
<p>(v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9</p> <p>[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12)</p>	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
<p>(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</p> <p>[AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, &amp; 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 &amp; 1052]</p>	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
<p>(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]</p>	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127)	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.



**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

(\*) 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 2011**

**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 became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2009 - 5  
AASB 2009 - 8  
AASB 2009 - 10  
AASB 2009 - 13  
AASB 2010 - 1  
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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 2011**

**2 REVENUE AND EXPENSES**

**(a) Net Result**

	<b>2011 Budget \$</b>	<b>2011 \$</b>	<b>2010 \$</b>
The Net Result includes:			
(i) Charging as an Expense:			
<b>Auditors Remuneration</b>			
- Audit	11,000	9,300	7,500
- Other Services	0	3,980	2,500
<b>Depreciation</b>			
Buildings	81,484	110,404	85,486
Furniture and Equipment	44,965	27,148	42,502
Plant and Equipment	143,222	142,689	143,502
Roads	919,879	835,441	864,155
Other Infrastructure	0	14,178	11,943
	<u>1,189,550</u>	<u>1,129,860</u>	<u>1,147,588</u>
<b>Interest Expenses (Finance Costs)</b>			
Debentures ( <i>refer Note 21(a)</i> )	43,850	46,078	18,905
	<u>43,850</u>	<u>46,078</u>	<u>18,905</u>
(ii) Crediting as Revenue:			
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	32,500	45,325	45,444
- Other Funds	20,000	25,469	43,726
Other Interest Revenue ( <i>refer note 22(a)</i> )	0	3,330	1,852
	<u>52,500</u>	<u>74,124</u>	<u>91,022</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**2 REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**GOVERNANCE**

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

ACTIVITIES: Administration and operation of facilities and services to members of Council.

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

**GENERAL PURPOSE FUNDING**

OBJECTIVE: To collect revenue to allow for the provision of services.

ACTIVITIES: Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

OBJECTIVE: To provide services to help ensure a safer community.

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

**HEALTH**

OBJECTIVE: To provide an operational framework for good community health.

ACTIVITIES: Food quality and pest control, immunization services and operation of health clinic.

**EDUCATION AND WELFARE**

OBJECTIVE: To meet the needs of the community in these areas.

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

**HOUSING**

OBJECTIVE: To help ensure adequate housing.

ACTIVITIES: Maintenance and establishment of staff and rental housing.

**COMMUNITY AMENITIES**

OBJECTIVE: Provide services required by the community.

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

**RECREATION AND CULTURE**

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

ACTIVITIES: Maintenance of halls, the aquatic centre, recreation centre and various reserves. operation of the Library and TV and Radio re-broadcasting.

**TRANSPORT**

OBJECTIVE: To provide effective and efficient transport services for the community.

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

**ECONOMIC SERVICES**

OBJECTIVE: To help promote the shire and improve economic well being.

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

**OTHER PROPERTY & SERVICES**

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

ACTIVITIES: Private works operations, plant repairs and operation costs.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**2 REVENUE AND EXPENSES (Continued)**

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

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance (*) 1-Jul-09 \$</u>	<u>Received (+) 2009/10 \$</u>	<u>Expended (#) 2009/10 \$</u>	<u>Closing Balance (*) 30-Jun-10 \$</u>	<u>Received (+) 2010/11 \$</u>	<u>Expended (#) 2010/11 \$</u>	<u>Closing Balance 30-Jun-11 \$</u>
Royalties for Regions	General Purpose	0	31,818	(31,818)	0	0	0	0
Infrastructure Program	General Purpose	31,560	0	(31,560)	0	0	0	0
FESA	Law, Order , Safety	0	29,420	(29,420)	0	27,495	(27,495)	0
Dog Fence Project	Law, Order , Safety	0	0	0	0	2,362	0	2,362
Community Dought Relief Fund	Education/Welfare	0	0	0	0	20,000	(12,754)	7,246
Country Local Government Fund	Housing	592,276	0	(592,276)	0	373,371	(373,371)	0
Fed Govt - RLCIP	Housing	0	0	0	0	30,000	(1,682)	28,318
CSRRF - Pavilion	Rec & Culture	0	32,616	(32,616)	0	0	0	0
Swimming Pool Subsidy	Rec & Culture	0	3,000	(3,000)	0	3,000	(3,000)	0
Fed Govt - Museum	Rec & Culture	0	30,000	(30,000)	0	0	0	0
LotteriesWest - Museum	Rec & Culture	0	0	0	0	60,000	(60,000)	0
Lotterywest Grant History Book	Rec & Culture	0	0	0	0	12,000	(12,000)	0
Poppit Headframe	Rec & Culture	0	0	0	0	36,000	(36,000)	0
State Roads 2020	Transport	0	178,000	(178,000)	0	174,000	(174,000)	0
Main Roads 2025	Transport	0	70,228	(70,228)	0	71,091	(71,091)	0
Roads to Recovery	Transport	0	241,300	(241,300)	0	241,300	(241,300)	0
Black Spot	Transport	0	100,837	(100,837)	0	0	0	0
RADS - Aerodrome	Transport	19,939	87,000	(106,939)	0	0	0	0
Shire of Yilgarn - NRM Program	Economic Services	0	0	0	0	10,401	(10,401)	0
<b>Total</b>		<b><u>643,775</u></b>	<b><u>804,219</u></b>	<b><u>(1,447,994)</u></b>	<b><u>0</u></b>	<b><u>1,061,020</u></b>	<b><u>(1,023,094)</u></b>	<b><u>37,926</u></b>

**Notes:**

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

(+) - 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.

(#) - 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.

All of the grants/contributions is disclosed at Note 3.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>3 CASH AND CASH EQUIVALENTS</b>		
Unrestricted	391,762	870,481
Restricted	712,084	1,048,710
	<u>1,103,846</u>	<u>1,919,191</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	101,234	96,107
Plant Reserve	251,947	225,046
Building Reserve	110,187	218,452
Television Reserve	23,333	21,849
Community Development Reserve	71,098	457,584
Waste Management Reserve	36,359	29,672
Unspent Loans	80,000	0
Unspent Grants	37,926	0
	<u>712,084</u>	<u>1,048,710</u>
<b>4 TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	17,997	13,039
Sundry Debtors	440,556	62,568
Provision for Doubtful Debts	(10,798)	(10,798)
GST Receivable	0	54,217
	<u>447,755</u>	<u>119,026</u>
<b>5 INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	25,287	23,613
Land Held for Resale - Cost		
Cost of Acquisition	12,115	12,115
Development Costs	6,968	47,640
	<u>44,370</u>	<u>83,368</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**6 PROPERTY, PLANT AND EQUIPMENT**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Land and Buildings - Cost	7,062,882	5,644,436
Less Accumulated Depreciation	<u>(1,141,331)</u>	<u>(1,030,927)</u>
	5,921,551	4,613,509
Furniture and Equipment - Cost	343,844	333,805
Less Accumulated Depreciation	<u>(211,617)</u>	<u>(184,469)</u>
	132,227	149,336
Plant and Equipment - Cost	2,390,565	2,361,719
Less Accumulated Depreciation	<u>(827,389)</u>	<u>(815,195)</u>
	1,563,176	1,546,524
	<u><u>7,616,954</u></u>	<u><u>6,309,369</u></u>

**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	<b>Land &amp; Buildings \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Plant &amp; Equipment \$</b>	<b>Total \$</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 1 July 2010</b>	4,613,509	149,336	1,546,524	6,309,369
Additions	1,380,244	10,039	298,243	1,688,526
(Disposals)	0	0	(138,902)	(138,902)
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	(110,404)	(27,148)	(142,689)	(280,241)
Other Movements	38,202	0	0	38,202
<b>Balance as at 30 June 2011</b>	<u><u>5,921,551</u></u>	<u><u>132,227</u></u>	<u><u>1,563,176</u></u>	<u><u>7,616,954</u></u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>7 INFRASTRUCTURE</b>		
Roads - Cost	20,409,478	19,592,612
Less Accumulated Depreciation	<u>(13,596,598)</u>	<u>(12,761,158)</u>
	6,812,880	6,831,454
Footpaths - Cost	38,968	38,968
Less Accumulated Depreciation	<u>(17,535)</u>	<u>(15,587)</u>
	21,433	23,381
Other Infrastructure - Cost	352,697	339,786
Less Accumulated Depreciation	<u>(113,013)</u>	<u>(100,783)</u>
	239,684	239,003
	<u>7,073,997</u>	<u>7,093,838</u>

**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	<b>Roads</b>	<b>Footpaths</b>	<b>Other</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>Infrastructure</b>	<b>\$</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 1 July 2010</b>	6,831,454	23,381	239,003	7,093,838
Additions	816,867	0	12,911	829,778
(Disposals)	0	0	0	0
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	(835,441)	(1,948)	(12,230)	(849,619)
Other Movements	0	0	0	0
<b>Balance as at 30 June 2011</b>	<u>6,812,880</u>	<u>21,433</u>	<u>239,684</u>	<u>7,073,997</u>



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>8 TRADE AND OTHER PAYABLES</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Sundry Creditors	61,469	46,420
Tax Payable	36,872	0
Accrued Interest on Debentures	7,019	5,217
Accrued Salaries and Wages	17,375	15,580
	<u>122,735</u>	<u>67,217</u>
	<u><u>122,735</u></u>	<u><u>67,217</u></u>
 <b>9 LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	67,113	63,234
	<u>67,113</u>	<u>63,234</u>
	<u><u>67,113</u></u>	<u><u>63,234</u></u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	632,996	620,568
	<u>632,996</u>	<u>620,568</u>
	<u><u>632,996</u></u>	<u><u>620,568</u></u>
 Additional detail on borrowings is provided in Note 21.		
 <b>10 PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	34,306	27,135
Provision for Long Service Leave	48,473	61,356
	<u>82,779</u>	<u>88,491</u>
	<u><u>82,779</u></u>	<u><u>88,491</u></u>
<b>Non-Current</b>		
Provision for Long Service Leave	4,560	8,075
	<u>4,560</u>	<u>8,075</u>
	<u><u>4,560</u></u>	<u><u>8,075</u></u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

<b>11 RESERVES - CASH BACKED</b>	<b>2011 Budget</b>	<b>2011 \$</b>	<b>2010 \$</b>
<b>(a) Leave Reserve</b>	<b>\$</b>		
Opening Balance	96,107	96,107	91,583
Amount Set Aside / Transfer to Reserve	4,852	5,127	4,524
Amount Used / Transfer from Reserve	0	0	0
	<u>100,959</u>	<u>101,234</u>	<u>96,107</u>
<b>(b) Plant Reserve</b>			
Opening Balance	225,045	225,046	214,460
Amount Set Aside / Transfer to Reserve	26,362	26,901	10,586
Amount Used / Transfer from Reserve	0	0	0
	<u>251,407</u>	<u>251,947</u>	<u>225,046</u>
<b>(c) Building Reserve</b>			
Opening Balance	218,452	218,452	285,808
Amount Set Aside / Transfer to Reserve	11,030	11,735	12,644
Amount Used / Transfer from Reserve	(120,000)	(120,000)	(80,000)
	<u>109,482</u>	<u>110,187</u>	<u>218,452</u>
<b>(d) Television Reserve</b>			
Opening Balance	21,849	21,849	20,949
Amount Set Aside / Transfer to Reserve	1,103	1,484	900
Amount Used / Transfer from Reserve	0	0	0
	<u>22,952</u>	<u>23,333</u>	<u>21,849</u>
<b>(e) Community Development Reserve</b>			
Opening Balance	457,584	457,584	442,108
Amount Set Aside / Transfer to Reserve	2,908	13,514	415,476
Amount Used / Transfer from Reserve	(400,000)	(400,000)	(400,000)
	<u>60,492</u>	<u>71,098</u>	<u>457,584</u>
<b>(f) Waste Management Reserve</b>			
Opening Balance	29,672	29,672	23,358
Amount Set Aside / Transfer to Reserve	6,246	6,687	6,314
Amount Used / Transfer from Reserve	0	0	0
	<u>35,918</u>	<u>36,359</u>	<u>29,672</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>581,210</u>	<u>594,158</u>	<u>1,048,710</u>
<b>SUMMARY</b>			
Opening Balance	1,048,709	1,048,710	1,078,266
Amount Set Aside / Transfer to Reserve	52,501	65,448	450,444
Amount Used / Transfer from Reserve	(520,000)	(520,000)	(480,000)
	<u>581,210</u>	<u>594,158</u>	<u>1,048,710</u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**11 RESERVES - CASH BACKED (Continued)**

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

Leave Reserve

- to be used to fund annual and long service leave requirements

Plant Reserve

- to be used for the purchase of major plant

Building Reserve

- to be used for the purchase of land and construction of major buildings and facilities.

Television Reserve

- to be used for the purchase of replacement television equipment

Community Development Reserve

- to be used for the development of land, buildings and facilities for the community.

Waste Management Reserve

- to be used for ongoing waste management strategies.

**12 RESERVES - ASSET REVALUATION**

**2011**

**2010**

**\$**

**\$**

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) **Land and Buildings**

Balance as at 1 July	1,470,129	1,470,129
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June	<u>1,470,129</u>	<u>1,470,129</u>
 TOTAL ASSET REVALUATION RESERVES	 <u><u>1,470,129</u></u>	 <u><u>1,470,129</u></u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	<b>2011 Budget \$</b>	<b>2011 \$</b>	<b>2010 \$</b>
Cash and Cash Equivalents	<u>660,040</u>	<u>1,103,846</u>	<u>1,919,191</u>

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

Net Result	119,304	699,532	374,773
Depreciation	1,189,550	1,129,860	1,147,588
(Profit)/Loss on Sale of Asset	(26,000)	(18,633)	47,927
(Increase)/Decrease in Receivables	20,607	(369,401)	12,229
(Increase)/Decrease in Inventories	(5,437)	38,998	2,372
Increase/(Decrease) in Payables	45,138	55,518	(54,253)
Increase/(Decrease) in Employee Provisions	(4,026)	(9,227)	1,831
Grants/Contributions for the Development of Assets	<u>(886,945)</u>	<u>(541,300)</u>	<u>(692,609)</u>
<b>Net Cash from Operating Activities</b>	<u>452,191</u>	<u>985,347</u>	<u>839,858</u>

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

	<b>2011 \$</b>	<b>2010 \$</b>
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	0	(232)
<b>Total Amount of Credit Unused</b>	<u>5,000</u>	<u>4,768</u>

**Loan Facilities**

Loan Facilities - Current	67,113	63,234
Loan Facilities - Non-Current	<u>632,996</u>	<u>620,568</u>
<b>Total Facilities in Use at Balance Date</b>	<u>700,109</u>	<u>683,802</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>0</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**14 CONTINGENT LIABILITIES**

There are no known contingent liabilities as at 30 June 2011.

**15 CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

There are no finance lease commitments as at 30 June 2011.

**(b) Operating Lease Commitments**

There are no operating lease commitments as at 30 June 2011.

**(c) Capital Expenditure Commitments**

There are no capital expenditure commitments as at 30 June 2011.

**16 JOINT VENTURE**

The Shire together with Homeswest have a joint venture arrangement to provide low cost housing to the private sector.

The total GST inclusive cost of the project was \$ 467,056 of which Council contributed \$ 60,000 in cash, \$45,508 in land and siteworks and \$ 5,786 for additional amenities and landscaping. In 2007/08 Council constructed a patio for the cost of \$ 8,876 and in 2009/10 a carport for \$ 9,023. Council's equity in the property at completion is 24.09% made as follows:

	<b>2011 Budget</b>	<b>2011 \$</b>	<b>2010 \$</b>
<b>Non-Current Assets</b>	<b>\$</b>		
Land & Buildings	143,771	143,771	143,771
Less: Accumulated Depreciation	(18,692)	(16,563)	(14,107)
	<u>125,079</u>	<u>127,208</u>	<u>129,664</u>

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

	<b>2011 \$</b>	<b>2010 \$</b>
Governance	104,133	100,919
General Purpose Funding	17,997	67,256
Law, Order, Public Safety	166,795	177,581
Health	3,074	3,340
Education and Welfare	7,246	0
Housing	3,213,655	1,813,491
Community Amenities	117,963	115,647
Recreation and Culture	1,853,737	1,842,731
Transport	7,426,601	7,383,421
Economic Services	931,906	884,186
Other Property and Services	1,834,236	2,265,740
Unallocated	609,579	870,480
	<u>16,286,922</u>	<u>15,524,792</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

<b>18 FINANCIAL RATIOS</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Current Ratio	4.656	8.224	4.551
Untied Cash to Unpaid Trade Creditors Ratio	3.984	18.752	4.883
Debt Ratio	0.056	0.055	0.029
Debt Service Ratio	0.050	0.027	0.026
Gross Debt to Revenue Ratio	0.321	0.362	0.104
Gross Debt to Economically Realisable Assets Ratio	0.076	0.081	0.028
Rate Coverage Ratio	0.195	0.169	0.125
Outstanding Rates Ratio	0.029	0.030	0.012

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**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-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
George Rd Water Extension	20,400	0	0	20,400
St John Ambulance Westonia	2,018	0	0	2,018
Westonia Sports Council	122	0	0	122
Westonia Progress Association	42,515	37,485	(5,491)	74,509
Accommodation Units	2,900	0	0	2,900
Weira-Boodaroockin Water	632	0	0	632
BCITF Levy	75	0	0	75
Housing Bond	660	0	0	660
Social Club	8,331	3,020	(430)	10,921
Walgoolan History Group	5,535	6,530	0	12,065
Community Project (Scrap)	1,000	0	0	1,000
Rural Youth	3,360	0	0	3,360
	<u>87,548</u>	<u>47,035</u>	<u>(5,921)</u>	<u>128,662</u>

**20 DISPOSAL OF ASSETS**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>						
Lot 102 Jasper Street	0	38,500	0	80,000	0	41,500
<b>Transport</b>						
Front End Loader	107,640	121,000	130,000	120,000	22,360	(1,000)
CEO Vehicle	0	64,000	0	55,000	0	(9,000)
Foremans Vehicle	31,262	35,500	25,005	30,000	(6,257)	(5,500)
<b>Other Property &amp; Services</b>						
Conditional Land Release	2,470	30,000	5,000	30,000	2,530	0
	<u>141,372</u>	<u>289,000</u>	<u>160,005</u>	<u>315,000</u>	<u>18,633</u>	<u>26,000</u>

Profit	24,890	41,500
(Loss)	(6,257)	(15,500)
	<u>18,633</u>	<u>26,000</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**21 INFORMATION ON BORROWINGS**

Particulars	Principal 1-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
			\$	\$	\$	\$	\$	\$
<b>Housing</b>								
Loan 2 - Staff Residence	6,416		6,416	6,415	0	0	690	305
Loan 3 - Staff Residence	23,781		5,402	5,400	18,379	18,381	1,717	1,419
Loan 5 - Life-style Village	500,000		37,174	37,174	462,826	462,826	30,277	31,071
<b>Economic Transport</b>								
Loan 6 - Community Bus *	0	80,000	0	0	80,000	0	2,345	0
<b>Transport</b>								
Loan 4 - Depot	153,605		14,701	14,700	138,904	138,905	11,049	11,055
	683,802	80,000	63,693	63,689	700,109	620,112	46,078	43,850

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

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 6 - Community Bus *	80,000	0	WATC	Debenture	10	28,852	6.23	0	0	80,000

Particulars	Date Borrowed	Balance 1-Jul-10 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-11 \$
Loan 6 - Community Bus *	June 2011	0	80,000	0	80,000
		0	80,000	0	80,000

**(d) Overdraft**

Council had no overdraft facility as at the 30 June 2011.



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

22	<b>RATING INFORMATION</b>	<b>Rate in \$</b>	<b>No of Properties</b>	<b>Valuations</b>	<b>Levied</b>	<b>Budget</b>
(a)	<b>Gross Rental Values</b>			<b>\$</b>	<b>\$</b>	<b>\$</b>
	Residential	0.1000	36	136,968	18,562	13,697
	Com/Industrial/Other	0.1000	6	49,140	49	4,914
	Mining	0.1000	2	497,910	49,791	49,791
			44	684,018	68,402	68,402
	<b>Unimproved Values</b>					
	Rural	0.0104	162	40,515,500	421,195	419,335
	Mining	0.0104	2	50,218	522	520
			164	40,565,718	421,717	419,855
	<b>Minimum Rates</b>	<b>Minimum \$</b>	<b>No of Properties</b>	<b>Valuations</b>	<b>Levied</b>	<b>Budget</b>
	<b>Gross Rental Values</b>			<b>\$</b>	<b>\$</b>	<b>\$</b>
	Residential	200	23	6,845	4,600	4,600
	Com/Industrial/Other	200	3	3,020	600	600
			26	9,865	5,200	5,200
	<b>Unimproved Values</b>					
	Rural	200	16	174,700	3,200	3,200
	Mining	200	19	121,482	3,800	3,800
			35	296,182	7,000	7,000
	<b>Interim/Back Rates</b>					
	Gross Rental Values				94,141	0
	Unimproved Values				60	2,027
	UV Mining				1,063	0
					597,583	502,484
	Ex-Gratia Rates				8,672	3,000
	Discounts				0	0
	<b>Total Rates</b>				606,255	505,484
	<b>Other Charges</b>					
	Administration Charges	\$ 10.00			3,703	3,000
	Interest on Instalments	5.50%			1,662	0
	Interest on Arrears	11.00%			1,668	0
					7,033	3,000

All land except exempt land in the Shire of Westonia is rated according to its Gross Rental Value (GRV) in town sites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Shire's services/facilities.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**22 RATING INFORMATION continued**

**(b) Concessions, waivers and write offs**

No concessions are provided for in this financial year.

**(c) Discounts, penalties etc.**

No discount is offered for early payment of rates.

**(d) Instalment options**

**Option 1 (Full Payment).**

Full amount of rates and charges including arrears paid on or before 7 September 2010 or 35 days after the date of service appearing on the rate notice whichever is the later.

**Option 2 (Two Instalments).**

First instalment received on or before 7 September 2010 and including all arrears and half of the current rates and service charges.

Second instalment made on or before 10 January 2011.

**Option 3 (Four Instalments).**

Ratepayers had the option of paying rates in four equal instalments :

First instalment	Tuesday 7 September 2010
Second instalment	Monday 8 November 2010
Third instalment	Friday 7 January 2011
Final instalment	Monday 7 March 2011

**(e) Discounts, penalties etc.**

No discount is offered for early payment of rates.

**(f) Instalment fees**

An administration fee of \$10. for each of the 3 final instalments is charged. The revenue be raised from this fee was \$3,703.

**(g) Interest Charges**

An interest rate of 5.5% for each of the 3 final instalments is charged. Proceeds from this charge was \$1,662.

All arrears of rates are payable on demand. Interest on rate arrears is charged at 11%. Proceeds from this charge was \$1,668.

**23 SPECIFIED AREA RATE**

There is no specific area rates levied by the Shire.

**24 SERVICE CHARGES**

	Amount of \$	Revenue Raised	Budget Revenue	Applied to Costs \$	Budget Applied Costs \$
Television Broadcasting	110	5,610	7,550	5,610	7,550
		5,610	7,550	5,610	7,550

The service charge is for the provision of television and radio re-broadcasting service to users in a designated area surrounding the Westonia townsite.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**25 DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**

No discount was offered for early payment of rates.

**26 FEES & CHARGES**

	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>Budget</b>	<b>\$</b>	<b>\$</b>
	<b>\$</b>		
Governance	300	1,767	43
General Purpose Funding	3,000	3,703	3,795
Law, Order, Public Safety	3,200	8,458	3,100
Health	0	1,950	0
Housing	99,350	71,083	46,016
Community Amenities	6,600	5,400	5,420
Recreation and Culture	12,800	9,240	3,907
Transport	500	0	909
Economic Services	52,700	60,563	70,903
Other Property and Services	70,000	36,902	92,484
	<u>248,450</u>	<u>199,066</u>	<u>226,577</u>

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

**27 GRANTS, SUBSIDIES, CONTRIBUTIONS**

	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>Budget</b>	<b>\$</b>	<b>\$</b>
	<b>\$</b>		
<b>By Nature and Type:</b>			
Operating	821,700	1,213,421	1,062,192
Non-Operating	886,945	914,671	692,609
	<u>1,708,645</u>	<u>2,128,092</u>	<u>1,754,801</u>
<b>Operating - By Program:</b>			
Governance	0	0	43,173
General Purpose Funding	708,000	958,840	890,246
Law, Order, Public Safety	30,700	46,902	30,740
Health	0	0	450
Education and Welfare	0	20,000	0
Recreation and Culture	3,000	75,820	35,211
Transport	70,000	71,091	47,372
Economic Services	10,000	10,401	15,000
Other Property and Services	0	30,367	0
	<u>821,700</u>	<u>1,213,421</u>	<u>1,062,192</u>
<b>Non Operating - By Program:</b>			
Housing	379,900	403,371	0
Recreation and Culture	91,745	96,000	62,616
Transport	415,300	415,300	629,993
	<u>886,945</u>	<u>914,671</u>	<u>692,609</u>

**28 COUNCILLORS' REMUNERATION**

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

	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>Budget</b>	<b>\$</b>	<b>\$</b>
	<b>\$</b>		
Meeting Fees	16,000	18,000	18,540
President's Allowance	1,000	1,000	1,000
Travelling Expenses	2,000	2,436	2,462
	<u>19,000</u>	<u>21,436</u>	<u>22,002</u>

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

<b>29 EMPLOYEE NUMBERS</b>	<b>2011</b>	<b>2010</b>
The number of full-time equivalent employees at balance date	<u>13</u>	<u>13</u>

**30 MAJOR LAND TRANSACTIONS**

**Lifestyle Village Project**

**(a) Details**

The Shire commenced this project in 2009/10. The project involves constructing five residential units which will subsequently be leased to a mining company.

<b>(b) Current year transactions</b>	<b>2011 Budget \$</b>	<b>2011 \$</b>	<b>2010 \$</b>
<b>Operating Revenue</b>			
- Profit on sale	0	0	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	1,150,000	0	633,804
	<u>1,150,000</u>	<u>0</u>	<u>633,804</u>

**(c) Expected Future Cash Flows**

	<b>2012 \$</b>	<b>2013 \$</b>	<b>2014 \$</b>	<b>2015 \$</b>	<b>2016 \$</b>	<b>Total \$</b>
<b>Cash Outflows</b>						
- Loan Repayments	68,245	68,245	68,245	68,245	68,245	341,225
	<u>68,245</u>	<u>68,245</u>	<u>68,245</u>	<u>68,245</u>	<u>68,245</u>	<u>341,225</u>
<b>Cash Inflows</b>						
- Country Local Government Fund	373,371	0	0	0	0	373,371
- Leasing Proceeds	98,800	98,800	98,800	98,800	98,800	494,000
	<u>472,171</u>	<u>98,800</u>	<u>98,800</u>	<u>98,800</u>	<u>98,800</u>	<u>867,371</u>
<b>Net Cash Flows</b>	<u>403,926</u>	<u>30,555</u>	<u>30,555</u>	<u>30,555</u>	<u>30,555</u>	<u>526,146</u>

**31 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**32 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	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	1,103,846	1,919,191	1,103,846	1,919,191
Receivables	447,755	119,026	447,755	119,026
	<u>1,551,601</u>	<u>2,038,217</u>	<u>1,551,601</u>	<u>2,038,217</u>
<b>Financial Liabilities</b>				
Payables	122,735	67,217	122,735	67,217
Borrowings	632,996	683,802	650,726	634,741
	<u>755,731</u>	<u>751,019</u>	<u>773,461</u>	<u>701,958</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 2011**

**32 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 portfolio. 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 and investments 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 investing its funds with recognised Australian Banks.

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
Impact of a 1% (*) movement in interest rates on cash and investments		\$
- Equity	12,080	20,835
- Income Statement	12,080	20,835

**Notes:**

(\*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**32 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:

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
<b>Percentage of Rates and Annual Charges</b>		
- Current	9.27%	9.89%
- Overdue	90.73%	90.11%
<b>Percentage of Other Receivables</b>		
- Current	97.19%	80.95%
- Overdue	2.81%	19.05%

**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**32 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:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2011</u></b>					
Payables	122,735	0	0	122,735	122,735
Borrowings	111,662	433,004	378,689	923,355	700,109
	<u>234,397</u>	<u>433,004</u>	<u>378,689</u>	<u>1,046,090</u>	<u>822,844</u>
<b><u>2010</u></b>					
Payables	67,217	0	0	67,217	67,217
Borrowings	107,525	396,469	418,494	922,488	683,802
	<u>174,742</u>	<u>396,469</u>	<u>418,494</u>	<u>989,705</u>	<u>751,019</u>



**SHIRE OF WESTONIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**32 FINANCIAL RISK MANAGEMENT (Continued)**

**(c) 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:

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<b>Year Ended 30 June 2011</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	0	0	18,379	0	0	681,730	700,109	6.48%
Weighted Average Effective Interest Rate			6.32%			6.48%		
<b>Year Ended 30 June 2010</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	6,416	0	0	23,781	0	653,605	683,802	6.56%
Weighted Average Effective Interest Rate	5.94%			6.32%		6.57%		

**SHIRE OF WESTONIA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

**33 AMALGAMATION OF LOCAL GOVERNMENTS**

The Shire of Westonia is in the process of amalgamating with the Shire of Yilgarn. This decision has been made jointly and amicably by the Councils of the two Shires after very lengthy discussions.

The intended amalgamation date is 1st July 2012 and over the past twelve months the two Shires have work towards developing a combined business plan, community and economic profile, rating parity, identifying elected members representation in each ward, community surveys and improving procedures and administrative processes.

The State Government is funding all operational and capital costs directly attributed to the amalgamation as this outcome is compatible with the Government's desire in terms of local government reform.

10 November 2011

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

Dear Jeff

**AUDIT OF SHIRE OF WESTONIA  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011**

We advise that we have completed the audit of your Shire for the year ended 30<sup>th</sup> June 2011 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



DAVID TOMASI  
PARTNER

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**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 2011, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

***Auditor's Opinion***

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

***Report on Other Legal and Regulatory Requirements***

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS



DAVID TOMASI  
PARTNER

Date: 10 November 2011  
Perth, WA

10 November 2011

The Shire President  
Shire of Westonia  
Wolfram Street  
WESTONIA WA 6423

Dear Cr Geier

**MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2011**

We advise that we have completed our audit procedures for the year ended 30th June 2011 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

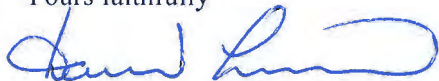
We noted no matters we wish to draw to Council's attention.

**Uncorrected Misstatements**

We advise we have informed Shire management there were no uncorrected misstatements noted by us during the course of our audit.

We take this opportunity to thank the Chief Executive Officer, Director of Westonia Operations and all staff for the assistance provided during the audit. Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



DAVID TOMASI  
PARTNER  
Enc

cc: Mr John Merrick, Director of Westonia Operations

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