



Audit Committee Meeting

Tuesday, 21 March 2023

5. MINUTES FROM PREVIOUS MEETINGS

- 5.1 AUDIT COMMITTEE MEETING HELD 2 AUGUST 2022

6. 2021-2022 ANNUAL FINANCIAL REPORT AND 30 JUNE 2022 AUDIT REPORT

- 1. Annual Financial Statements 30 June 2022
- 2. OAG Audit Opinion 30 June 2022
- 3. Final Management Letter 30 June 2022

7. 2022 COMPLIANCE AUDIT RETURN

- 1. 2022 Shire of Ravensthorpe Compliance Audit Return

ATTACHMENT 'A'

5. MINUTES FROM PREVIOUS MEETINGS
AUDIT COMMITTEE MEETING HELD
2 AUGUST 2022



MINUTES Unconfirmed

Audit Committee

Tuesday, 2 August 2022

UNCONFIRMED



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MINUTES

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Shire President declared the meeting open at 1.03pm.

2. RECORD OF ATTENDANCE, APOLOGIES AND APPROVED LEAVE OF ABSENCE

Elected Members

Cr Keith Dunlop	(Shire President)
Cr Sue Leighton	(Deputy Shire President)
Cr Julia Bell	
Cr Thomas Major	
Cr Mark Mudie	

Staff

Matthew Bird	(Chief Executive Officer)
Les Mainwaring	(Executive Manager Corporate Services)
[vacant]	(Executive Manager Infrastructure Services)
Natalie Bell	(Acting Executive Manager Development and Community)
Meredith Lee-Curtis	(Executive Assistant)
Portia Chambers	(Executive Assistant)

VISITORS Nil.

APOLOGIES Nil.

ON LEAVE OF ABSENCE Cr Rachel Livingston and Cr Graham Richardson.

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil.

4. PUBLIC QUESTIONS TIME

Nil.

5. DECLARATIONS OF INTEREST

Nil.

6. APPLICATIONS FOR LEAVE OF ABSENCE

Nil.

7. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7.1 AUDIT COMMITTEE MEETING HELD 16 MARCH 2021 (ATTACHMENT (YELLOW))

Statutory Environment:

Section 5.22 of the *Local Government Act 1995* provides that minutes of all meeting to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

Voting Requirements:

Simple Majority.

COMMITTEE DECISION:

Moved by Cr Mudie, seconded by Cr Major

Resolution: AC01/22

That the Minutes and associated attachments of the Audit Committee of the Shire of Ravensthorpe held on 16 March 2021 be CONFIRMED as a true and correct record.

Motion put and CARRIED

(5/0)

UNCONFIRMED

8. REPORTS OF OFFICERS

8.1 CORPORATE SERVICES

8.1.1 2020-2021 ANNUAL FINANCIAL REPORT AND 30 JUNE 2021 AUDIT REPORT

File Reference:	FM.AU.1
Location:	Nil
Applicant:	Nil
Author:	Executive Manager Corporate Services
Authorising Officer	Chief Executive Officer
Date:	28 July 2022
Disclosure of Interest:	Nil
Attachments:	1. Annual Financial Statements 30 June 2021 2. OAG Audit Opinion 30 June 2021 3. Final Management Letter 30 June 2021
Previous Reference:	Nil

PURPOSE

1. In accordance with section 7.12A(3) of the *Local Government Act 1995*, Council is required to examine the Auditors report for the year ending 30 June 2021 and is to determine if any matters raised by the Auditors require action to be taken.
2. A copy of the Auditors Report and the Annual Financial Report for the year ending 30 June 2021 is presented for adoption.
3. Council is required to set a date for the Annual General Meeting of Electors within 56 days of adopting the annual financial statements.

BACKGROUND

4. This is the fourth year where the audit process has involved the Office of the Auditor General (OAG), in conjunction with Moore Australia, and given that the previous audit sign offs have been 28 June 2019, 11 December 2019 and 11 March 2021, we were looking forward to another December sign off to allow the timely arrangement of the Annual General Meeting of Electors, however recent events conspired to prevent this timeline.

COMMENT

5. The OAG, in conjunction with contracted auditors, Moore Australia, have completed the annual audit for the year ending 30 June 2021.
6. The audit plan for this year was expanded significantly in scope and detailed data requirements as a result of the Crime and Corruption Commission (CCC) intervention 1 September 2021 where the auditors identified areas of increased audit risk and prepared their findings in the audit accordingly.
7. Notwithstanding the CCC intervention, the OAG has returned the following audit opinion:
 - a. *"In my opinion the financial report of the Shire of Ravensthorpe:*
 - *is based on proper accounts and records;*

- *fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards; and*

b. Noting that the fraud had involved a misappropriation of funds, it is worthwhile referring to the Shire's Statement of Financial Position at the top of Page 5, where Cash and Cash equivalents had increased from \$3,456,545 in 2020 to \$4,774,669 in 2021. This reaffirms Shire finance staff assurances at the time of the CCC intervention that notwithstanding the fraud, all cash deposits were maintained intact and accounted for without discrepancy."

8. Whilst the audit opinion was not qualified, the OAG has raised the following matters on other legal and regulatory requirements:

"The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:

- a. During our review of internal controls, we noted that there was evidence of management override of controls resulting in serious misconduct by the former CEO of the Shire. Management override of controls causes a breakdown and undermines the effectiveness of the controls, such as segregation of duties implemented within the Shire that are there to provide a safeguard against the misuse of resources.*
- b. The Shire's Procurement Policy does state a commitment to probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest. However, controls to ensure declarations of conflict of interest are performed prior to the evaluation of the tender process could not be evidenced increasing the risk of any actual or perceived conflicts of interest being adequately identified and managed by the Shire.*
- c. During our review of purchases, specifically, those incurred on credit cards, we noted some transactions that may not be in accordance with the Shire's purchasing policy, relate to valid business expenditure and or represent value for money.*
- d. We noted a large number of transactions relating to property expenditure and repairs and maintenance via credit card usage. The Shire's Credit Card agreement states that credit cards should only be used where the procurement of goods is impractical or inefficient by a purchase order. Some of this expenditure was incurred through the shared use of a credit card. There is the heightened risk these purchases may not be legitimate expenses to the Shire.*
- e. Review of transactions identified the former CEO had directed staff to enter in purchase order and invoice details. Directing staff to enter invoices and purchase orders within the system constitutes management override of controls and makes the review of unauthorised changes difficult.*
- f. We noted that there was no evidence that additions and changes to the Supplier Master File are independently reviewed. Without evidence of review there is an increased risk that unauthorised changes made to the Supplier Master File may not be detected should the*

review of changes made to the Supplier Master File as part of the creditor's payment run not be performed.

9. *The Shire's management response to the audit findings are as follows:*

a. *Evidence of Management override of controls. - Immediately in the aftermath of the CCC investigation, the Shire sought independent consultants to assist with embarking on a Cultural Improvement Program for staff, both to support staff and to develop an improvement program for staff culture. The Shire also internally recognised the valuable contribution made by the staff that were personally involved in bringing about the investigation.*

Additional outcomes of the Cultural Improvement Program have been the following; -

- *The Shire has recently developed and implemented an employee grievance policy and procedure. This includes the process for staff to report suspected breaches of the Local Government Act 1995 (WA) to either the Public Sector Commission or the Corruption and Crime Commission. Training to all staff has been undertaken on the grievance management and resolution policy and procedure.*
 - *The Shire has reviewed and implemented an enhanced recruitment and selection management policy that ensures greater rigour around employee selection and includes requirements for selection panellists to provide potential declarations of conflicts of interest. Training to team leaders and management has been undertaken on the new recruitment and selection management policy.*
 - *The Shire is seeking guidance from the OAG Fraud Risk Management Better Practice Guide to develop a Fraud and Corruption Control Plan.*
- b. *Declarations of Conflict of Interest - Declarations for panel members will become an immediate requirement of any active or new tenders.*
- c. *Purchases not in accordance with Purchasing Policy*
- *Alcohol and Accommodation - A control change was immediately introduced in the aftermath of the CCC investigation whereby the CEO credit card statement is monitored and authorised by the Shire President. We also note that the presence of hospitality transactions, in any form, will turn on the purpose of the function or whether it is an event sanctioned by Council.*
 - *We also understand that our level of documentary evidence supporting credit card usage, assisted the CCC investigation.*
- d. *Purchases not in accordance with Purchasing Policy*
- *Property Expenditure - Further training will be undertaken in purchasing policy generally and use of credit cards specifically.*
- e. *Information Technology General Controls – User Access - There may be a slight misinterpretation of the CCC report as there are no shared accounts on Synergy, however there is the scope for staff to raise purchase orders under their own access that require an authorisation from a higher signing authority before the purchase order becomes valid. We*

recognise that this was a case of the CEO directing others to create purchase orders for his own purposes that had been misrepresented. Having said that, it is also recognised that staff should be vigilant of others asking them to produce documents for a purpose that may appear to be slightly irregular. This awareness could be included in the development of a Fraud and Corruption Control Plan We also wish to make the point that Invoices are entered by a central Accounts Payable Officer as a control mechanism to create a degree of separation between the purchasing officer and the entering of the invoice. This ensures that invoices are checked thoroughly by an additional officer for correct coding, purchasing authority and to ensure the correct processes are being followed.

f. Supplier Masterfile changes are not reviewed. - An audit trail of the Supplier Master File changes is reviewed for the interval period of each creditor's payment run and has been in place for a number of years. Evidence of the review is signed and dated by the Executive Manager Corporate Services. We will also introduce a review process of Supplier Master File transactions as they occur, which will complement the review process performed at the time of the creditor's payment run."

10. In accordance with the *Local Government Act 1995*, the Annual General Meeting of Electors is to be held on a day no later than 56 days after Council has adopted the Annual Financial Report, therefore Council would be required to hold the Annual General Meeting of Electors no later than Tuesday 11 October 2022 if the report was adopted at the 16 August 2022 Ordinary Council Meeting.
11. The Audit Committee, which is comprised of full Council, is to meet with the auditor during each financial year with such meetings able to be held via teleconference. The Chief Executive Officer arranged an audit exit interview for the Audit Committee with the OAG and Moore Australia on 26 July 2022 via teleconference to discuss the 2020/21 audit findings.

CONSULTATION

12. All Councillors and Executive Team

STATUTORY ENVIRONMENT

13. *Local Government Act 1995 – Part 6 Financial Management; and Local Government (Financial Management) Regulations 1996* - Defines the processes and procedures that apply to the recording and reporting of financial matters.
14. *Local Government Act 1995 – Part 7 Audit; and Local Government (Audit) Regulations 1996* - Defines the audit of the financial accounts of local governments, including the conduct of audits.
15. *Local Government Act 1995 - 7.12A. Duties of local government with respect to audits* - A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to determine if any matters raised by the report, or reports, require action to be taken by the local government; and ensure that appropriate action is taken in respect of those matters.

POLICY IMPLICATIONS

16. Nil

FINANCIAL IMPLICATIONS

17. Nil.

RISK MANAGEMENT

18. Nil.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
Override of Internal Controls	Possible	Moderate	Medium	Constantly monitor, review and reflect on adequacy and effectiveness of controls
Financial	Possible	Minor	Medium	Robust controls prevent the level and likelihood of loss

ALTERNATE OPTIONS

19. Nil.

STRATEGIC ALIGNMENT

20. This item is relevant to the Councils approved Strategic Community Plan 2021 and Corporate Business Plan 2021-2025

Outcome 5: Governance and Leadership - The Shire of Ravensthorpe partners the community, and is an effective advocate and responsible steward

Item	Objectives and Strategies
5.5	The value of community owned assets is maintained
5.6	Financial systems are effectively managed

VOTING REQUIREMENTS

21. Simple Majority

COMMITTEE DECISION:

Moved by Cr Major, seconded by Cr Mudie

Resolution: AC02/22

That the Audit Committee **RECOMMENDS** that Council:-

1. **ACCEPTS** the 2020/2021 Annual Financial Statements and auditors report for the year ended 30 June 2021.
2. **SETS** the 2020/2021 Annual General Meeting of Electors within 56 days of the acceptance of the 2020/21 Annual Financial Report.
3. **PROVIDES** the Annual Report to the Shire of Ravensthorpe Community, two (2) weeks' prior to the Annual General Meeting of Electors.

Motion put and **CARRIED**

(5/0)

8.1 **CORPORATE SERVICES**

8.1.2 2021 COMPLIANCE AUDIT RETURN

File Reference:	GR.AU.1
Location:	Not applicable
Applicant:	Not applicable
Author:	Executive Manager Corporate Services
Authorising Officer	Chief Executive Officer
Date:	9 May 2022
Disclosure of Interest:	Nil
Attachments:	1. Shire of Ravensthorpe Compliance Audit Return 2021 2. Audit Committee Report
Previous Reference:	Nil

PURPOSE

1. In accordance with section 7.13(i) of the Local Government Act 1995, a local government is required to complete a Compliance Audit Return for each calendar year for the period 1 January to 31 December.
2. This report recommends the adoption of the Shire of Ravensthorpe's Compliance Audit Return for the period 1 January 2021 to 31 December 2021.

BACKGROUND

3. The document is provided by the Department of Local Government, Sport and Cultural Industries (DLGSCI) in a prescribed manner and is designed to be a tool of self-assessment by local governments allowing identification of areas where compliance has been met or is not applicable for that particular year. It also provides guidance for improvement in instances of non-compliance.
4. The Audit Committee at its meeting held 16 May 2022:
 - a. *That the Audit Committee recommend to Council that;
Council adopt the Compliance Audit Return for the period 1 January 2021 to 31 December 2021 and that it be forwarded to the Department of Local Government, Sport and Cultural Industries after certification by the President and Chief Executive Officer.*

COMMENT

5. The Compliance Audit Return for 2021 includes 98 compliance questions (102 last year), which requires Yes or No answers, however where an item has not occurred during the calendar year a response of not applicable (N/A) is provided. The areas of compliance this year have focused on commercial enterprises by local governments, delegation of powers, disclosures of interest, disposal of property, elections, finance, integrated planning and reporting, employees, official conduct optional questions and tenders for providing goods and services.
6. The 2021 Return has been completed in good faith to the best of available records and the knowledge of senior officers.

7. After the Compliance Audit Return has been presented to Council, a certified copy of the Return, signed by the Shire President and Chief Executive Officer, along with the relevant section of the minutes and any additional information detailing the contents of the Return, are to be submitted to the DLGSCI by 31 March of each year. This Return has been slightly delayed as a result of the disrupted year.

CONSULTATION

8. Nil

POLICY IMPLICATIONS

9. Nil

FINANCIAL IMPLICATIONS

10. Nil.

RISK MANAGEMENT

11. Nil.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
Override of Internal Controls	Possible	Moderate	Medium	Constantly monitor, review and reflect on adequacy and effectiveness of controls
Financial	Possible	Minor	Medium	Robust controls prevent the level and likelihood of loss

ALTERNATE OPTIONS

12. Nil.

STRATEGIC ALIGNMENT

13. This item is relevant to the Councils approved Strategic Community Plan 2021 and Corporate Business Plan 2021-2025

Outcome 5: Governance and Leadership - The Shire of Ravensthorpe partners the community, and is an effective advocate and responsible steward

Item	Objectives and Strategies
5.5	The value of community owned assets is maintained
5.6	Financial systems are effectively managed

VOTING REQUIREMENTS

14. Simple Majority

COUNCIL DECISION:

Moved by Cr Leighton, seconded by Cr Mudie

Resolution: AC03/22

That the Audit Committee RECOMMENDS that Council:-

- ADOPTS the Compliance Audit Return for the period 1 January 2021 to 31 December 2021; and**
- REQUESTS the Chief Executive Officer to forward the Compliance Audit Return 2021 to the Department of Local Government, Sport and Cultural Industries once certified by the Shire President and Chief Executive Officer.**

Motion put and CARRIED

(5/0)

9. MATTERS TO BE CONSIDERED BEHIND CLOSED DOORS

Nil

10. CLOSURE

The Presiding Member declared the meeting closed at 1.40pm.

Signed by the Shire President: _____

(Presiding Person at the meeting of which the minutes were confirmed.)

Date:

UNCONFIRMED

ATTACHMENTS 'B'

6. 2021-2022 ANNUAL FINANCIAL REPORT AND
30 JUNE 2022 AUDIT REPORT
 1. Annual Financial Statements 30 June 2022
 2. OAG Audit Opinion 30 June 2022
 3. Final Management Letter 30 June 2022

SHIRE OF RAVENSTHORPE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Shire of Ravensthorpe conducts the operations of a local government with the following community vision:

Growing our Community

Principal place of business:
65 Morgans Street
RAVENSTHORPE WA 6346

SHIRE OF RAVENSTHORPE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The attached financial report of the Shire of Ravensthorpe for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Ravensthorpe at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 24 day of February 2023



Chief Executive Officer

Matthew Bird



SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022



	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	26(a),2(a)	4,784,298	4,777,428	4,585,295
Operating grants, subsidies and contributions	2(a)	4,165,748	1,937,785	3,354,082
Fees and charges	2(a)	2,395,166	2,635,580	2,094,179
Interest earnings	2(a)	55,138	59,000	61,239
Other revenue	2(a)	887,760	5,881,312	710,925
		12,288,110	15,291,105	10,805,720
Expenses				
Employee costs		(4,939,942)	(4,657,494)	(4,750,882)
Materials and contracts		(3,233,863)	(9,079,213)	(2,783,456)
Utility charges		(261,084)	(241,187)	(250,566)
Depreciation	9(a)	(4,823,317)	(5,004,073)	(4,744,964)
Finance costs	2(b)	(77,896)	(80,660)	(84,601)
Insurance		(342,536)	(236,818)	(322,740)
Other expenditure	2(b)	(396,420)	(336,703)	(412,333)
		(14,075,058)	(19,636,148)	(13,349,542)
		(1,786,948)	(4,345,043)	(2,543,822)
Capital grants, subsidies and contributions	2(a)	2,256,166	8,979,138	2,427,893
Profit on asset disposals	9(b)	57,579	57,092	5,378
Loss on asset disposals	9(b)	(2,192)	(26,543)	(66,112)
		2,311,553	9,009,687	2,367,159
Net result for the period	25(b)	524,605	4,664,644	(176,663)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	10,304,732	0	0
Total other comprehensive income for the period	16	10,304,732	0	0
Total comprehensive income for the period		10,829,337	4,664,644	(176,663)

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



SHIRE OF RAVENSTHORPE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022



	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,991,336	4,774,669
Trade and other receivables	5	1,749,611	1,609,832
Other financial assets	4(a)	0	1,000,000
Inventories	6	57,073	25,554
TOTAL CURRENT ASSETS		6,798,020	7,410,055
NON-CURRENT ASSETS			
Trade and other receivables	5	10,509	11,317
Property, plant and equipment	7	46,551,407	32,970,155
Infrastructure	8	120,165,419	122,213,484
Right-of-use assets	10(a)	663,359	792,451
TOTAL NON-CURRENT ASSETS		167,390,694	155,987,407
TOTAL ASSETS		174,188,714	163,397,462
CURRENT LIABILITIES			
Trade and other payables	11	1,192,506	1,006,524
Other liabilities	12	903,010	701,771
Lease liabilities	10(b)	124,855	124,397
Borrowings	13	143,522	426,653
Employee related provisions	14	608,272	520,534
TOTAL CURRENT LIABILITIES		2,972,165	2,779,879
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	576,240	701,095
Borrowings	13	696,112	839,634
Employee related provisions	14	88,145	70,781
Other provisions	15	364,674	344,032
TOTAL NON-CURRENT LIABILITIES		1,725,171	1,955,542
TOTAL LIABILITIES		4,697,336	4,735,421
NET ASSETS		169,491,378	158,662,041
EQUITY			
Retained surplus		39,595,911	36,739,134
Reserve accounts	29	1,682,127	4,014,299
Revaluation surplus	16	128,213,340	117,908,608
TOTAL EQUITY		169,491,378	158,662,041

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



SHIRE OF RAVENSTHORPE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022



	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		37,482,189	3,447,907	117,908,608	158,838,704
Comprehensive income for the period					
Net result for the period		(176,663)	0	0	(176,663)
Total comprehensive income for the period		(176,663)	0	0	(176,663)
Transfers from reserves	29	951,393	(951,393)	0	0
Transfers to reserves	29	(1,517,785)	1,517,785	0	0
Balance as at 30 June 2021		36,739,134	4,014,299	117,908,608	158,662,041
Comprehensive income for the period					
Net result for the period		524,605	0	0	524,605
Other comprehensive income for the period	16	0	0	10,304,732	10,304,732
Total comprehensive income for the period		524,605	0	10,304,732	10,829,337
Transfers from reserves	29	2,561,780	(2,561,780)	0	0
Transfers to reserves	29	(229,608)	229,608	0	0
Balance as at 30 June 2022		39,595,911	1,682,127	128,213,340	169,491,378

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



SHIRE OF RAVENSTHORPE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022



	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,765,869	4,702,128	4,657,108
Operating grants, subsidies and contributions		4,310,862	1,301,014	4,136,074
Fees and charges		2,395,166	2,710,880	2,094,177
Interest received		55,138	59,000	61,239
Goods and services tax received		831,135	749,974	988,606
Other revenue		908,402	5,881,312	710,925
		13,266,572	15,404,308	12,648,129
Payments				
Employee costs		(4,819,898)	(4,657,494)	(4,678,386)
Materials and contracts		(3,120,737)	(8,894,128)	(2,902,213)
Utility charges		(261,084)	(241,187)	(250,566)
Finance costs		(68,023)	(80,660)	(84,601)
Insurance paid		(342,536)	(236,818)	(322,740)
Goods and services tax paid		(879,030)	(749,974)	(905,146)
Other expenditure		(396,420)	(336,703)	(412,333)
		(9,887,728)	(15,196,964)	(9,555,985)
Net cash provided by (used in) operating activities	17(b)	3,378,844	207,344	3,092,144
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(a)	(5,042,656)	(10,260,209)	(2,327,771)
Payments for construction of infrastructure	8(a)	(1,125,728)	(3,373,639)	(2,116,635)
Non-operating grants, subsidies and contributions		2,256,166	8,979,138	2,771,925
Proceeds from financial assets at amortised cost		1,000,000	0	0
Proceeds from sale of property, plant & equipment	9(b)	301,091	275,549	237,743
Net cash provided by (used in) investing activities		(2,611,127)	(4,379,161)	(1,434,738)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(426,653)	(426,653)	(218,282)
Payments for principal portion of lease liabilities	28(d)	(124,397)	(124,398)	(121,000)
Net cash provided by (used in) financing activities		(551,050)	(551,051)	(339,282)
Net increase (decrease) in cash held		216,667	(4,722,868)	1,318,124
Cash at beginning of year		4,774,669	5,767,812	3,456,545
Cash and cash equivalents at the end of the year	17(a)	4,991,336	1,044,944	4,774,669

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



SHIRE OF RAVENSTHORPE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022



	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	27(b)	1,687,461	1,585,809	1,753,621
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	26(a)	130,419	128,971	121,991
Operating grants, subsidies and contributions		4,165,748	1,937,785	3,354,082
Fees and charges		2,395,166	2,635,580	2,094,179
Interest earnings		55,138	59,000	61,239
Other revenue		887,760	5,881,312	710,925
Profit on asset disposals	9(b)	57,579	57,092	5,378
		7,691,810	10,699,740	6,347,794
Expenditure from operating activities				
Employee costs		(4,939,942)	(4,657,494)	(4,750,882)
Materials and contracts		(3,233,863)	(9,079,213)	(2,783,456)
Utility charges		(261,084)	(241,187)	(250,566)
Depreciation	9(a)	(4,823,317)	(5,004,073)	(4,744,964)
Finance costs		(77,896)	(80,660)	(84,601)
Insurance		(342,536)	(236,818)	(322,740)
Other expenditure		(396,420)	(336,703)	(412,333)
Loss on asset disposals	9(b)	(2,192)	(26,543)	(66,112)
		(14,077,250)	(19,662,691)	(13,415,654)
Non-cash amounts excluded from operating activities	27(a)	4,806,746	4,973,524	5,222,840
Amount attributable to operating activities		(1,578,694)	(3,989,427)	(1,845,020)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,256,166	8,979,138	2,427,893
Proceeds from disposal of assets	9(b)	301,091	275,549	237,743
Purchase of property, plant and equipment	7(a)	(5,042,656)	(10,260,209)	(2,327,771)
Purchase and construction of infrastructure	8(a)	(1,125,728)	(3,373,639)	(2,116,635)
Amount attributable to investing activities		(3,611,127)	(4,379,161)	(1,778,770)
FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(426,653)	(426,653)	(218,282)
Payments for principal portion of lease liabilities	28(d)	(124,397)	(124,398)	(121,000)
Transfers to reserves (restricted assets)	29	(229,608)	(172,479)	(1,517,785)
Transfers from reserves (restricted assets)	29	2,561,780	2,857,852	951,393
Amount attributable to financing activities		1,781,122	2,134,322	(905,674)
Surplus/(deficit) before imposition of general rates		(1,721,238)	(4,648,457)	(2,775,843)
Total amount raised from general rates	26(a)	4,653,879	4,648,457	4,463,304
Surplus/(deficit) after imposition of general rates	27(b)	2,932,641	0	1,687,461

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



SHIRE OF RAVENSTHORPE
FOR THE YEAR ENDED 30 JUNE 2022
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**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

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

Judgements and estimates

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

2. REVENUE AND EXPENSES (Continued)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,784,298	0	4,784,298
Operating grants, subsidies and contributions	4,165,748	0	0	0	4,165,748
Fees and charges	1,839,620	0	555,546	0	2,395,166
Interest earnings	0	0	0	55,138	55,138
Other revenue	816,642	0	0	71,118	887,760
Non-operating grants, subsidies and contributions	0	2,256,166	0	0	2,256,166
Total	6,822,010	2,256,166	5,339,844	126,256	14,544,276

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,585,295	0	4,585,295
Operating grants, subsidies and contributions	3,354,082	0	0	0	3,354,082
Fees and charges	1,568,092	0	526,087	0	2,094,179
Interest earnings	0	0	0	61,239	61,239
Other revenue	635,299	0	0	75,626	710,925
Non-operating grants, subsidies and contributions	0	2,427,893	0	0	2,427,893
Total	5,557,473	2,427,893	5,111,382	136,865	13,233,613

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
(a) Revenue (Continued)				
Interest earnings				
Interest on reserve funds		10,139	20,000	17,784
Rates instalment and penalty interest (refer Note 26(e))		43,384	35,000	31,782
Other interest earnings		1,615	4,000	11,673
		55,138	59,000	61,239
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		28,000	28,000	30,000
- Audit cost over-runs		43,974	0	0
- Other services		5,160	5,500	0
		77,134	33,500	30,000
* The Actual 2022 amount of \$71,974 relates to the audit of the 2020-21 Annual Financial Report, which was paid in the 2021-22 financial year. The indicative fee for the 2021-22 audit is \$40,000.				
Finance costs				
Borrowings	28(a)	55,057	57,821	58,365
Lease liabilities	28(d)	22,839	22,839	26,236
		77,896	80,660	84,601
Other expenditure				
Write-off of unrecoverable rate debt		0	0	287
Library and other recreational and cultural costs		109,972	109,800	102,002
Governance		181,568	210,903	190,851
Sundry expenses		104,880	16,000	119,193
		396,420	336,703	412,333

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
17(a)	4,991,336	4,774,669
	4,991,336	4,774,669
17(a)	2,278,917	934,895
	2,712,419	3,839,774
	4,991,336	4,774,669

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor or legislation.

Details of restrictions on financial assets can be found at Note 17.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Financial assets at amortised cost

Term deposits

Held as

- Unrestricted other financial assets at amortised cost
 - Restricted other financial assets at amortised cost

	2022	2021
	\$	\$
	0	1,000,000
	0	1,000,000
	0	1,000,000
	0	1,000,000
17(a)	0	0
	0	1,000,000
	0	1,000,000

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

5. TRADE AND OTHER RECEIVABLES

Current

	Note	2022 \$	2021 \$
Rates receivable		333,370	297,611
Trade and other receivables		272,774	258,850
GST receivable		147,793	99,898
Receivables for employee related provisions	14	41,033	54,499
Payments in advance		954,641	844,124
Other receivables		0	54,850
		1,749,611	1,609,832

Non-current

Pensioner's rates and ESL deferred		10,509	11,317
		10,509	11,317

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

Note	2022	2021
Current	\$	\$
Fuel and materials	57,073	25,554
	57,073	25,554

The following movements in inventories occurred during the year:

Balance at beginning of year	25,554	2,358
Inventories expensed during the year	(410,361)	(192,593)
Additions to inventory	441,880	215,789
Balance at end of year	57,073	25,554

SIGNIFICANT ACCOUNTING POLICIES

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.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Note	Land	Buildings - Non Specialised	Buildings - Specialised	Total buildings	Total land and buildings	Furniture and Equipment	Plant And Equipment	Total property, plant and equipment
		\$	\$	\$	\$		\$	\$	\$
Balance at 1 July 2020		2,189,991	2,404,698	22,871,514	25,276,212	27,466,203	396,695	4,651,905	32,514,803
Additions		0	0	1,070,296	1,070,296	1,070,296	32,060	1,066,442	2,168,798
Disposals	9(b)	0	0	0	0	0	0	(298,477)	(298,477)
Depreciation	9(a)	0	(36,212)	(616,453)	(652,665)	(652,665)	(102,585)	(659,719)	(1,414,969)
Balance at 30 June 2021		2,189,991	2,368,486	23,325,357	25,693,843	27,883,834	326,170	4,760,151	32,970,155
Comprises:									
Gross balance amount at 30 June 2021		2,189,991	2,505,048	25,776,970	28,282,018	30,472,009	560,371	7,260,290	38,292,670
Accumulated depreciation at 30 June 2021		0	(136,562)	(2,451,613)	(2,588,175)	(2,588,175)	(234,201)	(2,500,139)	(5,322,515)
Balance at 30 June 2021		2,189,991	2,368,486	23,325,357	25,693,843	27,883,834	326,170	4,760,151	32,970,155
Additions		0	109,491	3,858,847	3,968,338	3,968,338	52,016	1,022,302	5,042,656
Disposals	9(b)	0	0	0	0	0	0	(245,704)	(245,704)
Revaluation increments / (decrements) transferred to revaluation surplus	16	1,931,209	(359,692)	8,733,215	8,373,523	10,304,732	0	0	10,304,732
Depreciation	9(a)	0	(35,964)	(621,714)	(657,678)	(657,678)	(88,964)	(732,601)	(1,479,243)
Transfers		0	84,663	(127,278)	(42,615)	(42,615)	1,426	0	(41,189)
Balance at 30 June 2022		4,121,200	2,166,984	35,168,427	37,335,411	41,456,611	290,648	4,804,148	46,551,407
Comprises:									
Gross balance amount at 30 June 2022		4,121,200	15,899,252	35,298,908	51,198,160	55,319,360	613,813	7,902,468	63,835,641
Accumulated depreciation at 30 June 2022		0	(974,042)	(12,888,707)	(13,862,749)	(13,862,749)	(323,165)	(3,098,320)	(17,284,234)
Balance at 30 June 2022		4,121,200	14,925,210	22,410,201	37,335,411	41,456,611	290,648	4,804,148	46,551,407

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent or estimated observable market data for similar properties	Independent Registered Valuers	June 2022	Observable or estimated open market values / price per square metre
Buildings - non-specialised	2	Market approach using recent or estimated observable market data for similar properties	Independent Registered Valuers	June 2022	Observable or estimated open market values / price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2022	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
<p>Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.</p> <p>During the period there were no changes in the valuation techniques used by the Shire to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
(ii) Cost					
Furniture and equipment					
Plant and equipment					

SHIRE OF RAVENSTHORPE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

8. INFRASTRUCTURE

(a) Movements in Balances

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

Note	Infrastructure - Roads	Infrastructure - Pathways	Infrastructure - Parks and Reserves	Infrastructure - Drainage	Regional Landfill Rehabilitation	Other Infrastructure	Infrastructure - Airport	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	95,111,443	1,112,168	3,389,480	17,387,066	0	4,537,568	1,760,027	123,297,752
Additions	1,312,070	0	431,020	16,037	324,189	48,068	(14,749)	2,116,635
Depreciation	(2,340,279)	(111,706)	(127,132)	(372,477)	(32,419)	(137,983)	(78,907)	(3,200,903)
Balance at 30 June 2021	94,083,234	1,000,462	3,693,368	17,030,626	291,770	4,447,653	1,666,371	122,213,484
Comprises:								
Gross balance at 30 June 2021	140,080,843	2,234,123	4,107,416	28,025,290	324,189	5,214,045	1,869,113	181,855,019
Accumulated depreciation at 30 June 2021	(45,997,609)	(1,233,661)	(414,048)	(10,994,664)	(32,419)	(766,392)	(202,742)	(59,641,535)
Balance at 30 June 2021	94,083,234	1,000,462	3,693,368	17,030,626	291,770	4,447,653	1,666,371	122,213,484
Additions	493,858	30,869	391,952	17,552	0	175,247	16,250	1,125,728
Depreciation	(2,373,083)	(111,706)	(129,741)	(372,691)	(10,806)	(137,984)	(78,971)	(3,214,982)
Transfers	0	0	41,189	0	0	0	0	41,189
Balance at 30 June 2022	92,204,009	919,625	3,996,768	16,675,487	280,964	4,484,916	1,603,650	120,165,419
Comprises:								
Gross balance at 30 June 2022	140,574,698	2,264,992	4,545,292	28,042,842	324,189	5,389,291	1,885,363	183,026,667
Accumulated depreciation at 30 June 2022	(48,370,689)	(1,345,367)	(548,524)	(11,367,355)	(43,225)	(904,375)	(281,713)	(62,861,248)
Balance at 30 June 2022	92,204,009	919,625	3,996,768	16,675,487	280,964	4,484,916	1,603,650	120,165,419

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Independent Registered Valuers	June 2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Pathways	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Independent Registered Valuers	June 2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Parks and Reserves	3	Cost approach using depreciated replacement cost	Management Valuation	June 2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Independent Registered Valuers	June 2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
Other infrastructure	3	Cost approach using depreciated replacement cost	Management Valuation	June 2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Airports	3	Cost approach using depreciated replacement cost	Management Valuation	June 2019	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - Non Specialised	7(a)	35,964	36,634	36,212
Buildings - Specialised	7(a)	621,714	675,363	616,453
Furniture and Equipment	7(a)	88,964	111,911	102,585
Plant And Equipment	7(a)	732,601	600,643	659,719
Infrastructure - Roads	8(a)	2,373,083	2,553,032	2,340,279
Infrastructure - Drainage	8(a)	372,691	406,339	372,477
Regional Landfill Rehabilitation	8(a)	10,806	0	32,419
Infrastructure - Pathways	8(a)	111,706	121,861	111,706
Infrastructure - Parks and Reserves	8(a)	129,741	138,689	127,132
Other Infrastructure	8(a)	137,984	150,528	137,983
Infrastructure - Airport	8(a)	78,971	86,080	78,907
Right-of-use assets - plant and equipment	10(a)	129,092	122,993	129,092
		4,823,317	5,004,073	4,744,964

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings - non-specialised	30 to 50 years
Buildings - specialised	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	
formation	not depreciated
pavement	20 to 50 years
seal - bituminous seals	20 years
seal - asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Infrastructure - Pathways	20 years
Infrastructure - Drainage	75 to 100 years
Infrastructure - Parks and Reserves	20 to 50 years
Infrastructure - Other	20 to 50 years
Infrastructure - Airports	20 to 50 years
Right of use assets - plant and equipment	Lease remainder
Regional Landfill Rehabilitation	30 years

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant And Equipment	245,704	301,091	57,579	(2,192)	245,000	275,549	57,092	(26,543)	298,477	237,743	5,378	(66,112)
	245,704	301,091	57,579	(2,192)	245,000	275,549	57,092	(26,543)	298,477	237,743	5,378	(66,112)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Health				
Toyota Hilux (RA025)	28,922	39,091	10,169	0
Recreation and culture				
Toyota Hilux (RA279)	26,537	36,364	9,827	0
Transport				
Case Tractor and Attachments	32,032	42,000	9,968	0
Toyota Hilux (RA292)	24,010	21,818	0	(2,192)
Toyota Hilux (RA3421)	21,407	33,636	12,229	0
Toyota Hilux (RA3603)	23,696	25,455	1,759	0
Toyota Hilux (RA93)	24,868	28,182	3,314	0
Other property and services				
Toyota Prado (CEO)	64,232	74,545	10,313	0
	245,704	301,091	57,579	(2,192)

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

Revaluation (continued)

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2020		872,597	872,597
Additions		48,946	48,946
Depreciation		(129,092)	(129,092)
Balance at 30 June 2021		792,451	792,451
Depreciation	9(a)	(129,092)	(129,092)
Balance at 30 June 2022		663,359	663,359

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	9(a)	(129,092)	(129,092)
Interest expense on lease liabilities	28(d)	(22,839)	(26,236)
Total amount recognised in the statement of comprehensive income		(151,931)	(155,328)
Total cash outflow from leases		(147,236)	(147,236)
(b) Lease Liabilities			
Current		124,855	124,397
Non-current	28(d)	576,240	701,095
		701,095	825,492

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 28(d).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 GST payable
 Bonds and deposits held
 Accrued expenses
 Payroll creditors
 Accrued Interest on loans
 Contract retention

	2022	2021
	\$	\$
	386,635	643,768
	77,869	61,347
	28,180	44,293
	32,518	0
	127,282	123,704
	128,435	0
	114,054	115,517
	27,768	17,895
	269,765	0
	1,192,506	1,006,524

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

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

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

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

12. OTHER LIABILITIES

Current

Contract liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

Revenue from contracts with customers included as a contract liability at the start of the period

	2022	2021
	\$	\$
	903,010	701,771
	903,010	701,771
	701,771	0
	903,010	701,771
	(701,771)	0
	903,010	701,771

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

13. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		143,522	696,112	839,634	426,653	839,634	1,266,287
Total secured borrowings	28(a)	143,522	696,112	839,634	426,653	839,634	1,266,287

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Ravensthorpe.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
	310,667	315,507
	297,605	205,027
	608,272	520,534
	88,145	70,781
	88,145	70,781
	696,417	591,315

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
	310,302	259,526
	386,115	331,789
	696,417	591,315
5	41,033	54,499

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. OTHER PROVISIONS

	Note	Make good provisions	Total
	\$	\$	\$
Opening balance at 1 July 2021			
Non-current provisions		344,032	344,032
		344,032	344,032
Additional provision		20,642	20,642
Balance at 30 June 2022		364,674	364,674
Comprises			
Non-current		364,674	364,674
		364,674	364,674

Make good provisions

A Waste Management Agreement exists between the Shire of Ravensthorpe and the Shire of Jerramungup for a Regional Landfill Facility on Reserve 7380.

Clause 8(2)c of the Agreement allows each party to agree on a percentage share of capital costs for the purpose of future rehabilitation costs. The current cost estimate of rehabilitation of \$551,122 over 30 years of cell life provides an annualised cost of \$18,371 to be shared by each of the local governments. On 4 June 2021 both parties agreed to cost share of 60% Shire of Ravensthorpe and 40% Shire of Jerramungup.

The cost share agreement is to be reviewed by both parties every three (3) years (next due in the 2023 / 2024 financial year).

SIGNIFICANT ACCOUNTING POLICIES

Provisions

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

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

SHIRE OF RAVENSTHORPE
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16. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - Freehold Land and Buildings	14,350,694	10,664,424	(359,692)	10,304,732	24,655,426	14,350,694	14,350,694
Revaluation surplus - Plant And Equipment	377,471	0	0	0	377,471	377,471	377,471
Revaluation surplus - Infrastructure - Roads	79,779,389	0	0	0	79,779,389	79,779,389	79,779,389
Revaluation surplus - Infrastructure - Drainage	18,729,137	0	0	0	18,729,137	18,729,137	18,729,137
Revaluation surplus - Infrastructure - Pathways	901,302	0	0	0	901,302	901,302	901,302
Revaluation surplus - Infrastructure - Parks and Reserves	2,470,157	0	0	0	2,470,157	2,470,157	2,470,157
Revaluation surplus - Infrastructure - Airport	209,281	0	0	0	209,281	209,281	209,281
Revaluation surplus - Other Infrastructure	1,091,177	0	0	0	1,091,177	1,091,177	1,091,177
	117,908,608	19,397,639	(359,692)	19,037,947	128,213,340	117,908,608	117,908,608

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	4,991,336	1,044,944	4,774,669

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	2,712,419	1,324,708	3,839,774
- Financial assets at amortised cost	4	0	0	1,000,000
		<u>2,712,419</u>	<u>1,324,708</u>	<u>4,839,774</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Contract liabilities from contracts with customers	12	903,010	0	701,771
Bonds and deposits held	11	127,282	0	123,704
Restricted reserve accounts	29	1,682,127	1,324,708	4,014,299
Total restricted financial assets		<u>2,712,419</u>	<u>1,324,708</u>	<u>4,839,774</u>

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

Net result		524,605	4,664,644	(176,663)
Non-cash items:				
Depreciation/amortisation		4,823,317	5,004,073	4,744,964
(Profit)/loss on sale of asset		(55,387)	(30,549)	60,734
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(138,971)	65,000	580,878
(Increase)/decrease in inventories		(31,519)	85	(23,196)
Increase/(decrease) in trade and other payables		185,982	185,000	(95,563)
Increase/(decrease) in employee related provisions		105,102	0	72,496
Increase/(decrease) in other provisions		20,642	0	344,032
Increase/(decrease) in contract liabilities		201,239	(701,771)	356,387
Non-operating grants, subsidies and contributions		(2,256,166)	(8,979,138)	(2,771,925)
Net cash provided by/(used in) operating activities		<u>3,378,844</u>	<u>207,344</u>	<u>3,092,144</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		500,000		500,000
Credit card limit		26,000		26,000
Credit card balance at balance date		(5,967)		(17,747)
Total amount of credit unused		<u>520,033</u>		<u>508,253</u>

Loan facilities

Loan facilities - current		143,522		426,653
Loan facilities - non-current		696,112		839,634
Total facilities in use at balance date		<u>839,634</u>		<u>1,266,287</u>

**SHIRE OF RAVENSTHORPE
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18. CONTINGENT LIABILITIES

Contaminated Sites

There are no contingent liabilities related to contaminated sites. A provision has been created for the restoration of the Ravensthorpe Regional Waste Facility. Refer note 15 Other Provisions.

19. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	2,017,203	1,572,142
- plant & equipment purchases	260,436	668,821
	2,277,639	2,240,963
Payable:		
- not later than one year	2,277,639	2,240,963

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cr Keith Dunlop, Shire President			
President's annual allowance	13,800	13,800	13,400
Meeting attendance fees	21,000	21,000	20,300
Annual allowance for ICT expenses	1,200	1,200	1,100
Travel and accommodation expenses	4,072	1,571	4,071
	40,072	37,571	38,871
Cr Sue Leighton, Deputy Shire President			
Deputy President's annual allowance	2,419	0	0
Meeting attendance fees	14,000	14,000	12,343
Annual allowance for ICT expenses	1,200	1,200	998
Travel and accommodation expenses	2,554	1,571	1,144
	20,173	16,771	14,485
Cr Julia Bell			
Meeting attendance fees	7,723	0	0
Annual allowance for ICT expenses	662	0	0
Travel and accommodation expenses	148	0	0
	8,533	0	0
Cr Rachel Livingston			
Meeting attendance fees	7,723	0	0
Annual allowance for ICT expenses	662	0	0
	8,385	0	0
Cr Tom Major			
Meeting attendance fees	14,000	14,000	13,600
Annual allowance for ICT expenses	1,200	1,200	1,100
Travel and accommodation expenses	187	1,571	390
	15,387	16,771	15,090
Cr Mark Mudie			
Meeting attendance fees	14,000	14,000	13,600
Annual allowance for ICT expenses	1,200	1,200	1,100
Travel and accommodation expenses	3,295	1,571	2,486
	18,495	16,771	17,186
Cr Graham Richardson			
Meeting attendance fees	14,000	14,000	13,600
Annual allowance for ICT expenses	1,200	1,200	1,100
Travel and accommodation expenses	1,980	1,574	1,489
	17,180	16,774	16,189
Cr Jules Belli (former Councillor and Deputy Shire President)			
Deputy President's annual allowance	1,012	3,450	3,350
Meeting attendance fees	4,109	14,000	13,600
Annual allowance for ICT expenses	352	1,200	1,100
Travel and accommodation expenses	438	1,571	809
	5,911	20,221	18,859
Cr Ian Goldfinch (former Councillor)			
Meeting attendance fees	3,119	14,000	13,600
Annual allowance for ICT expenses	267	1,200	1,100
Travel and accommodation expenses	0	1,571	0
	3,386	16,771	14,700
TOTAL	137,522	141,650	135,380

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. RELATED PARTY TRANSACTIONS (Continued)

(a) Elected Member Remuneration (Continued)

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President's annual allowance	13,800	13,800	13,400
Deputy President's annual allowance	3,431	3,450	3,350
Meeting attendance fees	99,674	105,000	100,643
Annual allowance for ICT expenses	7,943	8,400	7,598
Travel and accommodation expenses	12,674	11,000	10,389
20(b)	137,522	141,650	135,380

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	502,945	586,444
Post-employment benefits	51,682	65,008
Employee - other long-term benefits	3,781	8,905
Employee - termination benefits	71,584	0
Council member costs	137,522	135,380
20(a)	767,514	795,737

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Short term employee benefits - other related parties	40,211	123,209
Amounts payable to related parties:		
Trade and other payables	0	1,412

**SHIRE OF RAVENSTHORPE
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FOR THE YEAR ENDED 30 JUNE 2022**

20. RELATED PARTY TRANSACTIONS (Continued)

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

21. JOINT ARRANGEMENTS

Share of joint operations

The Shire of Ravensthorpe together with the City of Kalgoorlie-Boulder and with the Shires of Coolgardie, Dundas, Esperance, Laverton, Leonara, Menzies, Ngaanyatjaraku and Wiluna had a joint arrangement with regard to the provision of a Regional Record service up until 30 June 2022. The only asset under this joint arrangement was a building. With the winding up of the arrangement on 30 June, the building was revalued down to \$0 on 30 June 2022.

The Shire of Ravensthorpe's one-tenth share of this asset is included in Land and Buildings is as follows:

	2022 Actual	2021 Actual
	\$	\$
Buildings - non specialised	0	72,500
Less accumulated depreciation	0	(11,600)
	0	60,900

The Shire of Ravensthorpe together with the Shire of Jerramungup, have entered into a joint operation with regard to a regional waste management facility located on Reserve 7380, Moir Road Ravensthorpe.

The agreement between both Shires govern the operation of the waste facility, covering operating and capital costs, responsibilities of the two Shires, setting of fees and charges, record keeping etc. The Shire of Ravensthorpe is responsible for the day to day management of the facility. Key operating decisions in relations to the operating cost and future capital cost of the facility are to be agreed by both Shires.

The regional waste facility commenced its operation in February 2018. Building of the facility was fully funded and is recognised in the financials of the Shire of Ravensthorpe as outlined below:

	2022 Actual	2021 Actual
	\$	\$
Other Infrastructure	2,194,385	2,194,385
Less: accumulated depreciation	(390,546)	(317,474)
	1,803,839	1,876,911

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

21. JOINT ARRANGEMENTS (Continued)

The apportionment of annual facility operating costs between the Shires of Ravensthorpe and Jerramungup is determined by the percentage of total waste tonnage (measured in cubic metres) delivered to the Facility by each Shire in the preceding financial year.

The Shire of Ravensthorpe's share of annual operating cost is determined by its percentage of total waste tonnage (measured in cubic metres) delivered to the facility by both parties in the proceeding year. This is estimated to be 74.5% for Ravesthorpe and 25.5% for Jerramungup.

	2022 Actual	2021 Actual
Ravensthorpe		
Income	146,061	91,301
Expense	(245,990)	(247,473)
	<u>(99,929)</u>	<u>(156,172)</u>
Jerramungup		
Income	0	0
Expense	(84,199)	(84,705)
	<u>(84,199)</u>	<u>(84,705)</u>
Total		
Income	146,061	91,301
Expense	(330,189)	(332,178)
	<u>(184,128)</u>	<u>(240,877)</u>

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangements have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.0017%	4,991,336	0	4,991,336	0
2021					
Cash and cash equivalents	0.09%	4,774,669	0	3,214,339	1,560,330
Financial assets at amortised cost	0.55%	1,000,000	1,000,000	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	49,913	47,747

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 28(a).

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.14%	0.14%	0.14%	0.14%	0.14%	
Gross carrying amount	4,606	162,817	68,383	97,564	333,370	5
Loss allowance	6	228	96	137	467	
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	64,212	84,718	60,097	88,584	297,611	5
Loss allowance	0	0	0	0	0	

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.28%	0.28%	0.28%	0.28%	0.28%	
Gross carrying amount	14,303	1,847	2,411	213,180	231,741	5
Loss allowance	40	5	7	597	649	
30 June 2021						
Trade and other receivables						
Expected credit loss	0.03%	0.49%	0.89%	1.55%		
Gross carrying amount	192,363	10,436	45,639	10,412	258,850	5
Loss allowance	58	51	406	161	676	

No expected credit losses were recognised as at 30 June 2022 and 30 June 2021 as the amounts are immaterial.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2022</u>					
Trade and other payables	1,192,506	0	0	1,192,506	1,192,506
Borrowings	169,615	480,019	319,081	968,715	839,634
Contract Liabilities	903,010	0	0	903,010	903,010
Lease liabilities	130,577	522,310	112,296	765,183	701,095
	<u>2,395,708</u>	<u>1,002,329</u>	<u>431,377</u>	<u>3,829,414</u>	<u>3,636,245</u>
<u>2021</u>					
Trade and other payables	1,006,524	0	0	1,006,524	1,006,524
Borrowings	303,666	518,478	550,492	1,372,636	1,266,287
Contract Liabilities	701,771	0	0	701,771	701,771
Lease liabilities	130,577	522,309	242,873	895,759	825,492
	<u>2,142,538</u>	<u>1,040,787</u>	<u>793,365</u>	<u>3,976,690</u>	<u>3,800,074</u>

**SHIRE OF RAVENSTHORPE
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FOR THE YEAR ENDED 30 JUNE 2022**

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no material events after the reporting period which would materially impact the financial report of the Shire for the year ended 30 June 2022 or which would require a separate disclosure.

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) 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.

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

PROGRAM NAME AND OBJECTIVES

ACTIVITIES

GOVERNANCE

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

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

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer community.

Supervision of various local laws relating to fire prevention, emergency services and animal control.

HEALTH

To provide an operational framework for environmental and community health.

Food quality and pest control, maintenance and contributions to health services and facilities.

EDUCATION AND WELFARE

To meet the needs of the community in these areas.

Operation and provision of retirement units and Aged Care services. Operation of the Cub House Long Day Care facility in Ravensthorpe.

HOUSING

Help ensure adequate housing for Council staff.

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Provide services required by the community.

Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, control and maintenance of coastal reserves and other community / environmental services.

RECREATION AND CULTURE

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

Maintenance of halls, sporting complexes, resource centres, parks and gardens and TV / Radio rebroadcast.

TRANSPORT

To provide effective and efficient transport services to the community.

Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and water supply including stand pipes.

OTHER PROPERTY AND SERVICES

To monitor and control Shire's overhead operating accounts.

Private works operations, plant repairs and operations costs. Also provide for Department of Transport licensing and services to the Future Fund. Costs associated with operation of the Bankwest ATM.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	58,949	40,000	38,941
General purpose funding	4,840,738	4,805,128	4,624,865
Law, order, public safety	44,287	35,300	39,689
Health	15,508	9,291	5,200
Education and welfare	691,167	774,380	593,540
Housing	64,578	11,800	5,700
Community amenities	752,033	765,300	766,515
Recreation and culture	146,987	71,264	41,686
Transport	970,191	860,000	786,451
Economic services	318,379	287,000	281,627
Other property and services	277,124	5,750,949	272,802
	8,179,941	13,410,412	7,457,016
Grants, subsidies and contributions			
Governance	4,000	4,000	0
General purpose funding	2,733,328	1,036,229	2,008,641
Law, order, public safety	440,666	1,217,353	621,193
Education and welfare	139,880	303,000	90,276
Community amenities	64,358	284,000	10,601
Recreation and culture	2,038,998	7,029,502	1,869,411
Transport	689,741	933,225	973,447
Economic services	94,798	99,614	98,968
Other property and services	216,145	10,000	109,438
	6,421,914	10,916,923	5,781,975
Total Income	14,601,855	24,327,335	13,238,991
Expenses			
Governance	(877,350)	(887,656)	(936,216)
General purpose funding	(306,010)	(300,523)	(264,572)
Law, order, public safety	(1,006,550)	(1,141,282)	(1,065,400)
Health	(335,919)	(386,177)	(284,441)
Education and welfare	(1,088,323)	(1,244,462)	(1,067,497)
Housing	(265,902)	(206,101)	(223,538)
Community amenities	(1,416,864)	(1,586,199)	(1,451,979)
Recreation and culture	(1,942,925)	(2,058,964)	(1,872,522)
Transport	(5,431,464)	(5,384,635)	(5,036,366)
Economic services	(582,262)	(669,916)	(519,920)
Other property and services	(823,681)	(5,796,776)	(693,203)
Total expenses	(14,077,250)	(19,662,691)	(13,415,654)
Net result for the period	524,605	4,664,644	(176,663)

SHIRE OF RAVENSTHORPE
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25. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges (including Service Charges)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
General purpose funding	37,534	24,000	28,400
Law, order, public safety	44,287	35,300	39,641
Health	5,339	5,200	5,200
Education and welfare	257,981	754,380	252,480
Housing	18,864	11,800	5,700
Community amenities	562,980	600,000	604,666
Recreation and culture	122,149	59,900	62,493
Transport	968,065	825,000	778,269
Economic services	318,379	287,000	281,627
Other property and services	59,588	33,000	35,703
	2,395,166	2,635,580	2,094,179

(d) Total Assets

	2022	2021
	\$	\$
Governance	20,000	100,291
General purpose funding	5,069,329	1,621,149
Law, order, public safety	1,039,089	2,295,826
Health	159,675	381,446
Education and welfare	1,784,786	2,494,976
Housing	628,546	3,585,249
Community amenities	1,148,348	6,919,310
Recreation and culture	10,787,356	19,261,102
Transport	152,417,360	120,053,314
Economic services	201,309	1,062,392
Other property and services	932,914	3,584,604
Unallocated	2	2,037,803
	174,188,714	163,397,462

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Rate in \$	Number of Properties	2021/22 Actual Rateable Value \$	2021/22 Actual Rate Revenue \$	2021/22 Actual Interim Rates \$	2021/22 Actual Back Rates \$	2021/22 Actual Total Revenue \$	2021/22 Budget Rate Revenue \$	2021/22 Budget Interim Rate \$	2021/22 Budget Back Rate \$	2021/22 Budget Total Revenue \$	2020/21 Actual Total Revenue \$
Gross Rental Valuations												
Residential	0.121852	785	10,992,116	1,339,233	131	0	1,339,364	1,339,233	5,000	1,000	1,345,233	1,298,986
Commercial	0.136830	33	1,434,092	196,227	0	0	196,227	196,227	0	0	196,227	181,906
Industrial	0.160607	35	512,772	82,355	0	0	82,355	82,355	0	0	82,355	79,187
Transient and Short Stay Accommodation	0.327462	2	852,800	279,260	0	0	279,260	279,260	0	0	279,260	268,519
Unimproved Valuations												
Mining	0.085928	73	295,976,000	210,305	2,704	11	213,020	206,504	0	0	206,504	200,662
Other	0.007008	326	2,447,481	2,074,200	35	911	2,075,146	2,070,943	0	0	2,070,943	1,988,081
Sub-Total		1,254	312,215,261	4,181,580	2,870	922	4,185,372	4,174,522	5,000	1,000	4,180,522	4,017,341
Minimum payment	Minimum \$											
Gross Rental Valuations												
Residential	905	373	1,061,206	337,565	0	0	337,565	337,565	0	0	337,565	325,380
Commercial	905	10	46,665	9,050	0	0	9,050	8,145	0	0	8,145	7,830
Industrial	905	12	45,268	10,860	0	0	10,860	10,860	0	0	10,860	10,440
Transient and Short Stay Accommodation	884	0	0	0	0	0	0	0	0	0	0	0
Unimproved Valuations												
Mining	333	61	119,193	20,864	0	0	20,864	20,313	0	0	20,313	17,600
Other	884	102	6,161,700	90,168	0	0	90,168	91,052	0	0	91,052	85,000
Sub-Total		558	7,434,032	468,507	0	0	468,507	467,935	0	0	467,935	446,250
		1,812	319,649,293	4,650,087	2,870	922	4,653,879	4,642,457	5,000	1,000	4,648,457	4,463,591
Discounts on general rates (Refer note 26(d))							0				0	(287)
Total amount raised from general rates							4,653,879				4,648,457	4,463,304
Rates (excluding general rates)												
Specified Area Rates	Rate in \$ or Minimum											
Ravensthorpe - GRV	0.02407	134	2,132,624	51,324	168	0	51,492	50,432	0	0	50,432	48,391
Ravensthorpe - Minimum	207	80	418,715	16,560	0	0	16,560	16,560	0	0	16,560	16,000
Munglinup - GRV	0.02749	7	58,968	1,621	0	0	1,621	1,621	0	0	1,621	1,566
Munglinup - Minimum	207	4	27,872	828	0	0	828	828	0	0	828	800
Sewerage - 1st Fixture - Minimum	155	5	0	775	472	0	1,247	828	0	0	828	1,000
Sewerage - Additional - Minimum	125	40	0	5,000	0	0	5,000	5,031	0	0	5,031	5,000
Ex-gratia Rates												
Ex-gratia Rates							53,671	53,671	0	0	53,671	49,234
Sub-Total		270	2,638,179	76,108	640	0	130,419	128,971	0	0	128,971	121,991
Discounts on specified area and ex gratia rates (Refer note 26(d))							0				0	0
Concessions on specified area and ex gratia rates (Refer note 26(d))							0				0	0
Total amount raised from rates (excluding general rates)							130,419				128,971	121,991
Total Rates							4,784,298				4,777,428	4,585,295

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

26. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2021/22 Actual Rate Applied to Costs	2021/22 Actual Rate Set Aside to Reserve	2021/22 Actual Reserve Applied to Costs	2021/22 Budget Rate Applied to Costs	2021/22 Budget Rate Set Aside to Reserve	2021/22 Budget Reserve Applied to Costs
			\$	\$	\$	\$	\$	\$
Ravensthorpe - GRV	The Effluent Specified Area Rate income services the maintenance and upgrade of the Ravensthorpe and Munglinup sewerage systems.	Ravensthorpe and	51,492	0	0	50,432	0	0
Ravensthorpe - Min			16,560	0	0	16,560	0	0
Munglinup - GRV		Munglinup	1,621	0	0	1,621	0	0
Munglinup - Min			828	0	0	828	0	0
Sewerage - 1st Fixture - Min			1,247	0	0	828	0	0
Sewerage - Additional			5,000	0	0	5,031	0	0
Sewerage - Additional - Min			0	0	0	0	0	0
			76,748	0	0	75,300	0	0

(c) Service Charges

The Shire did not levy service charges during the current reporting period

(d) Discounts, Incentives, Concessions, & Write-offs

The Shire did not apply any waivers, concessions, incentives or discounts for the current reporting period.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION (Continued)

(e) Interest Charges and Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	13/10/2021	0	0.00%	7.00%
Option Two				
First instalment	13/10/2021	0	0.00%	7.00%
Second instalment	13/12/2021	10	5.50%	7.00%
Third instalment	14/02/2022	10	5.50%	7.00%
Fourth instalment	15/04/2022	10	5.50%	7.00%
		2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Charges on instalment plan		10,350	11,000	10,500
Interest on instalment plan		14,857	15,000	13,950
Interest on unpaid rates		28,527	20,000	17,832
		53,734	46,000	42,282

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2021/22	2020/21
	2021/22 (30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(1 July 2021 Brought Forward)	(30 June 2021 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	9(b)	(57,579)	(57,092)	(5,378)
Movement in pensioner deferred rates (non-current)		808	0	0
Add: Loss on disposal of assets	9(b)	2,192	26,543	66,112
Add: Depreciation	9(a)	4,823,317	5,004,073	4,744,964
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		0	0	614
Employee benefit provisions		17,366	0	(10,879)
Other provisions		20,642	0	344,032
Accruals Interest and Wages		0	0	83,375
Non-cash amounts excluded from operating activities		4,806,746	4,973,524	5,222,840
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	29	(1,682,127)	(1,324,708)	(4,014,299)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13	143,522	0	426,653
- Current portion of lease liabilities	10(b)	124,855	124,397	124,397
- Employee benefit provisions		520,536	593,456	520,534
Total adjustments to net current assets		(893,214)	(606,855)	(2,942,715)
Net current assets used in the Rate Setting Statement				
Total current assets		6,798,020	2,530,755	7,410,055
Less: Total current liabilities		(2,972,165)	(1,923,900)	(2,779,879)
Less: Total adjustments to net current assets		(893,214)	(606,855)	(2,942,715)
Net current assets used in the Rate Setting Statement		2,932,641	0	1,687,461

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Particulars	Note	Actual							Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
		1 July 2020	During 2020-21	Repayments	June 2021	During 2021-22	Repayments	30 June 2022	July 2021	During 2021-22	Repayments	30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Housing												
Staff Housing		190,080	0	(35,888)	154,192	0	(36,923)	117,269	154,192	0	(36,922)	117,270
Other Housing (Daw Street)		222,334	0	(17,015)	205,319	0	(17,593)	187,726	205,318	0	(17,592)	187,726
Recreation and Culture												
Hopetoun Community		298,392	0	(14,091)	284,301	0	(14,602)	269,699	284,301	0	(14,602)	269,699
Transport												
Town Streets		262,693	0	(30,559)	232,134	0	(232,134)	0	232,135	0	(232,135)	0
Town Streets		107,876	0	(52,612)	55,264	0	(55,264)	0	55,265	0	(55,265)	0
Refinance		170,227	0	(32,140)	138,087	0	(33,065)	105,022	138,087	0	(33,065)	105,022
Refinance		232,967	0	(35,977)	196,990	0	(37,072)	159,918	196,989	0	(37,072)	159,917
Total Borrowings	13	1,484,569	0	(218,282)	1,266,287	0	(426,653)	839,634	1,266,287	0	(426,653)	839,634

All loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending	Budget for year ending	Actual for year ending
						30 June 2022	30 June 2022	30 June 2021
						\$	\$	\$
Housing								
Staff Housing		Housing	145	WA Treasury	2.86%	(5,491)	(5,453)	(5,444)
Other Housing (Daw Street)		Housing	147	WA Treasury	3.36%	(8,346)	(8,312)	(7,974)
Recreation and Culture								
Hopetoun Community		Recreation and culture	146	WA Treasury	3.59%	(13,901)	(12,157)	(11,428)
Transport								
Town Streets		Transport	138D	WA Treasury	6.57%	(14,724)	(16,766)	(16,929)
Town Streets		Transport	144	WA Treasury	4.98%	(2,073)	(2,978)	(4,556)
Refinance		Transport	143B	WA Treasury	2.86%	(2,943)	(4,884)	(4,875)
Refinance		Transport	138E	WA Treasury	3.02%	(7,579)	(7,271)	(7,159)
Total Interest Repayments	2(b)					(55,057)	(57,821)	(58,365)

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

The Shire had no new borrowings for the financial year ended 30 June 2022.

(c) Unspent Borrowings

The Shire had no unspent borrowings for the financial year ended 30 June 2022.

(d) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Law, Order and Public Safety												
Holden Colorado		32,851	0	(16,313)	16,538	0	(16,538)	0	16,538	0	(16,538)	0
Community Amenities												
Bomag Compactor		619,439	0	(71,248)	548,191	0	(73,406)	474,785	548,192	0	(73,407)	474,785
Komatsu Wheel Loader		294,202	0	(33,439)	260,763	0	(34,453)	226,310	260,763	0	(34,453)	226,310
Total Lease Liabilities	10(b)	946,492	0	(121,000)	825,492	0	(124,397)	701,095	825,493	0	(124,398)	701,095

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
Law, Order and Public Safety									
Holden Colorado		Law, order, public safety	939384	SG Fleet	1.36%	(122)	(122)	(345)	3 years
Community Amenities									
Bomag Compactor		Community amenities	908707	SG Fleet	3.00%	(15,390)	(15,390)	(17,550)	10 years
Komatsu Wheel Loader		Community amenities	915953	SG Fleet	3.00%	(7,327)	(7,327)	(8,341)	10 years
Total Interest Repayments	2(b)					(22,839)	(22,839)	(26,236)	

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	42,906	109	0	43,015	42,854	214	0	43,068	42,686	220	0	42,906
Plant And Vehicle Reserve	1,038,065	2,621	(764,183)	276,503	1,036,963	5,172	(987,212)	54,923	900,487	954,645	(817,067)	1,038,065
Emergency Farm Water Reserve	12,264	30	0	12,294	12,249	61	0	12,310	12,201	63	0	12,264
Building Reserve	1,721,169	99,557	(1,515,000)	305,726	1,719,473	68,784	(1,515,000)	273,257	1,386,509	457,151	(122,491)	1,721,169
Road And Footpath Reserve	498,003	33,528	(232,135)	299,396	497,519	34,751	(267,135)	265,135	395,961	102,042	0	498,003
Swimming Pool Upgrade Reserve	45,141	114	0	45,255	45,086	225	0	45,311	44,909	232	0	45,141
Airport Reserve	381,953	9,165	(50,462)	340,656	381,488	1,903	(88,505)	294,886	379,993	1,960	0	381,953
Waste And Sewerage Reserve	274,798	44,484	0	319,282	274,449	21,369	0	295,818	285,161	1,472	(11,835)	274,798
State Barrier Fence Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Recreation Reserve	0	20,000	0	20,000	0	20,000	0	20,000	0	0	0	0
IT and Equipment Reserve	0	20,000	0	20,000	0	20,000	0	20,000	0	0	0	0
Floater Road Reserve	0	0	0	0	0	0	0	0	0	0	0	0
	4,014,299	229,608	(2,561,780)	1,682,127	4,010,081	172,479	(2,857,852)	1,324,708	3,447,907	1,517,785	(951,393)	4,014,299

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	To fund long service leave and non-current annual leave requirements.
Plant And Vehicle Reserve	Ongoing	To assist in the purchasing of major plant and machinery.
Emergency Farm Water Reserve	Ongoing	For repair and / or construction of emergency farm water supplies.
Building Reserve	Ongoing	For construction, refurbishment, modification or renovation of all buildings.
Road And Footpath Reserve	Ongoing	For construction, rejuvenation, resealing or repair to the road and footpath network.
Swimming Pool Upgrade Reserve	Ongoing	For major repairs or renovations of the Ravensthorpe Swimming Pool.
Airport Reserve	Ongoing	For construction, reconstruction, repairs or modifications of activities including buildings, tarmac, airstrip and associated infrastructure at the Ravensthorpe Airport.
Waste And Sewerage Reserve	Ongoing	For repair and / or construction of waste and sewerage facilities.
State Barrier Fence Reserve	Ongoing	For extension of the State Barrier Fence from Ravensthorpe to Esperance.
Recreation Reserve	Ongoing	For construction, renewal, refurbishment and upgrade of all recreation facilities and reserves.
IT and Equipment Reserve	Ongoing	For the upgrade and renewal of hardware, communication and software technology systems and machinery.
Floater Road Reserve	Ongoing	To hold pre-paid funds for the sealed section of Floater Road.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Ravensthorpe

To the Councillors of the Shire of Ravensthorpe

Opinion

I have audited the financial report of the Shire of Ravensthorpe (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Ravensthorpe for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
27 February 2023

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Current year findings			
1. Fair value of infrastructure assets – frequency of valuations	✓		
Prior year findings			
1. Shire holding bank accounts on behalf of other entities		✓	
2. Fraud and corruption control plan not implemented	✓		
3. Declarations of conflict of interest	✓		
4. Purchases not in accordance with purchasing policy – property expenditure	✓		
5. Information technology general controls – user access	✓		
6. Supplier master file changes are not reviewed.	✓		
7. Independent review of credit card expenditure		✓	
8. Property register – shire housing		✓	

Key To Ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

Current year findings

1. Fair value of infrastructure assets - frequency of valuations

Finding

The Shire has performed an assessment to determine whether its infrastructure assets represent fair value. This assessment has relied on the Shire's internal assessment by management of the current market conditions. This review indicated there were no significant movements or impacts on its infrastructure assets relevant to 30 June 2022.

Whilst acknowledging management's assessment we note that this conclusion appears somewhat inconsistent with the outcomes (revaluation increments) of independent valuations that were obtained for other assets (Land and Buildings).

Rating: Significant**Implication**

Without a robust assessment of fair value of Shire Infrastructure Assets there is a risk that the fair value of infrastructure assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

Recommendation

The Shire consider implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of Infrastructure Assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of *AASB 13 Fair Value Movements*. This process is to ensure that the Shire's infrastructure assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets are likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally the LG entity may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management comment

For direct action the Shire will perform a full revaluation of infrastructure assets in 2023/24. Given that this is an emerging issue triggered by the recent inflationary cycle, we will also consult with the local government industry to determine the best approach in developing an annual management practice to monitor and assess a materiality position when determining whether it is appropriate to perform earlier revaluations than the current maximum 5 year cycle.

Responsible person: Executive Manager Corporate and Community Services
Completion date: June 2024

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

Prior year findings

2. Shire holding bank accounts on behalf of other entities

Finding

We noted that as at 30 June 2022, the Shire still had a bank account with funds on behalf of the Fitzgerald Coast Tourism Association. We also noted that the Shire still held significant funds on behalf of the Ravensthorpe Hopetoun Future Fund.

Rating: Moderate

Implication

The Shire holding bank accounts on behalf of other entities is problematic and could cause issues with separation of assets.

Recommendation

The Shire should liaise with Fitzgerald Coast Tourism Association and Ravensthorpe Hopetown Future Fund to return the funds that are held on their behalf.

Management comment

As commented on earlier in this financial year, both of these issues are being actioned and will be completed by June 2023. New bank accounts for the Ravensthorpe Hopetoun Future Fund entity are being set up at the time of this writing.

Responsible person: Executive Manager Corporate and Community Services
Completion date: June 2023

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

3. Fraud and corruption control plan not implemented**Finding**

During our review of internal controls in 2021, we noted that there was clear management override of controls as evidenced by the serious misconduct by the former CEO of the Shire. We also noted instances where the former CEO might not have acted in the best interests of the Shire in the areas of credit card usage, recruitment and hiring of contractors.

To mediate any risk of management override of controls in the future, it was determined a Fraud and Corruption Control Plan should be developed by 31 December 2022. However, we noted this has not been completed as of February 2023.

Rating: Significant**Implication**

Management override of controls causes a breakdown and undermines the effectiveness of the controls, such as segregation of duties implemented within the Shire that are there to provide a safeguard against the misuse of resources. Management override of controls can contribute to fraud, misappropriation and or error.

Recommendation

We recommend the establishment and implementation of the Fraud and Corruption Control Plan as a matter of priority.

Management comment

As commented earlier in this financial year, we will be developing and implementing a Fraud and Corruption Control Plan. Our initial deadline of December 2022 proved to be a little optimistic given the timing of the previous audit in July 2022, late budget preparation and late annuals preparation, however this will be completed by June 2023.

Responsible person: Executive Manager Corporate and Community Services

Completion date: June 2023

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

4. Declarations of conflict of interest**Finding**

During the 2021 audit, we noted the Shire's Procurement Policy does state a commitment to probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest. However, the policy is silent on how this is to be achieved.

Through discussion with management, we noted there was no signed declarations of conflict of interest by tender panel members prior to the evaluation of the tender.

Rating: Significant**Implication**

The risk of any actual, potential or perceived conflict of interest not being identified and addressed in a timely manner increases when conflicts of interest are not declared by the panel members and adequately managed by the Shire.

Recommendation

Management should review its Procurement Policy to include a process to ensure declarations of conflict-of-interest requirements in line with the Shire's expectations are performed. This process should ensure the identification and management of conflicts of interest by panel members prior to the evaluation of tenders taking place.

Shire staff should be reminded of, and the Shire should promote awareness of the requirements outlined within the Shire's Procurement Policy.

Management should also review active tenders to ensure that conflicts of interest have been identified where relevant and adequately managed.

Management comment

Following the immediate actions put in place in July 2022, the F2 Purchasing Policy is being reviewed by Council in February 2023.

Responsible person: Executive Manager Corporate and Community Services

Completion date: February 2023

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

5. Purchases not in accordance with purchasing policy – property expenditure**Finding**

During our review of credit card expenditure for the 2021 audit, in particular the credit card of the Director of Technical Services, we noted large transactions relating to the purchase of property for the Shire houses as well as for repairs and maintenance. We note this credit card has also been used by the Technical Services team. This is not in accordance with Section 1 (c) of the Shire's Credit Card agreement which states that credit cards should only be used where the procurement of goods is impractical or inefficient by a purchase order. Credit Card expenditure should only be incurred by the credit card holder.

Rating: Significant**Implication**

There is the heightened risk these purchases may not be legitimate expenses to the Shire.

Recommendation

We recommend that credit card holders are reminded of personal responsibilities for the usage of cards under the Shire's Credit Card Agreement and when it is appropriate to use a credit card.

Management comment

Our comment in July 2022 was that further training will be undertaken in the use of credit cards. This has produced a reduction in transactions and monetary volume which has been evidenced by the progress of our credit card expenditure in the monthly accounts payment reports to Council, however we are also aware that this is a constant area of monitoring of which the CEO maintains vigilance.

Responsible person: Executive Manager Corporate and Community Services
Completion date: December 2022

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

6. Information technology general controls – user access**Finding**

During our review of the transactions identified in the Corruption and Crime Commission (CCC) report for the 2021 audit, we noted that the former CEO had not been using his own username in Synergy but instead instructing other staff members to enter in purchase orders and invoices.

Rating: Significant**Implication**

Directing staff to enter invoices and purchase orders within the system constitutes management override of controls. Further, using a shared account makes it difficult to trace modifications made to a single user, making review of unauthorised changes difficult.

Recommendation

Staff should be reminded that they should not enter invoices or purchase orders directed by other staff members, and only enter in invoices and transactions that they are responsible for. The use of shared accounts should be ceased, with staff using their own accounts. Staff should also be reminded of escalation and reporting avenues for any concerns or inconsistencies noted, this should include whistle blower protocols available to staff.

Management comment

Following our comments in July 2022 we confirm that there may have been a slight misinterpretation of the CCC report as there are no shared accounts on Synergy, however there is the scope for staff to raise purchase orders under their own access that require an authorisation from a higher signing authority before the purchase order becomes valid. We recognise that this was a case of the former CEO directing others to create purchase orders for his own purposes that had been misrepresented.

Having said that, it is also recognised that staff should be vigilant of others asking them to produce documents for a purpose that may appear to be slightly irregular. This awareness could be included in the development of a Fraud and Corruption Control Plan June 2023

We also wish to make the point that Invoices are entered by a central Accounts Payable Officer which serves as a control mechanism to create a degree of separation between the purchasing officer and the entering of the invoice. This ensures that invoices are checked thoroughly by an additional officer for correct coding, purchasing authority and to ensure the correct processes are being followed. This aspect of internal control proved crucial in the detection of the corruption that occurred.

Responsible person: Executive Manager Corporate and Community Services
Completion date: June 2023

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

7. Supplier master file changes are not reviewed

Finding

During the 2021 audit, we noted that there was no evidence that additions and changes to the Supplier Master File are independently reviewed.

Rating: Significant

Implication

There is an increased risk that unauthorised changes made to the Supplier Master File may not be detected should the review of changes made to the Supplier Master File as part of the creditor's payment run not be performed.

Recommendation

To help ensure all changes made to the Supplier Master File are correct, the system audit trail report should be printed and reviewed by a senior staff member independent of processing creditors for payment. This review should consider all changes to the Supplier Master File including the addition of new suppliers. The independent reviewer should also sign and date their review of either the addition or audit trail as evidence of their review.

Management comment

As reported in July 2022, this procedure was implemented immediately.

Responsible person: Executive Manager Corporate and Community Services

Completion date: July 2022

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

8. Independent review of credit card expenditure**Finding**

During our review of credit card reconciliations for the 2021 audit, we noted that the former CEO's credit card expenditure was reviewed by the Director of Corporate Services. The Shire's Credit Card Policy does not specify independent review protocols to be followed in the review of credit card transactions. This includes the review of the CEO's credit card transactions.

Rating: Moderate**Implication**

There is an increased risk of transactions being incurred that are not either appropriately reviewed and or may not be in compliance with the Shire's Credit Card Policy. Furthermore, there is a risk of fraud and error passing undetected.

Recommendation

We recommend the Shire's Credit Card Policy be reviewed to detail independent review of credit card expenditure. This should also outline expectations around the review of the CEO's credit card transactions.

Management comment

As reported in July 2022, a control change was immediately introduced in the aftermath of the September 2021 CCC investigation whereby the CEO credit card statement is monitored and authorised by the Shire President.

The CEO reviews all other Credit Card usage monthly and all credit card transactions are reported to full council in the monthly accounts for payment report.

We will review Credit Card Policy in reference to the recommendation

Responsible person: Executive Manager Corporate and Community Services
Completion date: June 2023

SHIRE OF RAVENSTHORPE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE AUDIT

9. Property register – shire housing**Finding**

During our review of purchases for the 2021 audit, we noted that there was no mechanism for tracking expenditure incurred on Shire Housing.

We also noted that a property listing for the Shire houses was not maintained limiting the Shire's ability to ensure that property purchases were valid and that property purchases, where valid have been appropriately managed.

Regulation 17B of the Local Government (Financial Management) Regulations 1996 requires the CEO to take all reasonable steps to prevent the theft or loss of;

- a non-consumable asset that is susceptible to theft or loss due to its portable nature and attractiveness for personal use or resale
- an asset valued below \$5,000 at acquisition that is excluded from the assets reported in the annual financial report, under regulation 17A(5).

The Shire records these assets in a separate register, which is a good control for keeping track of the location or custodian of these assets and assists management to prevent theft or loss.

Rating: Moderate**Implication**

Without appropriate oversight there is an increased risk that expenditure incurred on Shire Housing may not represent valid expenditure of the Shire. Further, incomplete and inaccurate records do not support effective monitoring and management of portable and attractive items, and there is the risk of theft or loss of property passing undetected.

Recommendation

We recommend that a property register is maintained for each Shire property. This register does not have to be included in the fixed asset register but should be used to ensure that property remains at the Shire houses with regular inspection in place.

Management comment

Following our comment in July 2022, the Shire will prepare a register of Shire owned contents at each residential house and these contents to be inspected at least annually.

Responsible person: Executive Manager Corporate and Community Services
Completion date: June 2023

ATTACHMENT 'C'

7. 2022 COMPLIANCE AUDIT RETURN



Ravensthorpe – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022?	N/A	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022?	N/A	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes	
2	s5.16	Were all delegations to committees in writing?	Yes	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	No	
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	



7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	No	
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	

7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	N/A	
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	



17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	N/A	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Under review for 2023 year. EA

Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	N/A	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	N/A	



Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	N/A	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	N/A	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	N/A	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	No	2022 Audit signed off 27 February 2023.
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995	Yes	2021 Audit report was signed off 28 July 2022.



		required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?		
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes	2021 Audit Report
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	Yes	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	Yes	Audit report 30 June 2021 was dated 28 July 2022 and received at OCM 16 August 2022.

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	

Official Conduct				
No	Reference	Question	Response	Comments



1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	

5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	N/A	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	

15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	

Integrated Planning and Reporting

No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan?	N/A	



		If Yes, please provide the adoption date or the date of the most recent review in the Comments section?		
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	N/A	
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	N/A	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	No	
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	No	No but the shire underwent the most intensive forensic audit October 2021 to July 2022 after a CCC investigation in Sept 2021.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A	
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	G10



5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	N/A	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	No	
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	No	Received an extension to 31 October 2022
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Chief Executive Officer

Date

Mayor/President

Date