

# SHIRE OF RAVENSTHORPE



## 2014/15 ANNUAL REPORT



Photos: Hopetoun Community Centre



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Photo: Hopetoun Foreshore Improvements

## Regional Profile

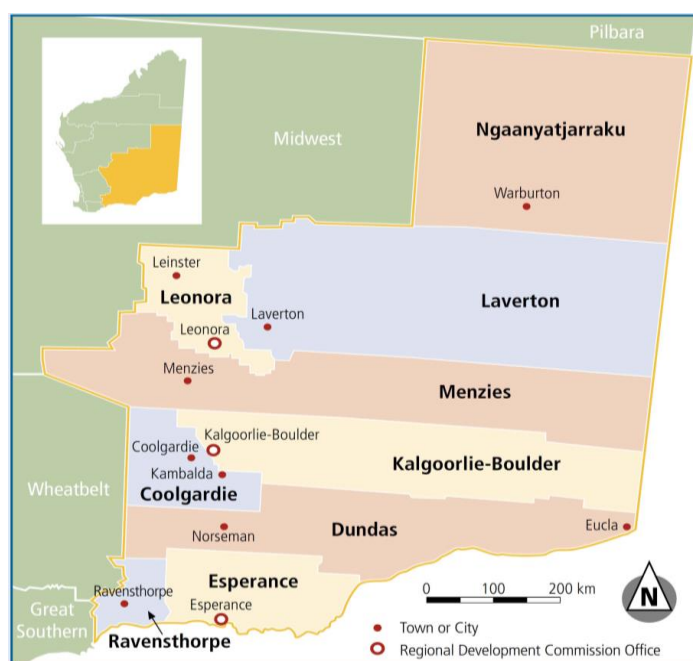
The Shire of Ravensthorpe is a Local Government Area in the southern Goldfields-Esperance region of Western Australia, about halfway between the City of Albany and the town of Esperance and about 530km southeast of Perth. The Shire covers an area of 13,551km<sup>2</sup>, and its seat of government is the town of Ravensthorpe.

The Ravensthorpe Range covered by salmon gums encircles Ravensthorpe town. The shire comprises approximately two thirds natural bushland and this includes the Fitzgerald River. The agricultural industry grew significantly in the 1950s and '60s and despite recessions and drought the industry has stabilised the district ever since. Cereal growing is becoming the main focus, with sheep and cattle farming also occurring in the Shire. The Shire is experiencing growth with the mining of nickel. Mining operations are generating activity and new business to the town.

The Shire's main town sites are Hopetoun (population 1398, ABS 2011), Munglinup (population 100, ABS 2011) and Ravensthorpe (population 391, ABS 2011). Hopetoun is on the south coast and it was established in 1900 as a coastal town servicing the Phillips River Mining District, and named after the 7<sup>th</sup> Earl of Hopetoun and first Governor General of Australia, John Hope. The town's population is growing due to the reopening of a nickel mine in 2010 located between Hopetoun and Ravensthorpe.

Munglinup is located along the South Coast Highway between Ravensthorpe and Esperance and close to the Munglinup River. The Munglinup is Indigenous Australian in origin and of unknown meaning. The name first appeared on maps made by early settlers in 1868. The region was first opened up for farming in the late 1950s and by the early 1960s the community asked for a town site between Esperance and Ravensthorpe to be considered. The town site was surveyed in 1961 and gazetted in 1962.

Ravensthorpe was surveyed by Surveyor General John Septimus Roe in 1848; the town was named after the nearby Ravensthorpe Range. Gold was discovered at Annabel Creek and more profitable discovered followed in 1900 that resulted in a boom. The population climbed to over 1,000 and by 1901 the government gazetted the town of Ravensthorpe. The area continued to prosper and the population grew accordingly. By 1909 the population was over 3,000. The prosperity was short-lived and by 1918 the local copper smelter had closed and many of the copper and gold mines had closed.



## Shire President Report

I am pleased to present my report on behalf of the Shire of Ravensthorpe.

Firstly I would like to acknowledge Councillor Ian Goldfinch who stepped down as our Shire President in March 2015. Ian led Council for five and half years and was always a strong and passionate advocate for the Shire of Ravensthorpe. Ian will continue as a Shire Councillor.

I would also like to pass on my sincere thanks to all Councillors and to staff for their hard work and contribution to the efficient running of the shire. There have been no changes on Council during the year.

It is pleasing to note that the audit reports included within this Annual Report reflect Council's competent and prudent financial management and I wish to acknowledge the efforts and commitment of the Chief Executive Officer and his staff in assisting Council in achieving this high standard.

I would also like to take this opportunity to express my appreciation to the many volunteers who help support our community and work with Council to help make Ravensthorpe, Hopetoun, Munglinup and Jerdacuttup the strong vibrant communities they are.

This year we have seen the upgrade of the Hopetoun foreshore and the many rest and camping areas that stretch eastwards from the Hopetoun townsite. We have received many positive comments on the new facilities and it is hoped this will help attract and retain tourists in our area. Tourism is a growing industry and Council in recognising this is working with Fitzgerald Coast Tourism Association to promote our area as a destination of choice.

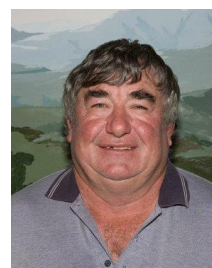
We also saw work commence on the building of the new Hopetoun Community Centre – a building I am sure all of the community will be very proud of once completed in late 2015.

As a member of the Goldfields Voluntary Regional Organisation of Councils we continue to work to bring benefits to the region and our shire. This year we were able to see the streetlights in Hopetoun swapped over to the more efficient LED style lighting at no cost to Council. We are also working on a joint project to standardise and improve our assets management plans – a project that not only will meet government reporting requirements but will also help Council better manage our many assets.

In closing one of the reasons our Council exists is to try and improve outcomes for all residents of the shire. Councillors and staff will always strive to meet the expectations and challenges of the community as they arrive.

Best wishes

Keith Dunlop  
Shire President



## Chief Executive Officer

I am pleased to submit my report for the 2014/2015 financial year.

### Financial Performance

The Shire of Ravensthorpe maintained a strong financial position throughout the year.

As at 30 June 2015 Council held the following cash backed reserves:

Staff Leave Reserve	\$ 36,919
Plant Replacement Reserve	\$ 71,527
Emergency Farm Water Reserve	\$ 25,158
Building Reserve	\$ 1,478,702
Road and Football Reserve	\$ 495,857
Swimming Pool Upgrade Reserve	\$ 56,490
Ultr Repeater Reserve	\$ 9,021
Airport Reserve	\$ 471,124
Water and Sewerage Reserve	\$ 280,623
Hopetoun Community Centre Reserve	\$ 1,028,407
	\$3,953,828

Council had 6 outstanding loans as at 30<sup>th</sup> June 2015 with principal owing of \$1,789,315.

The total equity on the Balance Sheet increased by \$14.546m with the main factor behind the increase was the increase in the Revaluation Surplus brought about the revaluation of assets as required by the Australian Accounting Standards and Local Government (Financial Management) Regulations 1996 – fair value principle.

### Financial Ratios

As part of the annual financial reporting process a local government is required to report on a number of financial ratios which provide a “snapshot” of the local government’s financial strength.

This year the following outcomes were achieved:

Current ratio – (indicates the Shire’s ability to meet short term debt obligations). Council’s ratio is 2.25 where the standard is met if the ratio is greater than 1.0. Thus we finished in a very strong position.

Asset Sustainability Ratio – (indicates that the Shire is investing in renewal or replacement of its assets at the same rate that its overall asset stock is wearing out). Council’s ratio is 1.34 where the standard is met if the ratio is greater than 0.9. Again Council finished in a very strong position.

Debt Ratio – (indicates the Shire’s ability to repay debt, including lease payments, from uncommitted or general purpose revenue). Our ratio is 4.22 where basic standard is met if the ration is greater than or equal to 2. An advanced standard is met if the ratio is greater than 5. Again we are in a strong position.

Operating Surplus Ratio – (indicates the Shire’s ability to cover it operational costs through its own source revenue efforts and have revenue available for capital funding or other purposes). Our ratio is (0.30) where a basic standard is met if the ratio is between 0.01 and

0.15. An advanced standard is met if the ratio is over 0.15. This year, Council failed to meet the basic standard.

Own Source Revenue Coverage Ratio – (indicates the Shire's ability to cover its costs through its own revenue efforts). This year the ratio is 0.540 where the standard is met if the ratio is between 0.4 and 0.6. Council meets the basic standard.

Asset Consumption Ratio – (measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost). Council's ratio is 0.968 where the standard is met if the ratio is 0.5 or greater. The standard is improving if the ratio is between 0.6 and 0.75. Council meets the advanced standard with this ratio. This ratio is continually improving which is the outcome from the revaluation of assets at fair value.

It is pleasing to note all ratios have improved in comparison to the results as at 30<sup>th</sup> June 2014.

### **Projects**

A number of road projects were completed during the year including Melaleuca Road (\$141,500), Floater Road (\$200,000), Koornong Road (\$223,000), Jerdacuttup Road (\$136,300) and Doyle Road (\$150,000).

Work on the construction on the new Hopetoun Community Centre commenced with some \$2.322m expended during the year. Considerable upgrade works were completed on the Hopetoun Foreshore including installation of a grassed area and refurbishment of the toilet block.

McCulloch Park in Hopetoun had a new playground installed courtesy of a Lotterywest grant and a new shade structure and water fountain was also installed.



Photo: McCulloch Park Improvements

## Maintenance

A great deal of Councils annual budget is allocated to the maintenance of existing facilities including:

Recreation facilities	\$ 308,000
Parks and Gardens	\$ 76,000
Public Toilets	\$ 152,000
Campgrounds	\$ 85,100
Airport	\$ 370,000
Roads and footpaths	\$1,317,000
Refuse Collection and tip maintenance	\$ 380,000

Council also continued to support our local doctor by maintaining the Ravensthorpe and Hopetoun surgeries and providing reception staff.

## Plant and Equipment

During the year a replacement prime mover, grader, number of light vehicles and some items of sundry plant and equipment were purchased at a cost of \$770,000 before trade ins.



Photo: New Cat Prime-mover

## New Buildings

Council added to their housing stock during the year with the purchase of 2 three bedroom units at a total cost of \$359,000. The old Emporium building in Morgans Street was also purchased with the plan to demolish this building in the future to make way for the redevelopment of the civic precinct – a project in its early planning stages.

## Future Projects

Hopetoun Community centre – with construction well underway it is anticipated this project will be completed before Christmas 2015.

Heavy Haulage Route – Main Roads WA advise that it is planned the construction of the Heavy Haulage Route will be completed in December 2015 which will allow the long awaited Morgans Street streetscape project to commence.

With the bulk of the planning work completed it is hoped tenders will be called, and construction completed, for the Ravensthorpe Regional Landfill site.

## Conclusion

Local government never stands still and there are always new projects or government enforced compliance to contend with and it is the latter which is taking up more and more of our staff and financial resources.

I would like to thank the Shire President and Councillors for their support and input during the year and also all of my staff for their on-going dedication to providing the best possible services and facilities to our community.



Ian Fitzgerald  
Chief Executive Officer



Photo: Shire of Ravensthorpe Administration Building



## **Additional Information**

### **National Competition Policy**

This policy has been introduced by the Commonwealth Government so as to promote competition for the benefit of business, consumers and the economy by removing unnecessary protection of monopolies of markets where competition can be enhanced. It affects local governments as factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

In respect to competitive neutrality, the Shire of Ravensthorpe reports:

The Shire of Ravensthorpe during 2014/2015 did not engage in any significant business activities which generated in excess of \$200,000 annual income. Therefore, the introduction of competitive neutrality under Clause 7 of the policy was not required.

There is no indication that the Council will become involved in any significant business activities during the next financial reporting period.

There have been no allegations received by the Council of non-compliance with the neutrality principles.

### **Employee Remuneration**

The Local Government (Administration) Regulations 1996 – Regulation 19B requires that the annual report for a Local Government for a financial year is to contain the following information. Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

100,000 – 109,999	0
110,000 – 119,999	1
120,000 – 129,999	1
130,000 – 139,999	0
140,000 – 149,999	1

### **Complaints Register**

Section 5.121 of the Local Government Act 1995 requires Annual Reports to contain details of entries made in the Complaints Register regarding complaints made about elected members.

There were no complaints lodged against elected members in the year under review.

### **Adoption of Local Laws**

A Local Law on Fencing was adopted that established minimum standards for dividing fences and fencing in industrial and commercial areas.

### **Freedom of Information**

The Shire of Ravensthorpe welcomes any enquiries for information held by Council.

If any information cannot be accessed by less formal means, a freedom of information request can be made by contacting the Chief Executive Officer.

It should be noted that some documents are for viewing only and documents cannot be copied which would breach the Copyright Act.

Nil enquiries were received during the 2014-2015 period.

Council's Information Statement is reviewed annually and a copy made available at both administration offices for perusal, as required under the *Freedom of Information Act 1992*.

### **State Records Act 2000**

The Shire of Ravensthorpe completely reviewed its Record Keeping Plan in 2015 which was subsequently accepted by the State Records Office.

The Record Keeping Plan details all record keeping practices across the organisation and incorporates legal requirements set by State Records.

SynergySoft is the Shire's record keeping system. A full review of system capabilities is scheduled to be undertaken early in 2015/16.

The Shire's Records Staff undertake record keeping training for all staff on an as needs basis following a formal induction process.

Every staff member attends a mandatory record keeping induction, usually on the date they start with the organisation. All staff have access to online SynergySoft records training videos.

Records staff undertake formal training provided by third party training providers.

Records Staff undertake ongoing, ad-hoc reviews of Records practices across the organisation which highlight any additional training requirements of staff. They then work with business units to rectify any identified process inefficiencies

### **Disability Services Plan**

Section 29(m) of the *Disability Services Act 1993* requires the Shire to report on the following eight outcomes in its approach to assist people with disability within the Shire:

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

Council-organised community events are held in appropriate venues with facilities which allow for ease of access by people with disability. Improvements to footpaths, in both town sites, include disabled access.

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

Council is committed to ensuring all Council buildings are able to be accessed by people with disability.

**3. People with disability receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.**

All Council publications are available in a variety of formats on request for people with specific needs. This information is conveyed through local newsletters and within each individual document.

**4. People with disability receive the same level and quality of service from the staff of the relevant public authority.**

Council's Customer Service Charter outlines a commitment to providing a high standard of service to all customers of the Shire through all avenues of contact including in-person, over the telephone and through written correspondence. All staff are aware that customers have individual needs, including people with disability; administration staff have undertaken relevant training accordingly.

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

A complaints mechanism has been implemented through the Shire Administration and is accessible for all members of the community including people with disability.

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

Council has used the local newsletter, social media and public advertising to advise residents of issues requiring public consultation. Staff have been available to assist residents with individual requirements as needed.

**7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Ravensthorpe.**

Council uses inclusive recruitment practices and improving methods of attracting, recruiting and retaining people with disability and ensures its policies and procedures are regularly reviewed.

**8. The Shire of Ravensthorpe will encourage community engagement practices and effective advocacy by creating partnerships with relevant external stakeholders and service providers.**

Council continues to investigate ways of encouraging and supporting access and inclusion in the community.



Photo: New Hopetoun Community Centre Disabled Parking Bays and Access Ramp

## Community and Recreation Services

2014/15 was a challenging year for community and sporting groups within the Shire of Ravensthorpe. We continued to encourage co-operation between the groups and the shire to establish a good working base and provide assistance with development of club infrastructure including constitution updates and grant applications. Assistance from the Department of Sport and Recreation and Lotterywest has been much appreciated, and grants from the Community Development Fund have also assisted various organisations throughout the shire with projects during the year. Example projects and highlights include:

- Major refurbishment works were carried out to the Ravensthorpe Swimming Pool during the year. The works saw repairs to the shell of the pool, new separate filtration system to the main pool and the wading pool, heating for the wading pool, emergency shower in the chemical shed and a completely new PVC pool liner. The works cost in excess of \$181,500 and were 75% funded by the Department of Education (DoE) with the Shire of Ravensthorpe funding the other 25%. The shire was successful in obtaining a \$30,000 grant under the Community Pools Revitalisation Program from the Department of Sport & Recreation which helped towards the 25% contribution. The works were originally due to commence in January but were delayed until late March. In some ways this was good as it allowed the community a longer pool season than originally envisaged. Works were completed in July and the pool was ready to open at the start of the 15/16 season;

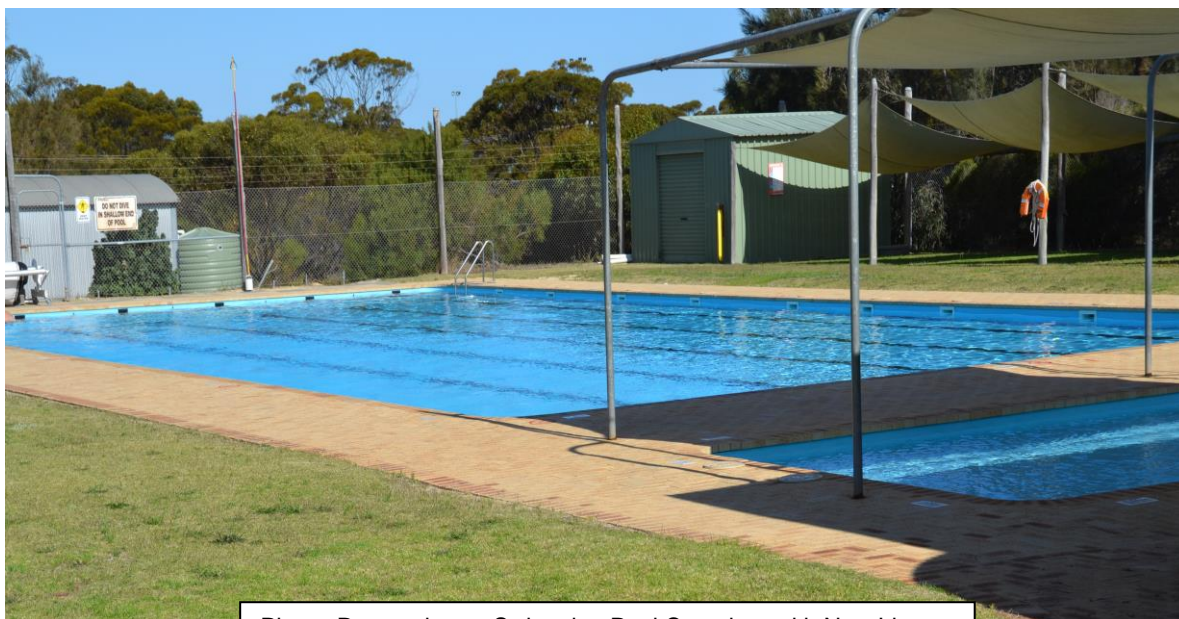


Photo: Ravensthorpe Swimming Pool Complete with New Liner

- The Shire Youth Network initiative was endorsed by Council in 2014. The idea was to form a group of youth to come together under the supervision of key community stakeholders to progress and develop group projects identified by the youth. A roller disco was held in August 2014 and then a stakeholder meeting, the next step was to get the two groups together to develop the network further. However due to time constraints and the fact that the Manager of Recreation Services left in early January and a new manager did not start until April, the process did not progress. A subsequent meeting called in May established that with the small number of students within the shire it is difficult to get something formal organised. Despite promotion and advertising there have been few people attending the meetings so the focus has been shifted to organising events for the youth – with a skateboarding clinic and fun day planned for November.

- Following community consultation Council was successful in obtaining a Lotterywest grant for the installation of some Nature Based Play Equipment in McCulloch Park in Hopetoun. Installation was completed in April and included fireman's pole, climbing net, balance beams, new swings and a fence around the younger children's play area - proving a great addition to the facilities there. The skate park in Hopetoun was also completed with the installation of a shade shelter;

- In conjunction with funding from the Department of Sport and Recreation (DSR), the Club Development Officer commenced in August 2014. This position is for a minimum of two years and the officer is working with local sporting and community groups to assist them with club administration and development. She has been working hard to develop a network with the clubs and helped with registering footy players on Sporting Pulse and netball players on MyNetball. Also attended team registrations and encouraged eligible parents to apply for Kidsport funding. Kidsport helps with money towards sports equipment and uniforms for kids that might otherwise not be able to afford to participate. There was a take up of 37 vouchers this year compared to 12 or less in previous years.

- Funding was obtained from the Regional Community Child Care Development Fund-Operational Grants Program to enable a service evaluation study to be carried out on the Cub House Child Care centre in Ravensthorpe. This was to help provide direction for the way forward for the centre and assess what options were available to help with sustainability. Following the Education and Care National Act and Regulations that were introduced in 2012 all child care facilities come under the National Quality Framework and are assessed by Australian Children's Education and Care Quality Authority (ACECQA) to ensure compliance. The national legislation has been introduced to ensure good levels of education and care in all facilities. The impact on smaller and remote centres such as Ravensthorpe has been to increase the administration and compliance side of operations dramatically. The outcome of the evaluation was four options – continue with local committee as provider, use a company such as CSSU as the provider, shire take-over as the provider or the shire or local committee become the provider with support from company such as CSSU. The shire worked with the existing committee, who were finding it harder and harder to attract members and also with the centre staff. In June a decision was made for the shire to take over as provider and transfer the licence to their control. This will keep the operation local. The numbers of children attending the centre has been increasing in recent months and child care is a necessary provision to attract and retain families to the area. We hope numbers will remain good and that we will be able to continue to provide the Cub House well into the future.

- There has been a wide range of other projects during the year from individuals and groups that the Recreation and Community Services team has been involved with. One of these was the development of a Master Plan for the Ravensthorpe Entertainment Centre and Sporting Complex. It is a requirement when applying for any grant funding these days that there is a master plan or business case to support the proposed project or development. Having a Master Plan will enable us to apply for funding when appropriate grants become available in the future. Community events and programs have also been provided through key Community organisations with the support of the Shire including, Hopetoun Progress Association, Hopetoun and Districts Recreation Association, Ravensthorpe Regional Arts Council, Ravensthorpe Progress Association and the Community Resource Centres;

- Lastly, general community facility hire in 2014/15 including the REC tavern, outdoor cinema, town hall and multiuse ovals has decreased from previous years. Clarification of the operational requirements of the tavern licence at the REC have made it harder for facility hire to take place without an approved bar manager being present, which in turn has

deterred some users. Gym membership has remained steady. Sporting clubs have been finding it harder to attract members and maintain full season fixtures. This is unfortunately a reflection of a down turn in population of the area. Most sporting and community groups are struggling but they are the necessary links in keeping the Community together and the shire is committed to assisting where ever possible. There are many dedicated people within the community working together to ensure that the clubs and groups keep going so they can continue to offer opportunities to the community for localised sporting and recreational activities.

## **Town Planning**

Planning & Development Services dealt with a total of 21 development applications during the 2014/2015 financial year. The applications considered covered a wide variety of developments including:

Oversize sheds and carports	-	5
Civic Uses	-	2
Single Houses	-	6
Commercial development	-	5
Subdivisions & Strata	-	1
Building envelope relocation	-	1
Holiday Accommodation	-	1

The Shire has continued to be involved in a number of strategic planning matters including:

The review of the Local Planning Strategy. The Local Planning Strategy is the 20 year strategic land use plan for the Shire which has now been signed off by the Minister for Planning and the Western Australian Planning Commission. The completion of this project leads the Shire to begin the review of Town Planning Scheme No.5 which commenced last year and is anticipated to be completed by the end of 2016.

A rezoning proposal for the corner of Steeredale Road and Hopetoun-Ravensthorpe Road progressed through the last stage of Council's consideration. This rezoning proposes to allow for up to sixty (60) 1 - 3 ha rural living/composite light industry lots. This would allow for a range of different land uses ranging from exclusively rural conservation lots in vegetated areas, lots where people can live and work on the same semi-rural property, to a core of more industrial orientated lots located in the north western corner of the site.

Council reviewed their signage policies and brought the paddock signage located at the edge of town into conformity.

A policy on Holiday Homes was adopted by Council establishing a minimum standard for this aspect of the tourism industry and reinforcing the need to obtain planning approval for this activity. Existing business that may have been operating without approval were offered an amnesty for 3 months expiring on the 5<sup>th</sup> October 2014.

The state government released a new Planning for Bushfire Risk Management Framework that has changed the minimum standard for developing in areas considered to be 'bushfire

prone'. Council has made adjustments to the standard assessment and approval processes to ensure that we are up to date with the latest requirements.

A Local Law on Fencing was adopted that established minimum standards for dividing fences and fencing in industrial and commercial areas.

### **Building Statistics Summary 2014/2015 Financial Year**

<b>No of Licences Issued</b>	
Single Houses	5
Additions to Single Houses (Inc. Carports)	3
Outbuildings (Town sites)	3
Outbuildings (Rural Conservation & Rural Small Holding Zones)	7
Commercial, Industrial & Mining	2
Patios	1
Other (Retaining Walls, Renovations etc)	1
Public Building New	1
Wind turbine	0
Demolition	0
Pool - renovations	1
Sea Container	0
<b>TOTAL</b>	<b>24</b>

### **Law and Order – July 2014 to June 2015**

In the reporting period the following actions were taken:

Dog Fines	-	21
Dog Verbal Warnings	-	11
Livestock Verbal Warnings	-	00
Off Road Vehicles Verbal Warnings	-	00
Illegal Camping Verbal Warnings	-	10
Fire Break non - compliance fines	-	00
Littering	-	2
Snake Reports (Residential Properties)	-	6
Snake Removal (Residential Properties)	-	1

## Planning For the Future of the Shire of Ravensthorpe

The Shire of Ravensthorpe is building on a successful history of community engagement to ensure that the community can grow and thrive as a vibrant and attractive place to live, work and visit.

Developing our aspirations and plans for the future will shape the delivery of services to the community and the direction of economic development. The integration of community aspiration and service delivery is called the Integrated Planning and Reporting Framework (IPR). This will ensure that the Shire of Ravensthorpe's policies and services are aligned to the community's aspirations.

### OUR IPR PROCESS

The process, driven by this 10-year Strategic Community Plan will create a 4-year Corporate Business Plan to ensure that we deliver the community's aspirations.

This will:

Strengthen our council's strategic focus; and improve sustainability.

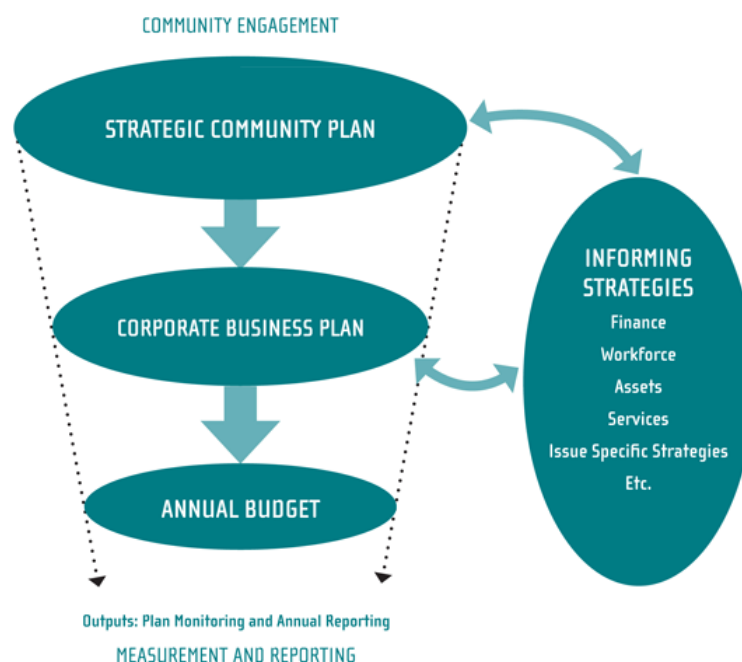
### GOVERNANCE

This Strategic Community Plan, which represents the needs and aspirations of the community, has been developed by the Shire's Councillors and sets out the vision for the next 10 years.

The task of turning this vision into a reality rests with the Local Government Administration. They will set out how this will be achieved in its Corporate Business Plan (CBP).

Alongside the CBP, the Administration will create a 10-year Long-Term Financial Plan and a 5-year Asset Management and Workforce Plans which will set out the resources needed to deliver the CBP.

The Councillors will review the progress towards achieving the 10-year plan on a regular basis.





## **Vision, Values and Stakeholders**

### **VISION**

The revised Vision Statement for Shire of Ravensthorpe is to be....

“Growing our Community”

### **VALUES**

In respecting the community, Council and Staff will promote and enhance the following values in our interactions....

- Honesty and Integrity
- Strong transparency and customer service
- Quality communications
- Fairness, equity and sensitivity and
- Financial accountability

### **STAKEHOLDERS**

The Shire of Ravensthorpe has identified the following groups as key stakeholders...

- Business (present and future) other levels of government
- Councillors and Staff Government Departments
- Ratepayers and residents other local governments
- Community groups and organisations



Photo: Australia Day Breakfast in the Park - 2015

## Key Themes and Strategies

Community engagement has led to the development of four key themes which will underpin the development of goals and strategies. The goals and strategies under each theme create the framework for the delivery sustainable outcomes at achieve our vision.

The four themes formed from the community engagement process include:

### *A vibrant, supportive and socially connected community*

A healthy, strong and connected community that is actively engaged and involved.

### *A thriving business and industry including tourism*

A strong, diversified economic tourist and industrial base that provides varied employment opportunities for all ages.

### *Adequate services and infrastructure to cater for the community*

Sustainable infrastructure that allows for effective travel, and services within the local government and to other rural and metropolitan areas.

### *Civic Leadership*

The provision of responsible, accountable, representative and efficient governance



Photo: Barren's Lookout – Fitzgerald River National Park

**Theme 1 – A vibrant, supportive and socially connected community**

**A healthy, strong and connected community that is actively engaged and involved.**

Outcome No.	Desired Outcome	Goal/Strategy No.	Goal / Strategy	Outcome Key Indicators	Current Status
1.1	Connected families	1.1.1	Supporting families to remain connected relating to health, aged care, education and work.	No. of facilities and services available	Council worked to support a review of aged self-care housing and continues to support the GP.
		1.1.2	Youth are retained in the community	No. of facilities and services available	New skate park facilities in Hopetoun youth group activates planned.
1.2	Vibrant & attractive town-site	1.2.1	Town centres are vibrant and attractive places.	Works program successfully completed	Maintain parks and gardens and streets. Morgans Street upgrade planned.
		1.2.2	Regular cultural and recreational activities.	Works program successfully completed	Support of sport clubs and facilities.
1.3	Community engagement	1.3.1	A Council that proactively engages with all elements of its community in order to make decisions that reflect positively on the future of the Shire of Ravensthorpe.	No. of community activities available	Regular newsletter items, public meetings as required. Support other groups hosting activities.
				Range of target groups accessing activities	
1.4	Supportive volunteers	1.4.1	A Shire who has a dedicated and supported volunteer base committed to serving the needs of the community.	Number of operating volunteer organisations	Strong support of volunteer groups.

**THEME 2 – A THRIVING BUSINESS AND INDUSTRY INCLUDING TOURISM**

**A strong, diversified economic tourist and industrial base that provides varied employment opportunities for all ages.**

Outcome No.	Desired Outcome	Goal/Strategy No.	Goal / Strategy	Outcome Key Indicators	Current Status
2.1	Sustainable Economy	2.1.1	The Shire of Ravensthorpe is economically sustainable with a stable or growing population.	No. of businesses	Support of local businesses and RRCC.
				Population statistics	Population declining due to external pressures.
2.2	Diversified agricultural land-base	2.2.1	Retention of a diversified agricultural land base.	No. of businesses	Declining slightly due to lower population.
				Planning policy implemented	New Town Planning Scheme commenced.
2.3	Development of tourism	2.3.1	Promotion and development of the natural assets as a business opportunity.	Tourist numbers	Active support of Fitzgerald Coast Tourism Association. Tourist numbers increasing. Improvements at coastal native based campsites.

**THEME 3 – ADEQUATE SERVICES AND INFRASTRUCTURE TO CATER FOR THE COMMUNITY**

**Sustainable infrastructure that allows for effective travel, and services within the local government and to other rural and metropolitan areas.**

Outcome No.	Desired Outcome	Goal/Strategy No.	Goal / Strategy	Outcome Key Indicators	Current Status
3.1	Effective transport networks	3.1.1	Transport networks which meet the needs of all users.	Level of implementation of Asset Management Plans	Asset Management Plan review commenced.
		3.1.2	Transport networks which meet the needs of Agriculture, Tourism and Mining industries.	Level of implementation of Asset Management Plans	As above.
3.2	Provision of basic services, power and water	3.2.1	Basic services, infrastructure, power and water supply, meet the community service level expectations now and into the future.	Amount of waste delivered to regional waste facility	New regional facility planned for 2015/16.
				Availability of potable water	Working with Water Corporation to deliver.
				No. of power interruptions	Working with Western Power to improve power reliability.
3.3	Reliable communication services	3.3.1	Reliable phone and internet connectivity.	Phone and internet access	3 new mobile towers planned.
		3.3.2	Access to broadband	Phone and internet access	As above.
		3.3.3	Adequate capacity for future needs	Phone and internet access	As above.
3.4	Provision of public transport	3.4.1	Regular affordable public transport between Hopetoun and Ravensthorpe and major regional centres.	No. of public transport options available	No changes – lack of support of second TransWA bus service saw it withdrawn.
3.5	Provision and maintenance of recreation and community resources	3.5.1	Maintaining and improving recreational and community resource facilities in the	Level of implementation of Asset Management Plans	On-going improvement of recreation facilities.

Shire.

3.5.2

Increased utilisation of facilities

Level of implementation of Asset Management Plans

Drop in population has made increased usage difficult to achieve.

#### THEME 4 – CIVIC LEADERSHIP

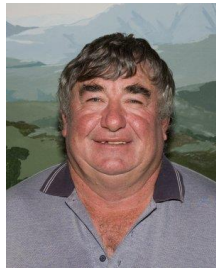
The provision of responsible, accountable, representative and efficient governance.

Outcome No.	Desired Outcome	Goal/Strategy No.	Goal / Strategy	Outcome Key Indicators	Current Status
4.1	Financial Sustainability	4.1.1	A financially sustainable local government.	Level of Integrated Planning	Continued monitoring of financial trends.
4.2	Corporate Governance and Accountability	4.2.1	High quality corporate governance, accountability and compliance.	Community satisfaction	Survey due to be conducted 2015/16
4.3	Responsible and responsive leadership	4.3.1	Quality, effective and responsive representation.	Community satisfaction	On-going training made available.
					As above.
				No. of staff and elected members in training	

## Your Elected Members

(As of October 2015)

Cr Keith Dunlop  
*President*



Cr Angela Kelton  
*Deputy President*



Cr Kerry Dickinson



Cr Sharyn Gairen



Cr Ian Goldfinch



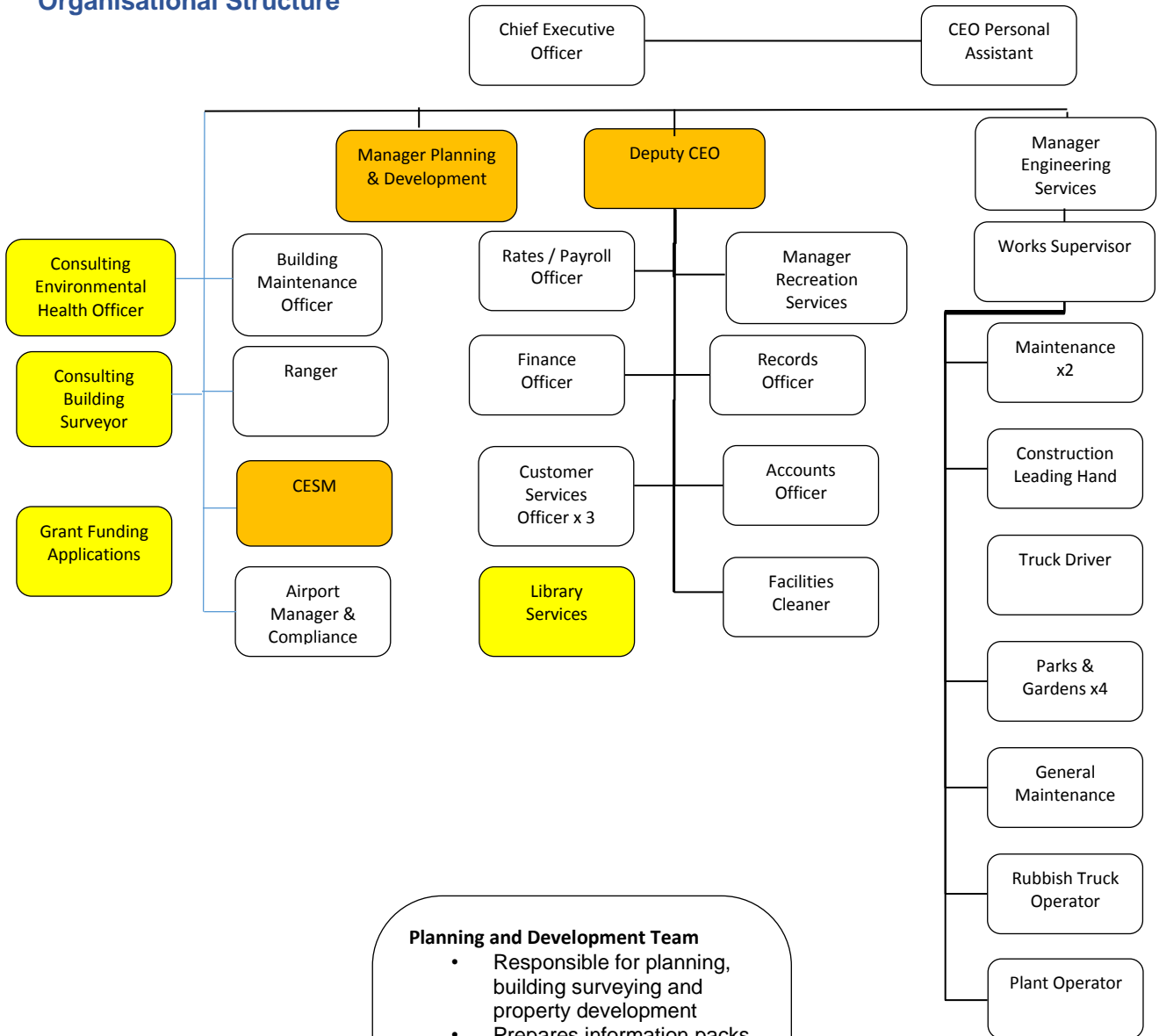
Cr Ken Norman



Cr Peter Smith



# Organisational Structure



**Deputy CEO Team**

- Responsible for finance services & processes
- Administration of payroll, accounts payable and receivable function
- Responsible for electronic record management, filing and archiving
- Provision of secretarial, clerical support and customer services
- Provision of recreation services and FM radio

**Planning and Development Team**

- Responsible for planning, building surveying and property development
- Prepares information packs in relation to planning and approvals for the public
- Responsible for compliance with Environmental health legislative requirements
- Provision building maintenance services to Shire owned buildings and public spaces
- Management of airport services, operations and legislative requirements
- Provision of ranger services, including patrol of public spaces and animals
- OSH

**Engineering ( Works and Services) Team**

- Construction and maintenance of the Shire's roads and bridge
- Maintenance of waste, sewerage system, parks, gardens, plant, equipment and private works
- Operation of the plant and implementation of the works program

- Employee
- Outsourced
- Shared Resource

**Current as at March 2013**  
 Permanent Roles = 27  
 Contract Roles = 2  
 Part Time Roles = 8  
 Casual Roles = 8  
 Total 30 FTE



**Annual Financial Statements 2014/15**

**SHIRE OF RAVENSTHORPE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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Principal place of business: 65 Morgans Street RAVENSTHORPE WA 6346	

SHIRE OF RAVENSTHORPE  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

2<sup>nd</sup>

day of

November

2015



---

Ian Fitzgerald  
Chief Executive Officer

**SHIRE OF RAVENSTHORPE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	3,618,372	3,632,148	3,424,287
Operating grants, subsidies and contributions	28	2,900,839	2,052,167	1,411,145
Fees and charges	27	1,432,788	1,343,192	1,356,672
Interest earnings	2(a)	219,223	172,070	168,540
Other revenue		323,160	75,977	121,954
		<u>8,494,382</u>	<u>7,275,554</u>	<u>6,482,598</u>
<b>Expenses</b>				
Employee costs		(2,643,957)	(2,639,708)	(2,047,896)
Materials and contracts		(2,170,538)	(2,079,832)	(2,730,151)
Utility charges		(169,001)	(180,239)	(225,418)
Depreciation on non-current assets	2(a)	(3,842,513)	(2,842,463)	(3,228,521)
Interest expenses	2(a)	(91,585)	(94,508)	(101,219)
Insurance expenses		(395,535)	(385,310)	(380,578)
Other expenditure		(141,823)	(206,373)	(157,141)
		<u>(9,454,952)</u>	<u>(8,428,433)</u>	<u>(8,870,924)</u>
		(960,570)	(1,152,879)	(2,388,326)
Non-operating grants, subsidies and contributions	28	1,379,109	1,739,533	3,568,695
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	(662,153)	0	0
Profit on asset disposals	20	17,577	0	0
Loss on asset disposals	20	(38,197)	(121,000)	(23,880)
		<u>(264,234)</u>	<u>465,654</u>	<u>1,156,489</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	14,810,464	0	14,131,385
		<u>14,810,464</u>	<u>0</u>	<u>14,131,385</u>
<b>Total other comprehensive income</b>		<u>14,810,464</u>	<u>0</u>	<u>14,131,385</u>
<b>Total comprehensive income</b>		<u><u>14,546,231</u></u>	<u><u>465,654</u></u>	<u><u>15,287,874</u></u>

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

**SHIRE OF RAVENSTHORPE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
	2(a)			
Governance		6,949	6,180	6,026
General purpose funding		6,488,993	5,530,269	4,386,304
Law, order, public safety		114,613	103,689	103,652
Health		108	221	215
Education and welfare		1,050	0	12,613
Housing		19,414	15,600	22,352
Community amenities		412,109	373,380	469,170
Recreation and culture		270,501	222,216	220,031
Transport		765,350	804,376	1,004,983
Economic services		112,895	80,289	27,616
Other property and services		302,400	139,334	229,636
		<u>8,494,382</u>	<u>7,275,554</u>	<u>6,482,598</u>
<b>Expenses</b>				
	2(a)			
Governance		(386,017)	(367,314)	(368,395)
General purpose funding		(206,835)	(115,761)	(128,167)
Law, order, public safety		(372,737)	(520,685)	(426,322)
Health		(203,259)	(191,373)	(230,556)
Education and welfare		(172,568)	(173,196)	(132,501)
Housing		(133,317)	(126,405)	(135,738)
Community amenities		(997,733)	(869,603)	(999,082)
Recreation and culture		(1,665,120)	(1,534,409)	(1,324,704)
Transport		(4,317,397)	(3,879,248)	(3,921,902)
Economic services		(259,078)	(261,274)	(210,774)
Other property and services		(649,305)	(294,658)	(891,564)
		<u>(9,363,367)</u>	<u>(8,333,925)</u>	<u>(8,769,705)</u>
<b>Finance costs</b>				
	2(a)			
Housing		(4,981)	0	1,075
Transport		(86,604)	(94,508)	(102,294)
		<u>(91,585)</u>	<u>(94,508)</u>	<u>(101,219)</u>
<b>Non-operating grants, subsidies and contributions</b>				
Law, order, public safety		0	0	879,782
Community amenities		0	0	34,793
Recreation and culture		768,182	1,085,000	2,165,550
Transport		610,927	654,533	488,570
	28	<u>1,379,109</u>	<u>1,739,533</u>	<u>3,568,695</u>
<b>Profit/(Loss) on disposal of assets</b>				
Health		(3,498)	(3,000)	0
Transport		(34,699)	0	(15,791)
Other property and services		17,577	(118,000)	(8,089)
	20	<u>(20,620)</u>	<u>(121,000)</u>	<u>(23,880)</u>
<b>Fair Value Adjustment of Non-Current Assets</b>				
Transport		(662,153)	0	0
		<u>(662,153)</u>	<u>0</u>	<u>0</u>
<b>Net result</b>		<u>(264,234)</u>	<u>465,654</u>	<u>1,156,489</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	14,810,464	0	14,131,385
<b>Total other comprehensive income</b>		<u>14,810,464</u>	<u>0</u>	<u>14,131,385</u>
<b>Total comprehensive income</b>		<u>14,546,231</u>	<u>465,654</u>	<u>15,287,874</u>

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

**SHIRE OF RAVENSTHORPE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	5,605,470	6,132,026
Trade and other receivables	4	431,680	488,704
Inventories	5	11,132	37
<b>TOTAL CURRENT ASSETS</b>		<u>6,048,282</u>	<u>6,620,767</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	24,163	20,162
Property, plant and equipment	6	31,038,610	29,241,246
Infrastructure	7	43,756,288	30,170,919
<b>TOTAL NON-CURRENT ASSETS</b>		<u>74,819,061</u>	<u>59,432,327</u>
<b>TOTAL ASSETS</b>		<u>80,867,343</u>	<u>66,053,094</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	435,981	450,426
Current portion of long term borrowings	9	147,888	454,330
Provisions	10	371,569	325,522
<b>TOTAL CURRENT LIABILITIES</b>		<u>955,438</u>	<u>1,230,278</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	1,641,427	1,113,125
Provisions	10	80,113	65,557
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,721,540</u>	<u>1,178,682</u>
<b>TOTAL LIABILITIES</b>		<u>2,676,978</u>	<u>2,408,960</u>
<b>NET ASSETS</b>		<u>78,190,365</u>	<u>63,644,134</u>
<b>EQUITY</b>			
Retained surplus		33,738,367	35,031,993
Reserves - cash backed	11	3,953,828	2,924,436
Revaluation surplus	12	40,498,170	25,687,705
<b>TOTAL EQUITY</b>		<u>78,190,365</u>	<u>63,644,134</u>

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

**SHIRE OF RAVENSTHORPE  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>34,025,803</b>	<b>2,774,137</b>	<b>11,556,320</b>	<b>48,356,260</b>
Comprehensive income					
Net result		1,156,489	0	0	1,156,489
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>14,131,385</u>	<u>14,131,385</u>
Total comprehensive income		1,156,489	0	14,131,385	15,287,874
Transfers from/(to) reserves		(150,299)	150,299	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2014</b>		<b>35,031,993</b>	<b>2,924,436</b>	<b>25,687,705</b>	<b>63,644,134</b>
Comprehensive income					
Net result		(264,234)	0	0	(264,234)
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>14,810,464</u>	<u>14,810,464</u>
Total comprehensive income		(264,234)	0	14,810,464	14,546,230
Transfers from/(to) reserves		(1,029,392)	1,029,392	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2015</b>		<b><u>33,738,367</u></b>	<b><u>3,953,828</u></b>	<b><u>40,498,169</u></b>	<b><u>78,190,364</u></b>

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

**SHIRE OF RAVENSTHORPE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,704,163	3,557,148	3,388,755
Operating grants, subsidies and contributions		2,950,528	1,860,167	1,593,295
Fees and charges		1,432,788	1,343,195	1,356,672
Interest earnings		219,223	172,070	168,540
Goods and services tax		(82,457)	572,064	149,190
Other revenue		323,159	17,978	121,955
		<u>8,547,404</u>	<u>7,522,622</u>	<u>6,778,407</u>
<b>Payments</b>				
Employee costs		(2,564,037)	(2,159,973)	(1,890,137)
Materials and contracts		(2,211,257)	(2,514,331)	(2,834,551)
Utility charges		(169,001)	(235,159)	(225,418)
Interest expenses		(95,722)	(118,078)	(104,914)
Insurance expenses		(395,535)	(385,310)	(380,578)
Goods and services tax		0	(300,000)	0
Other expenditure		(141,823)	(206,373)	(157,143)
		<u>(5,577,375)</u>	<u>(5,919,224)</u>	<u>(5,592,741)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>2,970,029</u>	<u>1,603,398</u>	<u>1,185,666</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(3,705,796)	(4,970,025)	(1,531,752)
Payments for construction of infrastructure		(1,592,524)	(1,723,410)	(1,174,134)
Non-operating grants, Subsidies and contributions		1,379,109	1,739,533	3,568,695
Proceeds from sale of fixed assets		200,766	177,000	106,137
<b>Net cash provided by (used in) investment activities</b>		<u>(3,718,445)</u>	<u>(4,776,902)</u>	<u>968,946</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(451,061)	(451,373)	(168,116)
Proceeds from new debentures		672,921	334,304	0
<b>Net cash provided by (used in) financing activities</b>		<u>221,860</u>	<u>(117,069)</u>	<u>(168,116)</u>
<b>Net increase (decrease) in cash held</b>		(526,556)	(3,290,573)	1,986,496
Cash at beginning of year		6,132,026	6,126,409	4,145,530
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>5,605,470</u></u>	<u><u>2,835,836</u></u>	<u><u>6,132,026</u></u>

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



**SHIRE OF RAVENSTHORPE  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		6,949	6,180	6,026
General purpose funding		2,870,621	1,898,121	962,017
Law, order, public safety		114,613	103,689	983,434
Health		108	221	215
Education and welfare		1,050	0	12,613
Housing		19,414	15,600	22,352
Community amenities		412,109	373,380	503,963
Recreation and culture		1,038,683	1,307,216	2,385,581
Transport		1,376,278	1,458,909	1,493,553
Economic services		112,895	80,289	27,616
Other property and services		319,976	139,334	229,637
		<u>6,272,696</u>	<u>5,382,939</u>	<u>6,627,007</u>
<b>Expenses</b>				
Governance		(386,017)	(367,314)	(368,395)
General purpose funding		(206,835)	(115,761)	(128,167)
Law, order, public safety		(372,737)	(520,685)	(426,322)
Health		(206,757)	(194,373)	(230,556)
Education and welfare		(172,568)	(173,196)	(132,501)
Housing		(138,298)	(126,405)	(134,663)
Community amenities		(997,733)	(869,603)	(999,082)
Recreation and culture		(1,665,120)	(1,534,409)	(1,324,704)
Transport		(5,100,853)	(3,973,755)	(4,039,987)
Economic services		(259,078)	(261,274)	(210,774)
Other property and services		(649,305)	(412,658)	(899,653)
		<u>(10,155,302)</u>	<u>(8,549,433)</u>	<u>(8,894,804)</u>
<b>Net result excluding rates</b>		(3,882,606)	(3,166,494)	(2,267,797)
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
Fair Value Adjustment in Non-Current Assets	7(b)	662,153	0	0
(Profit)/Loss on asset disposals	20	20,620	121,000	23,880
Movement in deferred pensioner rates (non-current)		(4,001)	0	(3,639)
Movement in employee benefit provisions		60,603	0	105,477
Depreciation and amortisation on assets	2(a)	3,842,513	2,842,463	3,228,521
<b>Capital Expenditure and Revenue</b>				
Purchase of land and buildings	6(b)	(596,566)	(4,088,196)	(70,808)
Purchase furniture and equipment	6(b)	(20,489)	(42,500)	(63,782)
Purchase plant and equipment	6(b)	(766,407)	(845,400)	(1,200,519)
Purchase work in progress - buildings	6(b)	(2,322,334)	0	(196,644)
Purchase roads	7(b)	(1,259,362)	(1,288,275)	(788,026)
Purchase footpaths	7(b)	(20,810)	(44,339)	(85,640)
Purchase drainage	7(b)	(27,428)	(35,000)	(5,192)
Purchase parks & ovals	7(b)	(266,662)	(265,816)	(253,691)
Purchase other	7(b)	(18,262)	(83,910)	(41,585)
Proceeds from disposal of fixed assets	20	200,766	177,000	106,137
Repayment of debentures	21(a)	(451,061)	(451,373)	(168,116)
Proceeds from new debentures	21(a)	672,921	334,304	0
Transfers to reserves (restricted assets)	11	(2,225,643)	(142,253)	(159,615)
Transfers from reserves (restricted assets)	11	1,196,251	2,432,848	9,315
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	3,245,904	1,089,511	1,653,342
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	1,658,472	175,718	3,245,904
<b>Total amount raised from general rate</b>	22(a)	<u>(3,618,372)</u>	<u>(3,632,148)</u>	<u>(3,424,286)</u>

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

**(b) Goods and Services Tax (GST)**

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

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

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

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

**(c) Cash and Cash Equivalents**

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

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(f) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

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

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

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

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(f) Fixed Assets (Continued)**

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

***Capitalisation threshold***

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

**Income approach**

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

**Cost approach**

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

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

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

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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



**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

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

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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

**(r) Superannuation**

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(s) Current and Non-Current Classification**

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
	[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised Standards were:

- AASB 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

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



**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>2. REVENUE AND EXPENSES</b>	<b>2015</b>	<b>2014</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the annual financial report	22,788	18,500	
- Assistance with the finalisation of the annual financial report	3,640	0	
- Other services	2,950	12,905	
<b>Depreciation</b>			
Non-specialised buildings	49,623	44,662	
Specialised buildings	669,193	319,254	
Furniture and equipment	114,106	120,258	
Plant and equipment	854,124	736,419	
Roads	1,839,660	1,789,010	
Footpaths	27,479	26,678	
Drainage	9,853	9,645	
Parks & Ovals	72,691	64,743	
Other	15,564	13,914	
Airports	190,220	103,938	
	<u>3,842,513</u>	<u>3,228,521</u>	
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 21 (a))	91,585	101,219	
	<u>91,585</u>	<u>101,219</u>	
<b>Rental charges</b>			
- Operating leases	18,740	13,032	
	<u>18,740</u>	<u>13,032</u>	
(ii) Crediting as revenue:			
<b>Other revenue</b>			
Reimbursements and recoveries	233,664	87,228	
Other	89,496	34,726	
	<u>323,160</u>	<u>121,954</u>	
	<u>2015</u>	<u>2015</u>	
	<u>Actual</u>	<u>Budget</u>	
	<u>\$</u>	<u>\$</u>	
<b>Interest earnings</b>			
- Reserve funds	138,725	92,254	82,254
- Other funds	51,976	60,416	60,416
Other interest revenue (refer note 26)	28,523	19,400	25,871
	<u>219,223</u>	<u>172,070</u>	<u>168,540</u>

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**COMMUNITY VISION**

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer community.

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

To meet the needs of the community in these areas.

**Activities:**

Operation and provision of retirement units and Aged Care services.

**HOUSING**

**Objective:**

Help ensure adequate housing for Council staff.

**Activities:**

Maintenance of staff and rental housing.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

Provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

To provide effective and efficient transport services to the community

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

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

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

Private works operations, plant repairs and operations costs. Also provides for Department of Transport licensing, Westpac Banking and services to the Future Fund.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

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

<b>Grant/Contribution</b>	<b>Function/ Activity</b>	<b>Opening Balance <sup>(1)</sup> 1/07/13 \$</b>	<b>Received <sup>(2)</sup> 2013/14 \$</b>	<b>Expended <sup>(3)</sup> 2013/14 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/14 \$</b>	<b>Received <sup>(2)</sup> 2014/15 \$</b>	<b>Expended <sup>(3)</sup> 2014/15 \$</b>	<b>Closing Balance 30/06/15 \$</b>
Department of Conservation	Economic Services	26,645	31,640	(34,119)	<b>24,166</b>	0	(24,166)	<b>0</b>
Royalties for Regions - Hopetoun Community Centre	Recreation and Culture	721,344	0	(208,679)	<b>512,665</b>	0	(512,665)	<b>0</b>
Department of Regional Development - Hopetoun Community Centre	Recreation and Culture	0	2,000,000	0	<b>2,000,000</b>	28,407	(2,028,407)	<b>0</b>
Lottery West - Hopetoun Community Centre	Recreation and Culture	0	0	0	<b>0</b>	600,000	(600,000)	<b>0</b>
Ravensthorpe Hopetoun Future Fund - Hopetoun Community Centre	Recreation and Culture	0	0	0	<b>0</b>	168,182	(168,182)	<b>0</b>
South Coast Natural Resource Management	Recreation and Culture	0	0	0	<b>0</b>	37,400	(37,400)	<b>0</b>
Department of Sport and Recreation	Recreation and Culture	0	0	0	<b>0</b>	30,000	0	<b>30,000</b>
Department of Sport and Recreation	Recreation and Culture	0	0	0	<b>0</b>	16,000	(16,000)	<b>0</b>
Department of Sport and Recreation	Recreation and Culture	0	0	0	<b>0</b>	5,000	(5,000)	<b>0</b>
FQM Australia	Transport	0	0	0	<b>0</b>	152,000	(152,000)	<b>0</b>
Department of Infrastructure - Roads to Recovery	Transport	0	462,485	(462,485)	<b>0</b>	298,927	(298,927)	<b>0</b>
<b>Total</b>		<b><u>747,989</u></b>	<b><u>2,494,125</u></b>	<b><u>(705,283)</u></b>	<b><u>2,536,831</u></b>	<b><u>1,335,916</u></b>	<b><u>(3,842,747)</u></b>	<b><u>30,000</u></b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,621,641	670,759
Restricted		<u>3,983,829</u>	<u>5,461,267</u>
		<u><u>5,605,470</u></u>	<u><u>6,132,026</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	36,919	0
Plant Reserve	11	71,527	68,927
Emergency Farm Water Reserve	11	25,158	24,140
Building Reserve	11	1,478,702	1,605,353
Road and Footpath Reserve	11	495,857	477,832
Swimming Pool Upgrade Reserve	11	56,490	54,437
UHF Repeater Reserve	11	9,021	8,693
Airport Reserve	11	471,124	414,631
Waster & Sewerage Reserve	11	280,623	270,423
Hopetoun Community Centre Reserve	11	1,028,407	0
Unspent grants	2(c)	<u>30,000</u>	<u>2,536,831</u>
		<u><u>3,983,829</u></u>	<u><u>5,461,267</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		122,212	212,004
Sundry debtors		211,100	276,700
GST receivable		82,457	0
Prepayments		<u>15,911</u>	<u>0</u>
		<u><u>431,680</u></u>	<u><u>488,704</u></u>
<b>Non-current</b>			
Rates outstanding - pensioners		<u>24,163</u>	<u>20,162</u>
		<u><u>24,163</u></u>	<u><u>20,162</u></u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		<u>11,132</u>	<u>37</u>
		<u><u>11,132</u></u>	<u><u>37</u></u>

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	1,510,733	1,510,733
- Additions after valuation - cost	<u>115,550</u>	<u>0</u>
	1,626,283	1,510,733
	<u>1,626,283</u>	<u>1,510,733</u>
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	1,662,849	1,662,849
- Additions after valuation - cost	447,985	0
Less: accumulated depreciation	<u>(49,623)</u>	<u>0</u>
	2,061,211	1,662,849
Specialised buildings at:		
- Independent valuation 2014 - level 3	21,641,265	21,641,265
- Additions after valuation - cost	33,031	0
Less: accumulated depreciation	<u>(669,193)</u>	<u>0</u>
	21,005,103	21,641,265
	<u>23,066,314</u>	<u>23,304,114</u>
Total land and buildings	<u>24,692,597</u>	<u>24,814,847</u>
Furniture and equipment at:		
- Management valuation 2013 - level 3	479,565	479,565
- Additions after valuation - cost	84,270	63,782
Less accumulated depreciation	<u>(234,363)</u>	<u>(120,258)</u>
	329,472	423,089
Plant and equipment at:		
- Management valuation 2013 - level 2	3,342,566	3,342,566
- Additions after valuation - cost	1,636,832	1,200,519
Less accumulated depreciation	<u>(1,481,835)</u>	<u>(736,419)</u>
	3,497,563	3,806,666
Work in Progress - Buildings at:		
- Cost	2,518,978	196,644
Less accumulated amortisation	<u>0</u>	<u>0</u>
	2,518,978	196,644
	<u>31,038,610</u>	<u>29,241,246</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	<b>Balance at the Beginning of the Year \$</b>	<b>Additions \$</b>	<b>(Disposals) \$</b>	<b>Revaluation Increments/ (Decrements) \$</b>	<b>Impairment (Losses)/ Reversals \$</b>	<b>Depreciation (Expense) \$</b>	<b>Transfers \$</b>	<b>Carrying Amount at the End of Year \$</b>
Freehold land	1,510,733	115,550	0	0	0	0	0	1,626,283
<b>Total land</b>	<b>1,510,733</b>	<b>115,550</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,626,283</b>
Non-specialised buildings	1,662,849	447,985	0	0	0	(49,623)	0	2,061,211
Specialised buildings	21,641,265	33,031	0	0	0	(669,193)	0	21,005,103
<b>Total buildings</b>	<b>23,304,114</b>	<b>481,016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(718,816)</b>	<b>0</b>	<b>23,066,314</b>
<b>Total land and buildings</b>	<b>24,814,847</b>	<b>596,566</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(718,816)</b>	<b>0</b>	<b>24,692,597</b>
Furniture and equipment	423,089	20,489	0	0	0	(114,106)	0	329,472
Plant and equipment	3,806,666	766,407	(221,386)	0	0	(854,124)	0	3,497,563
Work in Progress - Buildings	196,644	2,322,334	0	0	0	0	0	2,518,978
<b>Total property, plant and equipment</b>	<b>29,241,246</b>	<b>3,705,796</b>	<b>(221,386)</b>	<b>0</b>	<b>0</b>	<b>(1,687,046)</b>	<b>0</b>	<b>31,038,610</b>

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per square metre / market borrowing rate
Non-specialised buildings	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per square metre / market borrowing rate
Specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Work in Progress - Buildings</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Purchase costs

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

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



**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Management valuation 2006	0	40,273,444
- Management valuation 2015 - level 3	35,250,776	0
- Cost	0	7,355,740
Less accumulated depreciation	0	(21,803,471)
	35,250,776	25,825,713
Footpaths		
- Management valuation 2015 - level 3	2,485,240	0
- Cost	0	655,789
Less accumulated depreciation	0	(238,889)
	2,485,240	416,900
Drainage		
- Management valuation 2015 - level 3	1,286,713	0
- Cost	0	747,132
Less accumulated depreciation	0	(561,900)
	1,286,713	185,232
Parks & Ovals		
- Management valuation 2015 - level 3	2,462,911	0
- Cost	0	3,082,956
Less accumulated depreciation	0	(2,119,993)
	2,462,911	962,963
Other		
- Management valuation 2015 - level 3	637,125	0
- Cost	0	395,462
Less accumulated depreciation	0	(101,247)
	637,125	294,215
Airports		
- Management valuation 2015 - level 3	1,633,523	0
- Cost	0	4,157,506
Less accumulated depreciation	0	(1,671,610)
	1,633,523	2,485,896
	43,756,288	30,170,919

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	<b>Balance as at the Beginning of the Year</b>	<b>Additions</b>	<b>(Disposals)</b>	<b>Revaluation Increments/ (Decrements)</b>	<b>Impairment (Losses)/ Reversals</b>	<b>Depreciation (Expense)</b>	<b>Transfers</b>	<b>Carrying Amount at the End of the Year</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Roads	25,825,713	1,259,362	0	10,005,361	0	(1,839,660)	0	35,250,776
Footpaths	416,900	20,810	0	2,075,009	0	(27,479)	0	2,485,240
Drainage	185,232	27,428	0	1,083,905	0	(9,853)	0	1,286,712
Parks & Ovals	962,963	266,662	0	1,305,977	0	(72,691)	0	2,462,911
Other	294,215	18,262	0	340,213	0	(15,564)	0	637,126
Airports	2,485,896	0	0	(662,153)	0	(190,220)	0	1,633,523
<b>Total infrastructure</b>	<b><u>30,170,919</u></b>	<b><u>1,592,524</u></b>	<b><u>0</u></b>	<b><u>14,148,312</u></b>	<b><u>0</u></b>	<b><u>(2,155,467)</u></b>	<b><u>0</u></b>	<b><u>43,756,288</u></b>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$14,148,312 in the net value of infrastructure.

A total of \$14,810,464 of this increase (Roads, Footpaths, Drainage, Parks and Ovals and Other Infrastructure) was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

A total of \$662,153 was due to revaluation decrement (Airport) which is reflected as an opening loss in the Statement of Comprehensive Income.

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Footpaths</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Drainage</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Parks &amp; Ovals</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Airports</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	245,076	138,217
Accrued interest on debentures	31,079	35,216
Accrued salaries and wages	17,100	0
ATO liabilities	44,100	41,885
Accrued Expenses	69,275	53,900
GST Payables	29,351	181,209
	<b>435,981</b>	<b>450,427</b>
	<b>435,981</b>	<b>450,427</b>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	147,888	454,330
	<b>147,888</b>	<b>454,330</b>
	<b>147,888</b>	<b>454,330</b>
<b>Non-current</b>		
Secured by floating charge		
Debentures	1,641,427	1,113,125
	<b>1,641,427</b>	<b>1,113,125</b>
	<b>1,641,427</b>	<b>1,113,125</b>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2014</b>			
Current Provisions	239,872	85,650	325,522
Non-current provisions	0	65,557	65,557
	<b>239,872</b>	<b>151,207</b>	<b>391,079</b>
Additional provision	(25,684)	86,287	60,603
<b>Balance at 30 June 2015</b>	<b>214,188</b>	<b>237,494</b>	<b>451,682</b>
	<b>214,188</b>	<b>237,494</b>	<b>451,682</b>
<b>Comprises</b>			
Current	214,188	157,381	371,569
Non-current	0	80,113	80,113
	<b>214,188</b>	<b>237,494</b>	<b>451,682</b>
	<b>214,188</b>	<b>237,494</b>	<b>451,682</b>

**SHIRE OF RAVENSTHORPE**  
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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	36,919	0	0
Amount used / transfer from reserve	0	0	0
	<u>36,919</u>	<u>0</u>	<u>0</u>
<b>(b) Plant Reserve</b>			
Opening balance	68,927	68,927	66,971
Amount set aside / transfer to reserve	2,600	1,956	1,956
Amount used / transfer from reserve	0	(50,000)	0
	<u>71,527</u>	<u>20,883</u>	<u>68,927</u>
<b>(c) Emergency Farm Water Reserve</b>			
Opening balance	24,140	24,140	23,455
Amount set aside / transfer to reserve	1,018	685	685
Amount used / transfer from reserve	0	0	0
	<u>25,158</u>	<u>24,825</u>	<u>24,140</u>
<b>(d) Building Reserve</b>			
Opening balance	1,605,353	1,605,353	1,559,818
Amount set aside / transfer to reserve	60,560	45,557	45,535
Amount used / transfer from reserve	(187,211)	(372,848)	0
	<u>1,478,702</u>	<u>1,278,062</u>	<u>1,605,353</u>
<b>(e) Road and Footpath Reserve</b>			
Opening balance	477,832	477,832	464,273
Amount set aside / transfer to reserve	18,025	13,560	13,559
Amount used / transfer from reserve	0	0	0
	<u>495,857</u>	<u>491,392</u>	<u>477,832</u>
<b>(f) Swimming Pool Upgrade Reserve</b>			
Opening balance	54,437	54,437	52,892
Amount set aside / transfer to reserve	2,053	1,545	1,545
Amount used / transfer from reserve	0	0	0
	<u>56,490</u>	<u>55,982</u>	<u>54,437</u>
<b>(g) UHF Repeater Reserve</b>			
Opening balance	8,693	8,693	8,447
Amount set aside / transfer to reserve	328	246	246
Amount used / transfer from reserve	0	0	0
	<u>9,021</u>	<u>8,939</u>	<u>8,693</u>
<b>(h) Airport Reserve</b>			
Opening balance	414,631	414,631	353,405
Amount set aside / transfer to reserve	65,533	61,226	61,226
Amount used / transfer from reserve	(9,040)	(10,000)	0
	<u>471,124</u>	<u>465,857</u>	<u>414,631</u>
<b>(i) Waster &amp; Sewerage Reserve</b>			
Opening balance	270,423	270,423	235,561
Amount set aside / transfer to reserve	10,200	7,478	34,863
Amount used / transfer from reserve	0	0	0
	<u>280,623</u>	<u>277,901</u>	<u>270,423</u>
<b>(j) Hopetoun Community Centre Reserve</b>			
Opening balance	0	2,000,000	0
Amount set aside / transfer to reserve	2,028,407	10,000	0
Amount used / transfer from reserve	(1,000,000)	(2,000,000)	0
	<u>1,028,407</u>	<u>10,000</u>	<u>0</u>

**SHIRE OF RAVENSTHORPE  
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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(k) Bushfire Unit Reserve</b>			
Opening balance	0	0	9,315
Amount set aside / transfer to reserve	0	0	0
Amount used / transfer from reserve	0	0	(9,315)
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	<u>3,953,829</u>	<u>2,633,841</u>	<u>2,924,436</u>
Total Opening balance	2,924,436	4,924,436	2,774,137
Total Amount set aside / transfer to reserve	2,225,643	142,253	159,614
Total Amount used / transfer from reserve	<u>(1,196,251)</u>	<u>(2,432,848)</u>	<u>(9,315)</u>
TOTAL RESERVES	<u>3,953,829</u>	<u>2,633,841</u>	<u>2,924,436</u>

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

**SHIRE OF RAVENSTHORPE**  
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**11. RESERVES - CASH BACKED (CONTINUED)**

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

- (a) Leave Reserve**  
- to be used to fund long service leave and non-current annual leave requirements
- (b) Plant Reserve**  
- to be used to assist in the purchasing of major plant and machinery.
- (c) Emergency Farm Water Reserve**  
- to be used for the repair and/or construction of emergency farm water supplies.
- (d) Building Reserve**  
- to be used for the construction, refurbishment, modification or renovation of all buildings.
- (e) Road and Footpath Reserve**  
- to be used for the construction, rejuvenation, resealing or repair to the road and footpath network.
- (f) Swimming Pool Upgrade Reserve**  
- to be used to offset part of the costs for a new liner in the Ravensthorpe swimming pool.
- (g) UHF Repeater Reserve**  
- to be used to assist in the provision of UHF Radio Repeaters in Hopetoun and Munglinup.
- (h) Airport Reserve**  
- to be used for the construction, reconstruction, repairs or modification of facilities including buildings, tarmac, airstrip and associated infrastructure at the Ravensthorpe Airport
- (i) Waster & Sewerage Reserve**  
- to be used for the repair and/or construction of waste and sewerage facilities.
- (j) Hopetoun Community Centre Reserve**  
- to be used to assist in the construction of the new Hopetoun Community Centre. Reserve to be used in accordance with the conditions of the funding agreement.
- (k) Bushfire Unit Reserve**  
- to be used to offset part of the costs for purchases of Fire Fighting units

The leave and plant reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The building reserve is expected to be utilised in 2015/16.

**SHIRE OF RAVENSTHORPE**  
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<b>12. REVALUATION SURPLUS</b>	<b>2015</b>	<b>2014</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and buildings</b>		
Opening balance	14,131,385	0
Revaluation increment	0	14,131,385
Revaluation decrement	0	0
	<u>14,131,385</u>	<u>14,131,385</u>
<b>(b) Furniture and equipment</b>		
Opening balance	1,620	0
Revaluation increment	(1)	1,620
Revaluation decrement	0	0
	<u>1,619</u>	<u>1,620</u>
<b>(c) Plant and equipment</b>		
Opening balance	186,446	0
Revaluation increment	1	186,446
Revaluation decrement	0	0
	<u>186,447</u>	<u>186,446</u>
<b>(d) Roads</b>		
Opening balance	11,368,254	0
Revaluation increment	10,005,361	11,368,254
Revaluation decrement	0	0
	<u>21,373,615</u>	<u>11,368,254</u>
<b>(e) Footpaths</b>		
Opening balance	0	0
Revaluation increment	2,075,009	0
Revaluation decrement	0	0
	<u>2,075,009</u>	<u>0</u>
<b>(f) Drainage</b>		
Opening balance	0	0
Revaluation increment	1,083,905	0
Revaluation decrement	0	0
	<u>1,083,905</u>	<u>0</u>
<b>(g) Parks &amp; Ovals</b>		
Opening balance	0	0
Revaluation increment	1,305,977	0
Revaluation decrement	0	0
	<u>1,305,977</u>	<u>0</u>
<b>(h) Other</b>		
Opening balance	0	0
Revaluation increment	340,212	0
Revaluation decrement	0	0
	<u>340,212</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>40,498,169</u></u>	<u><u>25,687,705</u></u>



**SHIRE OF RAVENSTHORPE**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2015</b> <b>\$</b>	<b>2015</b> <b>Budget</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Cash and cash equivalents	<u>5,605,470</u>	<u>2,835,836</u>	<u>6,132,026</u>

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

Net result	(264,234)	465,654	1,156,489
Non-cash flows in Net result:			
Depreciation	3,842,513	2,842,463	3,228,521
(Profit)/Loss on sale of asset	20,620	121,000	23,880
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	53,023	173,814	146,618
(Increase)/Decrease in inventories	(11,095)	(10,000)	0
Increase/(Decrease) in payables	(14,445)	(250,000)	93,374
Increase/(Decrease) in provisions	60,603	0	105,479
Grants contributions for the development of assets	(1,379,109)	(1,739,533)	(3,568,695)
Fair Value Adjustment of Non-Current Assets	662,153	0	0
Net cash from operating activities	<u>2,970,029</u>	<u>1,603,398</u>	<u>1,185,666</u>

	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	5,000
Credit card balance at balance date	(10,619)	1,109
<b>Total amount of credit unused</b>	<u>509,381</u>	<u>506,109</u>
<b>Loan facilities</b>		
Loan facilities - current	147,888	454,330
Loan facilities - non-current	1,641,427	1,113,125
<b>Total facilities in use at balance date</b>	<u>1,789,315</u>	<u>1,567,455</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF RAVENSTHORPE  
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**14. CONTINGENT LIABILITIES**

There are no current contingent liabilities of which the Shire of Ravensthorpe is aware of.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	18,123	17,386
- later than one year but not later than five years	5,286	21,732
- later than five years	0	0
	<u>23,409</u>	<u>39,118</u>

The Shire leases two photocopiers from Classic Funding Group (formely The Leasing Centre). The lease is for 36 months and finishes in October 2016

**(b) Capital Expenditure Commitments**

Contracted for:		
- capital expenditure projects	1,528,637	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	1,528,637	0

The Shire entered a contract in August 2014 with Wauters Enterprises of Albany for the construction of the new Hopetoun Community Centre. It is anticipated that the contract will be completed by November 2015.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. JOINT VENTURE ARRANGEMENTS**

The Shire together with the City of Kalgoorlie - Boulder and with the Shires of Coolgardie, Dundas, Esperance, Laverton, Leonora, Menzies, Ngaanyatjarraku and Wiluna have a joint venture arrangement with regard to the provision of a Regional Records service. The only asset is a building. The Council's one-tenth share of this asset is included in Land and Buildings as follows

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Land and buildings	74,478	74,478
Less: accumulated depreciation	(2,979)	0
	<u>71,499</u>	<u>74,478</u>

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	146,375	0
Law, Order, Public Safety	1,782,265	1,534,774
Health	411,079	485,049
Education and Welfare	2,945,564	3,179,751
Housing	2,188,439	2,053,773
Community Amenities	2,652,752	2,164,767
Recreation and Culture	19,547,659	16,362,460
Transport	42,791,281	34,801,564
Economic Services	551,790	144,316
Other Property and services	4,389,320	5,239,922
Unallocated	3,460,819	86,718
	<u>80,867,343</u>	<u>66,053,094</u>

**SHIRE OF RAVENSTHORPE**  
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18. FINANCIAL RATIOS	2015	2014	2013
Current ratio	2.25	0.94	1.64
Asset sustainability ratio	1.34	0.67	0.81
Debt service cover ratio	4.22	3.41	6.73
Operating surplus ratio	(0.30)	(0.48)	(0.24)
Own source revenue coverage ratio	0.54	0.57	0.57

The above ratios are calculated as follows:

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

**Notes:**

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

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**19. TRUST FUNDS**

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Bitumen Tender Document Bond	487	0	0	487
Hopetoun Tennis Club	9,072	0	0	9,072
Standpipe Swipe Card Bond	1,750	400	(150)	2,000
Unknown Rates	2,734	2,836	(3,850)	1,720
Builders Construction				
Industry Training Fund	1,705	10,463	(12,168)	0
Pavillion Hire Bonds	933	0	(100)	833
Gym Swipe Card Bond	3,812	1,180	(760)	4,232
Ravensthorpe Cemetery Group	76	0	0	76
Hall Hire and Key Bonds	3,123	2,720	(2,760)	3,083
Rehabilitaion Bond - Barminco	6,866	0	0	6,866
Sundry Overpayments	5,382	498	(50)	5,830
Swimming Pool Key Bond	1,560	1,340	(1,140)	1,760
Rural Subdivisions Shed Bonds	20,494	10,000	0	30,494
Subdivision Maintenance Bonds	26,264	0	(6,889)	19,375
Licensing	2,092	435,374	(432,190)	5,276
Building Registration Board	1,085	5,313	(6,327)	71
Youth Advisor Council Fund	0	3,400	(3,400)	0
Shire Staff Housing Bond	400	800	(1,200)	0
	<u>87,835</u>			<u>91,175</u>

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
Health						
Mitsubishi Pajero	29,481	31,000	25,983	28,000	(3,498)	(3,000)
Transport						
Ford Ranger	16,274	26,000	15,000	13,000	(1,274)	(13,000)
Eagle Prime Mover	32,019	61,000	43,665	60,000	11,646	(1,000)
Volvo Grader	107,425	135,000	74,000	40,000	(33,425)	(95,000)
Mazda Bravo	1,471	4,000	3,635	3,000	2,164	(1,000)
Mazda Bravo	1,471	4,000	3,636	3,000	2,165	(1,000)
Other Property and Services						
Jeep Cherokee	33,245	37,000	34,847	30,000	1,602	(7,000)
	<u>221,386</u>	<u>298,000</u>	<u>200,766</u>	<u>177,000</u>	<u>(20,620)</u>	<u>(121,000)</u>

Profit	17,577	0
Loss	(38,197)	(121,000)
	<u>(20,620)</u>	<u>(121,000)</u>

**SHIRE OF RAVENSTHORPE**  
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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>								
Loan 381 782 Spence Street	9,858	0	6,162	6,434	3,696	3,424	836	982
Loan 145 Staff Housing	0	355,000	0	0	355,000	0	4,145	0
<b>Transport</b>								
Loan 143 Town Street	334,304	0	334,304	334,304	0	0	12,653	20,577
Loan 138C Town Street	409,158	0	20,581	20,620	388,577	388,538	26,167	26,915
Loan 138D Town Street	409,342	0	20,614	20,614	388,728	388,728	26,176	26,965
Loan 142 Grader No 1	30,235	0	30,235	30,235	0	0	150	899
Loan 144 Town Street	374,558	0	39,165	39,166	335,393	335,392	21,458	18,170
Loan 143 Refinance	0	317,921	0	0	317,921	334,304	0	0
	<b>1,567,455</b>	<b>672,921</b>	<b>451,061</b>	<b>451,373</b>	<b>1,789,315</b>	<b>1,450,386</b>	<b>91,585</b>	<b>94,508</b>

All other loan repayments were financed by general purpose revenue.

**SHIRE OF RAVENSTHORPE  
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**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 145 - Staff Housing	355,000	0	WATC	Debenture	10	55,697	2.86%	355,000	0	0
Loan 143B - Refinance	317,921	334,304	WATC	Debenture	10	49,879	2.86%	317,921	334,304	0
	672,921	334,304				105,576		672,921	334,304	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire established an overdraft facility of \$500,000 in 2009 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2014 and 30 June 2015 was \$nil.

**SHIRE OF RAVENSTHORPE**  
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**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

**(a) Rates**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
GRV Properties	0.1338	841	11,363,122	1,520,727	6,880	(70)	1,527,537	1,520,727	0	0	1,520,727
Non Rateable			0	0	840	(246)	594	0	0	0	0
<b>Unimproved value valuations</b>											
UV Properties	0.0105	373	146,250,812	1,528,321	(9,612)	(488)	1,518,221	1,528,321	0	0	1,528,321
<b>Sub-Totals</b>		1,214	157,613,934	3,049,048	(1,892)	(804)	3,046,352	3,049,048	0	0	3,049,048
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
GRV Properties	840	394	1,251,847	330,960	0	0	330,960	330,960	0	0	330,960
<b>Unimproved value valuations</b>											
UV Properties	840	246	6,574,857	206,640	0	0	206,640	206,640	0	0	206,640
<b>Sub-Totals</b>		640	7,826,704	537,600	0	0	537,600	537,600	0	0	537,600
Ex-gratia rates							3,583,952				3,586,648
Discounts/concessions (refer note 25)							45,273				45,500
<b>Total amount raised from general rate</b>							(10,853)				0
<b>Totals</b>							<b>3,618,372</b>				<b>3,632,148</b>
							3,618,372				3,632,148



**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>1,658,472</u>	<u>3,245,904</u>	<u>3,245,904</u>
<b>Comprises:</b>			
Cash and cash equivalents			
Unrestricted	1,651,641	670,759	670,759
Restricted	3,953,829	5,461,267	5,461,267
Receivables			
Rates outstanding	122,212	212,004	212,004
Sundry debtors	211,100	276,700	276,700
GST receivable	82,457	0	0
Prepayments	15,911	0	0
Inventories			
Fuel and materials	11,132	37	37
<b>Less:</b>			
Trade and other payables			
Sundry creditors	(245,076)	(138,217)	(138,217)
Accrued interest on debentures	(31,079)	(35,216)	(35,216)
Accrued salaries and wages	(17,100)	0	0
ATO liabilities	(44,100)	(41,885)	(41,885)
Accrued Expenses	(69,275)	(53,900)	(53,900)
GST Payables	(29,351)	(181,209)	(181,209)
Current portion of long term borrowings			
Secured by floating charge	(147,888)	(454,330)	(454,330)
Provisions			
Provision for annual leave	(214,188)	(239,872)	(239,872)
Provision for long service leave	(157,381)	(85,650)	(85,650)
<b>Net current assets</b>	<u><b>5,092,844</b></u>	<u><b>5,390,488</b></u>	<u><b>5,390,488</b></u>
<b>Less:</b>			
Reserves - restricted cash	(3,953,829)	(2,924,436)	(2,924,436)
<b>Add:</b>			
Secured by floating charge	147,888	454,330	454,330
Component of Leave Liability not required to be funded	371,569	325,522	325,522
<b>Surplus/(deficit)</b>	<u><b>1,658,472</b></u>	<u><b>3,245,904</b></u>	<u><b>3,245,904</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**23. SEWERAGE RATE - 2014/15 FINANCIAL YEAR**

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Sewerage Rate</b>							
Ravensthorpe/Munglinup	2.3506	GRV	1,622,020	37,981	38,127	37,981	38,127
	171.70	Minimum		18,715	18,887	18,715	18,887
				56,696	57,014	56,696	57,014

The sewerage rate income services the maintenance and upgrade of the Ravensthorpe and Munglinup sewerage systems. The proceeds of the rate are applied in full to the costs of managing the effluent systems and any surplus is transferred to the reserve account.

The Sewerage income is included in Fees and Charges

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2014/15 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment	Write Off	0.00%	10,853	0

The Shire allows for a number of minor write offs through the year. The write offs in 2014/2015 relate to incorrectly charged penalty interest, expired mining tenenments, minor outstanding balances and non-recoverable debts

**26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%		28,523	20,000
Charges on instalments plan	5.50%	\$10.00	22,702	23,429
			51,225	43,429

Ratepayers had the option of paying rates in four equal instalments, due on 19 September 2014, 21 November 2014, 30 January 2015 and 31 March 2015. Administration charges and interest applied to the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2015</b> \$	<b>2014</b> \$
General Purpose Funding	31,504	24,760
Law, Order, Public Safety	23,989	17,763
Health	108	215
Housing	19,414	22,205
Community Amenities	378,354	469,169
Recreation and Culture	143,684	111,742
Transport	620,327	595,910
Economic Services	102,533	0
Other Property and Services	112,875	114,908
	<u>1,432,788</u>	<u>1,356,672</u>

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**28. GRANT REVENUE**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating grants, subsidies and contributions	2,900,839	1,411,145
Non-operating grants, subsidies and contributions	1,379,109	3,568,695
	<u>4,279,948</u>	<u>4,979,840</u>
<b>By Program:</b>		
Governance	6,567	6,025
General Purpose Funding	2,563,780	768,718
Law, Order, Public Safety	86,812	945,155
Education and Welfare	0	12,613
Housing	0	147
Community Amenities	0	15,546
Recreation and Culture	858,088	2,205,858
Transport	754,227	890,825
Economic Services	10,363	38,334
Other Property and Services	111	96,619
	<u>4,279,948</u>	<u>4,979,840</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>36</u>	<u>35</u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	92,700	92,700	90,000
President's allowance	12,360	12,360	12,000
Deputy President's allowance	3,090	3,090	3,000
Travelling expenses	11,703	15,027	14,590
Telecommunications allowance	7,210	7,210	7,000
	<u>127,063</u>	<u>130,387</u>	<u>126,590</u>

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2014/15.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	5,605,470	6,132,026	5,605,470	6,132,026
Receivables	455,843	508,866	455,843	508,866
	<u>6,061,313</u>	<u>6,640,892</u>	<u>6,061,313</u>	<u>6,640,892</u>
<b>Financial liabilities</b>				
Payables	435,981	450,426	435,981	450,426
Borrowings	1,789,315	1,567,455	1,564,983	1,909,781
	<u>2,225,296</u>	<u>2,017,881</u>	<u>2,000,964</u>	<u>2,360,207</u>

Fair value is determined as follows:

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

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit and loss**

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	56,055	61,320
- Statement of Comprehensive Income	56,055	61,320

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	96%	78%
- Overdue	4%	22%



**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

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

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	435,981	0	0	435,981	435,981
Borrowings	233,230	1,119,997	798,106	2,151,333	1,789,315
	<u>669,211</u>	<u>1,119,997</u>	<u>798,106</u>	<u>2,587,314</u>	<u>2,225,296</u>
<b><u>2014</u></b>					
Payables	450,426	0	0	450,426	450,426
Borrowings	421,127	1,012,474	342,242	1,775,843	1,567,455
	<u>871,553</u>	<u>1,012,474</u>	<u>342,242</u>	<u>2,226,269</u>	<u>2,017,881</u>

**SHIRE OF RAVENSTHORPE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
Borrowings (continued)**

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

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

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	3,696	388,577	0	0	0	1,397,042	1,789,315	4.85%
Weighted average Effective interest rate	6.84%	6.56%	0.00%	0.00%	0.00%	4.38%		
<b><u>Year ended 30 June 2014</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	364,539	12,876	409,198	0	0	780,842	1,567,455	6.18%
Weighted average Effective interest rate	6.28%	6.84%	6.66%	0.00%	0.00%	5.87%		

**SHIRE OF RAVENSTHORPE  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Asset consumption ratio	0.968	0.68	0.60
Asset renewal funding ratio	Unknown*	Unknown*	Unknown*

The above ratios are calculated as follows:

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

**\* Council is unable to calculate the Asset Renewal Funding Ratio at this time as the information is not available. This was because the Asset Management Plan does not have the required capital expenditure for the next 10 years. It is anticipated that this information will become available in the 2015/2016 financial year.**

## Independent Auditor's Report

**INDEPENDENT AUDITOR'S REPORT  
TO THE RATEPAYERS OF THE SHIRE OF RAVENSTHORPE**



***Report on the Financial Report***

We have audited the accompanying financial report of the Shire of Ravensthorpe, which comprises the balance sheet as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

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

***Auditor's Responsibility***

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

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

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

***Independence***

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements.

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### **Auditor's Opinion**

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

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

### **Other Matters**

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- (b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Supplementary Ratio Information presented at page 64 of this report, we have reviewed the calculation of the Asset Consumption Ratio as presented and in our opinion this is:
  - i) Based on verifiable information; and
  - ii) Reasonable assumptions.The Asset Renewal Funding Ratio was not calculated and no review was carried out.



Russell Harrison, Partner

Lincolns Accountants and Business Advisers

70 - 74 Frederick Street, Albany WA

Dated this 3<sup>rd</sup> day of November 2015.

3 November 2015

Mr. Ian Fitzgerald  
Chief Executive Officer  
Shire of Ravensthorpe  
PO Box 43  
**RAVENSTHORPE WA 6346**

Dear Council,

**Audit for the year ended 30 June 2015**

We are pleased to report that our audit of the Shire of Ravensthorpe's financial statements and records for the year ended 30 June 2015 is now complete.

Accordingly we enclose a signed copy of the financial statements and audit certificate for your attention.

We confirm that we will arrange for one copy to be forwarded directly to the Department of Local Government, and the Shire President on your behalf.

Prior to reporting our audit findings to Council and Management, we would like to remind you of the nature of the audit tests we have conducted. The work undertaken by us to form an opinion is permeated by judgment, in particular regarding the nature, timing and extent of the audit procedures for gathering of audit evidence and the drawing of conclusions based on the audit evidence gathered.

In addition, there are inherent limitations in any audit. These include the use of sample testing, the possibility of collusion and the fact that most audit evidence is persuasive rather than conclusive in nature. As a result, our audit can only provide reasonable – not absolute – assurance that the financial systems of the Shire of Ravensthorpe are functioning reliably.

In general we found the financial statements presented for audit were well prepared and supporting audit papers were complete and readily available.

We undertook a complete assessment of the Shire's financial systems and assessed areas of risk.

We are pleased to report that this review confirmed the strong internal controls within the financial and reporting systems of the Shire of Ravensthorpe.

.../3

**Comment on Financial Position**

The following table compares your financial ratios (note 19) to standards prescribed by the Local Government Regulations:

<b>Ratio</b>	<b>Description</b>	<b>Result</b>	<b>Prescribed Standard</b>
Current Ratio	Indicates the Shire's ability to meet short term debt obligations.	2.25	The standard is met if the ratio is greater than 1.
Asset Sustainability Ratio	Indicates that the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	1.34	The standard is met if the ratio is 0.9 or higher.
Debt Service Cover Ratio	Indicates the Shire's ability to repay its debt including lease payments.	4.22	A basic standard is met if the ratio is greater than or equal to 2. An advanced standard is met if the ratio is greater than 5.
Operating Surplus Ratio	Indicates the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes.	(0.30)	A basic standard is met between 0.01 and 0.15. An advanced standard is met if the ratio is greater than 0.15.
Own Source Revenue Coverage Ratio	Indicates the Shire's ability to cover its costs through its own revenue efforts.	0.54	A basic standard is met if the ratio is between 0.4 and 0.6. Intermediate standard is between 0.6 and 0.9. An advanced standard is met if the ratio is greater than 0.9.
Asset Consumption Ratio	Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost	0.968	The standard is met if the ratio is 0.5 or greater. The standard is improving if the ratio is between 0.6 and 0.75.
Asset Renewal Funding Ratio	Measures the ability of the Shire to fund its projected asset renewal/replacements in the future.	Unknown	The standard is met if the ratio is between 0.75 and 0.95. The standard is improving if the ratio is between 0.95 and 1.05.



**Other Matters**

During our audit we noted the matters referred to in the attached audit observations and comments schedule, which we wish to bring to Council's attention.

In conclusion we take this opportunity to thank Trish and your administration staff for their pleasant and co-operative assistance throughout the audit.

Should there be any matters that you would like to discuss further please do not hesitate to contact us.

Kind Regards

A handwritten signature in blue ink, appearing to read 'Russell Harrison', with a long, sweeping flourish extending to the right.

Russell Harrison  
Partner

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**SHIRE OF RAVENSTHORPE  
AUDIT OBSERVATIONS AND COMMENTS SCHEDULE  
FOR THE YEAR ENDED 30 JUNE 2015**

<b>Matter</b>	<b>Present Procedure Finding</b>	<b>Recommendation</b>	<b>Deputy CEO's Comment</b>
Long Outstanding Cheques	Both the Municipal and Trust Account bank reconciliations include cheques which have been outstanding for a period greater than twelve months. As these cheques will now be considered stale by the bank it is unlikely they will be honoured.	We recommend that the long outstanding cheques be cancelled. The payee should then be contacted and an electronic transfer arranged or cheque reissued. In the event that the payee is no longer able to be contacted then the funds should be forwarded to the Registrar of Unclaimed Money.	Noted and Agreed. Finance staff will review and take appropriate action to clear all long outstanding cheques.
Long Held Trust Funds	The Trust Ledger trial balance includes account balances for Unknown rate payments and Sundry Overpayments. Funds should not be held in Trust for a period in excess of the Trust instruction.	We recommend that all reasonable steps be taken to identify the source of the long held funds, and those funds be returned to the depositor. In the event that the payee is not able to be identified then the funds should be forwarded to the Registrar of Unclaimed Money.	Noted and agreed. Finance staff will work on identifying source of payment. It should be noted that the majority of balance of funds held relate to the balance take -up when converting to Synergy from Navision in January 2012. Based on this, it is likely the money will need to be forwarded to the Registrar of Unclaimed Money as we may not be able to identify the source.
Non-Current Rates	In accordance with Accounting Standards AASB 101 para 66, Council is required to classify as non-current any rates which are not considered to be collectible within twelve months. Prior to making any adjustment in this regard we need to consider the amount and likelihood of collection within 12 months of year end.	We recommend that at year end, for financial reporting purposes, Council make an informed estimate of what portion of rates outstanding are considered collectible within twelve months. We request that we then be contacted to make a determination as to materiality.	Noted and agreed. Review of outstanding Rates debtors will take place in June of each year and details provided to Lincolns to determine materiality prior to preparation of draft financial statements.

<p>Sundry Creditors</p>	<p>During our review of sundry creditors invoice testing procedures for correct ageing and cut-off the following items were noted:</p> <ul style="list-style-type: none"> <li>- Invoice 2015-F121 UHY Haines Norton \$440 was incorrectly entered twice into creditors, thus overstating the creditor by \$440.</li> <li>- Invoice 322056 Albany City Motors \$3,597.22 was initially processed as \$2,683.10. The error was picked up and the correct amount entered, however the initial entry was not reversed, leaving the creditor overstated by \$2,683.10.</li> </ul>	<p>We recommend that sundry creditors are reviewed regularly by a senior staff member for accuracy of entry, in particular entries for the correction of earlier errors.</p> <p>No adjustment was required in the financial statements as the matters concerned are not material.</p>	<p>Noted and agreed.</p> <p>Process will put in place to ensure regular review and correction of any errors.</p>
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