



# Shire of Ravensthorpe

## Annual Report

**2019 – 2020**





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## Elected Members 2019-2020



**Keith Dunlop**, Shire President



**Julianne Belli**, Deputy Shire President



**Ian Goldfinch**, Councillor



**Sue Leighton**, Councillor



**Tom Major**, Councillor



**Mark Mudie**, Councillor



**Graham Richards**, Councillor



**A GROWING COMMUNITY, THRIVING  
AND RESILIENT,  
SHARING OUR NATURAL  
WONDERLAND WITH THE WORLD**

## Executive Team 2019-2020



**Gavin Pollock**, Chief Executive Officer



**Les Mainwaring**, Director Corporate and Community Services



**Graham Steel**, Director Technical Services

## Council Meeting Attendance of Elected Members 2019-2020

| Elected Members                    | Ordinary Council Meetings (11) | Special Council Meetings (4) | Audit Committee Meetings (1) |
|------------------------------------|--------------------------------|------------------------------|------------------------------|
| Shire President Keith Dunlop       | 11                             | 4                            | 1                            |
| Deputy Shire President Jules Belli | 8                              | 4                            | 0                            |
| Cr Ian Goldfinch                   | 11                             | 4                            | 1                            |
| Cr Sue Leighton*                   | 5                              | 2                            | 0                            |
| Cr Tom Major                       | 11                             | 4                            | 1                            |
| Cr Mark Mudie                      | 10                             | 4                            | 1                            |
| Cr Graham Richardson               | 9                              | 4                            | 0                            |
| Cr Ken Norman**                    | 2                              | 4                            | 1                            |

\*Elected 4 August 2020

\*\* Resignation from Council 24 March 2020



## Shire President Message

I am delighted to provide my message to the Community of Ravensthorpe in this year's Annual Report. This year has seen unprecedented measures being implemented not only in our community but in a national and international level from the COVID-19 emergency. I am proud of the actions undertaken by the Shire to combat this crisis by implementing all required strategies and often being in the forefront of these processes which ensured our Community continued to be safe and healthy.

This year has seen the completion of a number of projects including the new Causeway at the Culham Inlet which was completed and opened in August 2019. As well as the improvements to Southern Ocean Road, this project was the final repair from the 2017 floods. The Shire was able to use the materials from the temporary causeway at Culham Inlet to complete the Southern Ocean Road repair.

In January 2020 the Shire commenced Community Workshops in Hopetoun, Munglinup and Ravensthorpe seeking to engage with the community to find out what the Shire is getting right and what we need to work on. We were also seeking comment from the Community for the new Strategic Community Plan, to find out what projects were important to you. We were thrilled with the turnout at all of these workshops and the engagement provided was invaluable. We sought to hold further workshops however with COVID-19 restrictions we had to change direction and conducted phone surveys for further information. This information was collated with a further workshops being held in August 2020, to present back to you what we heard and just check we were hearing you all and heading in the right direction.

The top priorities from the Community included:

- Economic Development, Tourism and Visitor Information.
- Health and Medical Services.

- Seniors, Disability and Youth Services.
- Advocacy and collaboration.
- Roads, bridges and drainage.

The Shire will now focus on these issues into our new Strategic Community Plan which will be released later this year. It is the Shire's aim to work with the Community to make Ravensthorpe a place we can continue to be proud of.

The Shire of Ravensthorpe has been fortunate enough to have been awarded a number of major funding agreements from the Federal and State Government.

The most major of these being the Building Better Regions Fund for the Ravensthorpe Cultural Precinct where the Shire was able to access \$5,272,800 along with contributions from our key Stakeholders to commence the building of this precinct in 2021.

We have also be successful in accessing \$1million from the Drought Communities Region Funding and over \$513,000 from the Road and Asset Infrastructure Improvement Funding. The projects which have been earmarked from this funding were identified through the workshops the Shire held.

So while we reflect on another year in this Annual Report, we also look to the future with many exciting months ahead of us with the many projects and Cultural Precinct Build.



## Chief Executive Officer Report

As Chief Executive Officer of the Shire of Ravensthorpe I'm pleased to provide the following report for the 2019/20 financial year.

### **Council**

In October 2019 the Council Election was held with four positions declared vacant. As a result of the election we saw the Community vote in Cr Keith Dunlop, Cr Ian Goldfinch, Cr Mark Mudie and Cr Ken Norman for a four year term. Our four new and re-elected Councillors joined current Councillors Cr Jules Belli, Cr Tom Major and Cr Graham Richardson whose term expires in October 2021.

I would like to thank former Councillors Kerry Dickinson and Peter Smith for their dedication, commitment and support demonstrated during our time working together as they both have shown passion and community spirit that has truly been appreciated.

On 24 March 2020, Ken Norman resigned from the position of Councillor which triggered an Extraordinary Election to take place in July 2020. This process will be undertaken by the Electoral Commission at an estimated cost of \$16,000.

In March 2020, the Minister of Local Government provided notification of the *Local Government (Administration) Regulations 1996* Section 14C, 14D and 14E had been amended to allow for electronic attendance at Council meetings. This change was very beneficial during the height of the COVID-19 pandemic allowing the business of Council and the Shire to continue.

### **Compliance**

In early 2019 the Shire commenced a review of its Disability Access Inclusion Plan (DAIP) by seeking community comment and feedback. Unfortunately the Shire received very little comment and feedback by the closing date so in an effort

to seek out community comment the Shire engaged with key stakeholder to seek additional information. This in turn was also minimal. In July 2019 the revised DAIP was endorsed by Council. It is envisaged the DAIP objectives and information from the community workshops held in relation to the Integrated Planning will form part of the next DAIP review.

The Shire has implemented training and structure's to support a formalised Occupational Health and Safety Committee. LGIS the Shire's insurance provider was engaged to undertake a risk and safety audit of the work place operations and infrastructure to identify urgent matters requiring priority attention. This report will assist with prioritising future improvement and budget allocation to improve safety.

June 2020 saw the completion of a positive Interim Audit review with no major findings identified. The auditors passed comment on how the Shire finance team has improved as well as the quality of information provided. A very good effort by all staff in light of recent circumstances to maintain and improve our standards, notwithstanding the impediments of the State of Emergency.

2019 saw the commencement of a major review of all Council Policies and allocated Delegations. By commencing this review it was quickly identified many items had become out of date or referred to incorrect sections of the Local Government Act or Legislation. During 2019 any old out dated policies were removed by Council. The new policy manual and delegation register includes all statutory requirements and takes into consideration the revised Local Government Act and supporting legislation.

## Integrated Planning Regulations (IPR)

In February 2020 the Shire commenced a major overview of all its Integrated Planning documents with the commencement of community workshops in Ravensthorpe, Hopetoun and Munglinup. The suite of Integrated Planning documents consists of a Community Strategic Plan which is supported by a Corporate Business Plan, Long Term Financial Plan, Workforce Plan and Asset Management Plan.

The first round of community workshops saw over 80 community members attend. A second round of community workshops was planned for April 2020 but due to COVID-19 these were placed on hold and a planned phone survey was brought forward to help keep the process moving forward.



As COVID-19 restrictions were relaxed Council met and reviewed all the impressive data collected from the first round of community workshops and the phone survey. Due to community meetings still being restricted it was agreed to delay the second round of community workshops until later in the year. This ensured the determination of information is correctly interpreted. Due to the delays from COVID-19 restrictions the Integrated Planning review has taken longer than was anticipated and now has an estimated completion date being April 2021. This date is heavily dependent on any COVID-19 restrictions or outbreaks.

The Shire is very excited about completing this process and progressing the communities ideas with a four and ten year Community Strategic Plan.

## Community

As a snapshot the Shire has partnered with many Community and Key Stakeholders to deliver the following in to our great community;

- Supported the Ravensthorpe District High School Work Experience program that saw five students partner up with our skilled staff. The program provided students the opportunity to work alongside our staff within the fields of Parks and Gardens, Engineering, Rangers and Administration. This program was very well received by both the students and staff with the view to continue the partnership in 2020/21.
- As part of the 2020/19 Budget, Council endorsed the allocation of \$20,000 to the Ravensthorpe Regional Arts Council in both the 2019/20 and 2020/21 financial years to assist with obtaining grant funding for the "Raise the Roof" project which will see many exciting events being provided in our community.
- The Shire was honored to work with the Ravensthorpe Historical Society (RHS) in putting the final touches on many many months of hard work researching and creating the Historical Landmark Signs for the Ravensthorpe Town Site. Once the signs and stands had been completed the RHS and Shire staff identified the suitable sign location with installation completed across the following weeks.
- Our annual Australia Day breakfast was a success and celebrated in great company thanks to the efforts of the Hopetoun Progress Association and support from the Shire.
- On 28 January 2020, the Australian Government committed to provide funding for 52 drought-affected councils under the Drought Community Programme. Funding was

distributed to drought affected areas based on population. The funding provided councils of less than 1,000 people with \$500,000 and those with a larger population with \$1 million. This measure was designed to provide an immediate economic stimulus to drought affected communities.

This latest extension of the program identified the Shire of Ravensthorpe being eligible to apply for up to \$1 million in funding.

- In February 2020 the Shire partnered with the Department of Water and Environmental Regulation to secure funding for improvements and upgrades to the Fitzgerald Dam. These works saw the existing Dam cleaned out, catchment areas improved and reinstated along with the installation of a new 250,000L water tank and standpipe.



- Also in February 2020 the Shire of Ravensthorpe and Jerramungup worked on a joint Water Deficiency Declaration for the Fitzgerald area. This application was successful and seen the area declared Water Deficient and Farmers in the area having access to much need water resources.

## Ravensthorpe Cultural Precinct

During the month of December 2019 the Shire held a number of Community workshops regarding the Ravensthorpe Cultural Precinct and sought to gain community support and financial contributions in an effort to apply for the Building Better Regions Funding (BBRF) Round 4 which closed on 19 December 2019.

I'm pleased and thrilled to announce that on 4 June 2020, the Shire was advised of their success in its BBRF application for \$5,275,800 to build the Ravensthorpe Cultural Precinct which has a projected cost of \$7,034,400. Following the announcement the Shire held a key stakeholders sundowner to celebrate everyone's contribution to the application and provide an update on the Cultural Precinct project.

In June 2020, the Shire advertised in the Western Australian for Architectural Services to assist with this amazing Cultural Precinct project. This process would see Tender close on Tuesday, 14 July 2020.

Thank you to everyone for all your help to pull all this large funding application together so quickly. The help of our key stakeholders was greatly appreciated and is the reason we secured \$5,275,800 of Australian Government funding for our community.



## Shire Administration Operating Hours

Commencing on the 2 June 2020 both the Shire Administration Centres implemented new opening hours. Both offices are now operating Monday to Friday and open from 9.00am till 4.00pm to improve customer servicing. The new operating days and hours see the Hopetoun Officer open five days a week with the opening hours aligning with the Community Resource Centre.

## All Mighty Giant Lollipop

The year of 2019 was a big year for Ravensthorpe with 8 September 2019 being a great Community Day with local business owners Bell and Darren unveiling the all mighty Giant Lollipop at the Yummylicious Candy Shack Ravensthorpe. Congratulations to Bell and Darren as this is sure to be a landmark visitors will never forget.



## Fire and Emergency Services

In 2019 the Jerdacuttup Fire Station received an upgrade to existing water storage facilities. The old and small concrete tank was removed and replaced

with an 111,000 letter Heritage Water Tank.

During the year our Shire staff assisted our valuable Volunteer Bushfire Brigades on a number of occasions, by providing graders, loaders, dozer, and watercarts as required.

Fire mitigation works were carried out and completed on UCL/UMR land located within the Hopetoun, Jerdacuttup and Munglinup town site.

The Shire of Ravensthorpe and Jerramungup successfully lobbied the Department of Fire and Emergency Services (DEFS) to secure funding for a joint Bushfire Risk Management Planning Officer (BRMPO) a cross a three year period. The BRMPO is jointly funded by the Shire of Ravensthorpe and Jerramungup and DFES. The BRMPO will split their time between Ravensthorpe and Jerramungup. This is a similar arrangement as to what we currently have with the Community Emergency Service Manager (CESM).



## Capital Projects

2019 saw the birth of "Tiger Land" a nature playground space located at the Ravensthorpe recreation ground. This project was supported by the Shire of Ravensthorpe, Galaxy, lotterywest and Tigers Football and Sporting Club. The Tigers need to be commended for the fundraising effort they undertook to get this innovative project off the ground along with assisting the Shire in project managing the playground installation.

Late 2019 saw the completion of the oval lighting project at the Hopetoun Sports Oval. The project seen the old and dangerous light fittings and towers removed with new poles and more energy efficient light reinstalled.

On 14 August 2019, the Culham Inlet was officially opened by the Hon Rick Wilson and Deputy Shire President Jules Belli following the devastating floods in 2017. As part of the official opening Mr. Stuart Hansen provided a welcome to country and smoking ceremony. Following the opening the Shire hosted a celebratory morning tea for the community where the lead contractor BCP presented the Shire with a large cavass print of the completed project.



Works to reconstruct Southern Ocean Road (unsealed section) commenced in April 2020, following completion of gravel re-sheet works at John Forrest Road. This is the last remaining project related to the February 2017 flood event. These road restoration works were completed by the Shire on the 30 May 2020.

The Shire was successful in receiving funding through a grant application from the Department of Sport and Recreation (DSR) to irrigate the Hopetoun Sports Oval in the 2020/21 financial year. The DSR grant provided \$94,142 towards this project.

The Federal Government announced a new \$500 million Local Roads and Community Infrastructure Program (LRCI Program). This program is to support local councils to deliver priority local road and community infrastructure projects across Australia, supporting jobs and the

resilience of local economies to help communities bounce back from COVID-19 pandemic. The Shire of Ravensthorpe has been allocated \$513,120. The Shire looks forward to some new and exciting projects coming online in 2020/21 as a result of this new funding. The allocation of funding will be used to target key projects identified by the community during recent workshops undertaken to develop the Shire's new Strategic Community Plan as required under the Integrated Planning Regulations (IPR).

Early 2020 saw the Ravensthorpe Gym relocated to a larger space in the Ravensthorpe Recreation Centre. As part of the relocation gym equipment was upgrade and the facility transformed in to an energetic environment for all user's to enjoy. This much needed upgrade and was largely supported, funded and project managed by Galaxy. The Shire would like to thank Galaxy for the support they provided as it was greatly appreciated.

### Shire Infrastructure Projects

- Jerdacuttup Road Reseal SLKM 0.0 to 5.2 - \$210,000
- Hamersley Drive Reseal SLKM 0.0 to 5.96 - \$274,050
- Springdale Road Reseal SLKM 2.0 to 4.75 - \$139,050
- Melaleuca Road Gravel Resheeting - \$197,000
- Mallee Road Gravel Resheeting - \$180,000
- John Forrest Road Gravel Resheeting several sections - \$75,000
- Mills Road Gravel Resheeting - \$46,000
- Morgans street Streetscaping Stage 3 - \$ 40,000
- Final WANDRA works Southern Ocean Road - \$495,000
- 30 Kingsmill House Transporting and Stabilisation - \$ 35,000
- Esplanade Footpath extension - \$45,000

### Major Plant Purchased;

- Mack Prime Mover to replace CAT prime mover –Changeover \$205,000

## COVID-19

The world, country and our State changed forever when the Premier of WA announced as of midnight Tuesday, 31 March 2020 restrictions on travelling between Regions will be implemented. Our region being Goldfields-Esperance, encompasses Ravensthorpe, Coolgardie, Dundas, Esperance, Kalgoorlie-Boulder, Laverton, Leonora, Menzies and Ngaanyatjarraku.

This action was implemented on a Declaration of State of Emergency due to COVID-19.

During this time we saw a number of restriction implemented and we all undertook a significant change in the way we went about our day to day living arrangements. This saw the Shire undertaking non normal operational tasks, such as delivering groceries supplying PPE, to doctors and assisting isolated travellers with accommodation.

Given this was a time of unprecedented requests and expectation I must compliment our Councillors for being very supportive of the additional health measures recommended by staff that in turn added additional measures to keeping our community and staff safe and healthy. I would also like to thank the community for being very supportive and understanding of these additional measures.

We ask our community to please continue to take care and follow the WA Health advice on how to stay safe and help stop the spread of COVID-19 in Australia and our community.

In closing I would personally like to thank all the Staff and Councillors for all the support and efforts during 2019/20, it has been truly appreciated by myself and the Community.

I'm looking forward to rolling out more exciting projects and services to our great community in 2020/21.

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## Shire's Regional Profile

The Shire of Ravensthorpe is a Local Government Area in the Southern Goldfields-Esperance Region of Western Australia. It is about halfway between the City of Albany and the Shire of Esperance. We are approximately 530km southeast of Perth. The Shire covers an area of 13,551km<sup>2</sup>, with the seat of government being in the town of Ravensthorpe.

The Ravensthorpe Ranger is covered by Salmon Gums which encircles Ravensthorpe Town. The Shire comprises of approximately two thirds natural bushland which includes the Fitzgerald River. The agricultural industry grew significantly in the 1950's and 60's and despite recessions and drought the industry has continued to stabilise the district.



Cereal growing is becoming the main focus, with sheep and cattle farming also seen with the Shire. The Shire is experiencing growth with the mining of nickel. Mining operations see the continued growth and activity within our town sites and bring new business to the town.

The Shire's main town sites are Hopetoun (population 871, ABS 2016), Munglinup (population 192, ABS 2016) and Ravensthorpe (population 498, ABS 2016).

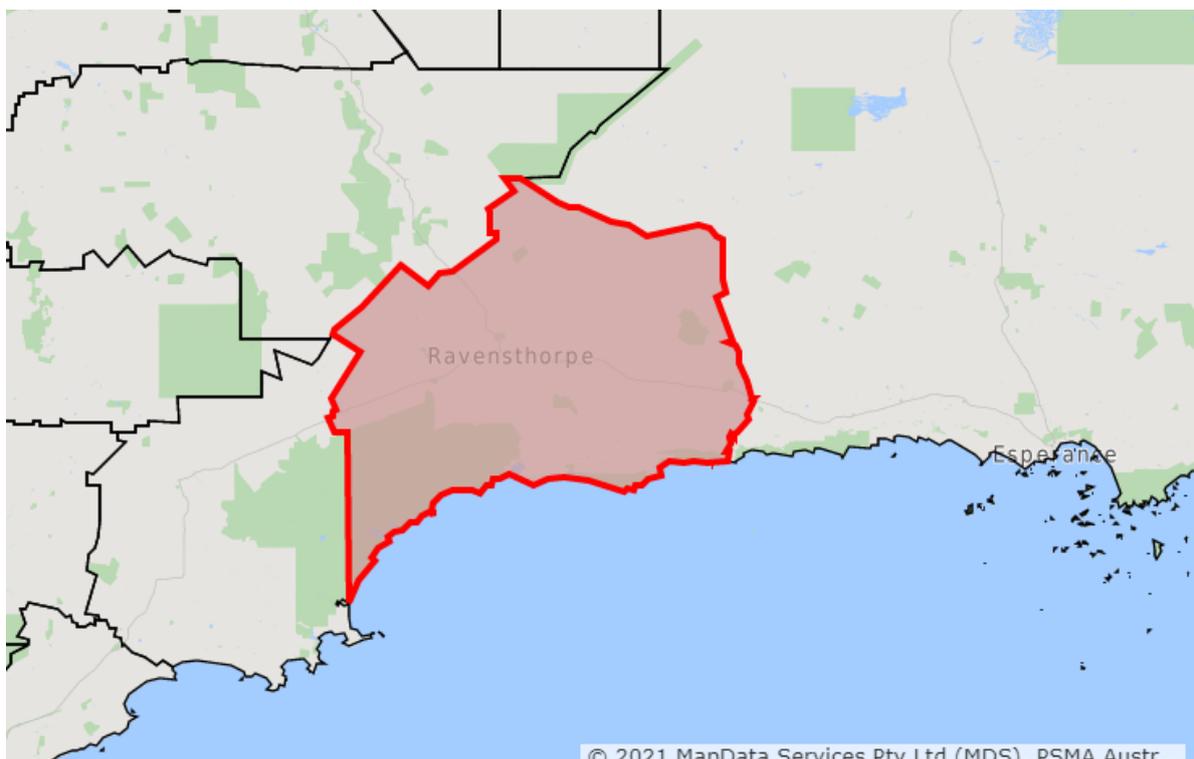
**Hopetoun** is on the south coast of the Shire as was established in 1900 as a coastal town servicing the Phillips River Mining District. The town site was named after the Seventh Early of Hopetoun and first Governor General of Australia, John Hope. The town's population has continued to grow since the 2016 census with the reopening of mine sites within the Shire.

**Munglinup** is located along the South Coast Highway between Ravensthorpe and Esperance and close to the Munglinup River. The name Munglinup is of Indigenous Australian in origin and of

unknown meaning. The name Munglinup first appeared on maps made by early settlers in 1868. The region was first opened up for farming in the late 1950's and by the early 1960's the community asked for a town site between Esperance and Ravensthorpe be considered. The town site was surveyed in 1961 and gazetted in 1962.

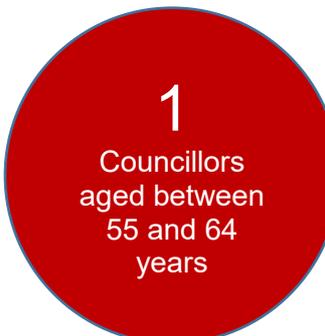
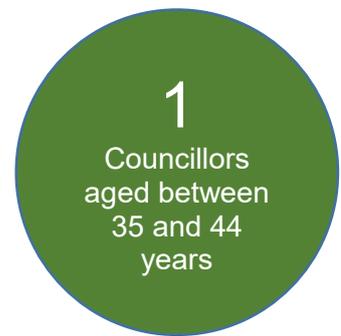
**Ravensthorpe** was surveyed by Surveyor General John Septimus Roe in 1848; the town was named after the nearby Ravensthorpe Range. Gold was discovered at Annabel Creek and more profitable copper discovered in 1900 which resulted in a boom for the area. The population climbed to over 1,000 by 1901 the government gazetted the Town of Ravensthorpe. The area has 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 was closed and many of the copper and gold mines closed.

Today the Shire boasts industry in Ore Mining, Grain growing, Livestock, Tourism and site preparation services.



## Councillor Demographic Data

### Age Demographic



### Country of Birth



### Linguistic Background



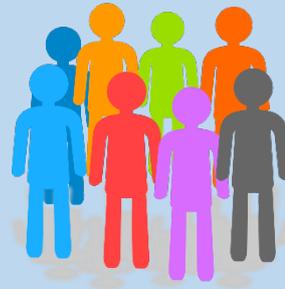
### Aboriginal or Torres Strait Islander



## Demographic Data

# 1,558 Population

ABS – Regional Data 20196



49.3 Years Old  
Median Age



Approximately 50% of all  
Families are couples without  
Children



18.1%  
Households with Mortgages



37.1%  
Households owned outright



40.8%  
Households renting



\$817 Median weekly  
household income



\$195 Median weekly rent



\$292 Median weekly  
mortgage payment



1.8% population of  
Aboriginal and Torres Strait  
Islanders (2019\*)

*\*All data sourced from ABS – 2016 unless otherwise noted.*

## Director Corporate and Community Services

### Childcare/Early Learning

In August 2019 the Federal Department of Education Sustainability Grant for the Cub House was completed.

The Cub House enjoyed the much needed addition of some new toys and equipment including climbing frames, sand toys, balls and cubby plus kitchen improvements. The Shire was able to secure grant funding and obtain support from Galaxy on this project.

July 2019 saw the Shire commence ownership of Little Barrens Childcare Centre in Hopetoun following requests from the community for assistance due to the ever increasing compliance and complexities around attracting and retaining staff.

February 2020 saw the Shire successful in its application to have Little Barrens license increased to host 80 children in the centre.

During 2019/20 the Shire sought to increase staff resources at the Cub House to implement Long Day Care in Ravensthorpe and Little Barrens in Hopetoun in order to satisfy the increases in demand, and utilise the licensed capacity of 19 places in Ravensthorpe and 80 places in Hopetoun. Unfortunately the challenges of maintaining staff levels and continuing operations as an essential service during the height of the COVID19 crises had placed great pressures on staff resources to maintain required service ratios. The fact that the childcare service was able to maintain a continuous service to the public during this time of crisis was a testament to the resilience and perseverance of the manager, co-ordinators and staff.

The childcare sector is a heavily regulated environment, governed by the National Quality Framework and National Quality Standards, and the Shire will continue its commitment to the community to enable access to these essential services and strive for the delivery of a quality childcare services in both Ravensthorpe and

Hopetoun, whilst providing work opportunities to attract and retain people to the area.

The Shire notes that during the COVID-19 pandemic the Federal Government provided Job Keeper and subsidies to Childcare Services across the country. Unfortunately this support was not made available to Local Governments and any funding shortfall has been absorbed by the Shire as indicated in the financial report.

### Flood Damage

It has taken three years of dedicated work to recover from the devastating floods suffered throughout the shire in February 2017 which caused massive infrastructure losses and the reinstatement of roads with rehabilitation estimated in excess of \$27.5 million. This massive undertaking has required great resilience across the community and should be applauded for the improvements that have been made during the subsequent three years ending 2019/20. The major achievements for 2019/20 was the completion of reinstatement works on Southern Ocean Road and the recovery of a backlog of WANDRRA funding claims from Main Roads WA.



### Tourism

Shire has recognised the need to increase promotion and review the co-ordination of visitor servicing across the region in an attempt to improve the quality of visitor experience and has therefore in October

2019 the Shire welcomed the activities of the Tourism Officer to assist in the co-ordination of stakeholder groups, activate promotional networks through State and Regional tourism bodies, reinvigorate the Fitzgerald Coast website, encourage local businesses, set up a distribution network of promotional material for local attractions and above all develop the Fitzgerald Biosphere Coast brand as a point of difference for this local region.

The Fitzgerald Coast Logo has been reworked along with a style guide developed. The new trade mark logo has been endorsed by Council and it is envisaged the new logo will further promote the Fitzgerald Biosphere and Shire of Ravensthorpe.

As part of the developing Tourism Strategy the Fitzgerald Coast Tourism Association (FCTA) is in the process of being wound-up as FCTA has not been operational for the past two years.

There is plenty to look forward to in further developing our tourism strategy and branding, together with the development of the new visitor servicing area in the Ravensthorpe Cultural Precinct and completing the visitor interactive space in Hopetoun.

## Libraries

2019/2020 saw the introduction of the Tier 2 Library initiative from the State Library WA, which has included Hopetoun and Ravensthorpe, with Munglinup being recognized as an extended service of Ravensthorpe. This has led to a revised small grant funding system which will be developed and rolled out in 2020/2021.

The libraries have also commenced exploring a replacement for the outgoing Amlib integrated library system, which may allow for collaborative opportunities with neighboring Shires in 2020/2021.

Our great appreciation is extended to the managers and staff of the Hopetoun and Ravensthorpe Community Resource

Centres for delivering our accessible library services, programs and resources.

## Other Project Initiatives

Other community group projects of note included;

- Hopetoun Seniors Building Sliding Door replacement \$15,000;
- Ravensthorpe Handgun Club range improvements \$20,000;
- Ravensthorpe Gym upgrade and equipment \$67,000;
- Ravensthorpe Cricket Pitch resurfacing \$7,000; and
- Hopetoun Oval Lighting upgrade \$60,000.

## 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.

Two enquiries were received during the 2019/2020 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.

Synergy Soft is the Shire's record keeping system.

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

The Shire inducts every new staff member to become familiar with the Record keeping system and procedures of Ravensthorpe.

Records staff undertaken formal training provided by third party training providers. Records Staff undertake ongoing, ad-hoc reviews of Records practices across the organisation, that highlights any additional training requirements for staff.

During the period under review, the Shire ceased using the Goldfields Record Storage facility (which it owned in partnership with other local governments in the region) for the storage of archived records. All permanent archived materials were returned to the Shire in March 2020, reassessed, recorded and placed in a dedicated record storage facility in Ravensthorpe.

## Disability Services Plan

Council updates its Disability Access and Inclusion Plan every 5 years and was last updated in December 2019.

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:

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.

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.

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.

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

## Customer Service

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.





# Shire of Ravensthorpe

## Annual Financial Report

### 2019 – 2020





## Auditor General

### Independent Auditors Report

#### **To the Councillors of the Shire of Ravensthorpe on the Audit of the Financial Report**

#### ***Opinion***

I have audited the annual financial report of the Shire of Ravensthorpe which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Ravensthorpe:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### ***Basis for Opinion***

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter – Basis of Accounting**

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A of the Regulations requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Regulations did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

#### ***Responsibilities of the Chief Executive Officer and Council for the Financial Report***

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

### **Auditor's Responsibility for the Audit of the Financial Report**

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

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

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sports and Cultural Industries (DLGSCI) standard for the past three years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the Shire of Ravensthorpe for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



KELLIE TONICH  
SENIOR DIRECTOR FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia Perth,  
Western Australia  
11 March 2020



# Annual Financial Report 2019/2020

**SHIRE OF RAVENSTHORPE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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## **COMMUNITY VISION**

'Growing Our Community'

Principal place of business:  
65 Morgans Street  
RAVENSTHORPE WA 6346

**SHIRE OF RAVENSTHORPE  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Ravensthorpe for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Ravensthorpe at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 11th day of March 2021



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Chief Executive Officer

Gavin Pollock  

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Name of Chief Executive Officer



**SHIRE OF RAVENSTHORPE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|   | NOTE  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |       |                      |                      |                      |
| Rates   | 27(a) | 4,554,260            | 4,574,855            | 4,403,563            |
| Operating grants, subsidies and contributions                             | 2(a)  | 4,154,628            | 1,718,517            | 15,473,437           |
| Fees and charges  | 2(a)  | 1,078,853            | 1,459,943            | 977,098              |
| Interest earnings   | 2(a)  | 103,066              | 97,000               | 90,037               |
| Other revenue   | 2(a)  | 414,507              | 802,300              | 663,179              |
|   |       | <b>10,305,313</b>    | <b>8,652,615</b>     | <b>21,607,314</b>    |
| <b>Expenses</b>   |       |                      |                      |                      |
| Employee costs  |       | (4,119,179)          | (4,502,324)          | (3,592,557)          |
| Materials and contracts   |       | (3,265,524)          | (3,316,347)          | (15,200,829)         |
| Utility charges   |       | (236,160)            | (220,270)            | (209,986)            |
| Depreciation on non-current assets  | 10(b) | (4,588,500)          | (1,978,847)          | (1,970,793)          |
| Interest expenses   | 2(b)  | (91,063)             | (75,860)             | (119,399)            |
| Insurance expenses  |       | (223,390)            | (217,762)            | (300,119)            |
| Other expenditure   |       | (626,961)            | (224,800)            | (353,226)            |
|   |       | <b>(13,150,778)</b>  | <b>(10,536,210)</b>  | <b>(21,746,909)</b>  |
|   |       | <b>(2,845,465)</b>   | <b>(1,883,595)</b>   | <b>(139,595)</b>     |
| Non-operating grants, subsidies and contributions                         | 2(a)  | 884,406              | 2,295,500            | 1,293,001            |
| Profit on asset disposals   | 10(a) | 23,036               | 66,500               | 0                    |
| (Loss) on asset disposals   | 10(a) | (95,046)             | (97,195)             | (100,437)            |
|   |       | <b>812,395</b>       | <b>2,264,805</b>     | <b>1,192,564</b>     |
| <b>Net result for the period</b>  |       | <b>(2,033,070)</b>   | <b>381,210</b>       | <b>1,052,969</b>     |
| <b>Other comprehensive income</b>   |       |                      |                      |                      |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |       |                      |                      |                      |
| Changes in asset revaluation surplus                                      | 12    | 0                    | 0                    | 98,008,160           |
| <b>Total other comprehensive income for the period</b>                    |       | <b>0</b>             | <b>0</b>             | <b>98,008,160</b>    |
| <b>Total comprehensive income for the period</b>                          |       | <b>(2,033,070)</b>   | <b>381,210</b>       | <b>99,061,129</b>    |

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 30 JUNE 2020**

|   | NOTE  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |       |                      |                      |                      |
|   | 2(a)  |                      |                      |                      |
| Governance  |       | 26,350               | 4,500                | 348                  |
| General purpose funding   |       | 6,580,571            | 5,566,306            | 6,349,045            |
| Law, order, public safety   |       | 481,996              | 411,700              | 390,797              |
| Health  |       | 16,559               | 14,000               | 4,483                |
| Education and welfare   |       | 442,532              | 533,050              | 150,921              |
| Housing   |       | 5,400                | 5,200                | 19,560               |
| Community amenities   |       | 674,353              | 864,800              | 580,990              |
| Recreation and culture  |       | 129,075              | 98,300               | 378,466              |
| Transport   |       | 1,622,552            | 526,259              | 13,092,084           |
| Economic services   |       | 192,208              | 196,500              | 141,697              |
| Other property and services   |       | 133,717              | 432,000              | 498,923              |
|   |       | <b>10,305,313</b>    | <b>8,652,615</b>     | <b>21,607,314</b>    |
| <b>Expenses</b>   |       |                      |                      |                      |
|   | 2(b)  |                      |                      |                      |
| Governance  |       | (776,593)            | (256,753)            | (646,140)            |
| General purpose funding   |       | (258,953)            | (795,891)            | (264,282)            |
| Law, order, public safety   |       | (1,049,077)          | (899,949)            | (868,992)            |
| Health  |       | (307,973)            | (366,844)            | (294,154)            |
| Education and welfare   |       | (818,705)            | (1,013,701)          | (383,344)            |
| Housing   |       | (233,575)            | (266,289)            | (207,880)            |
| Community amenities   |       | (1,300,561)          | (1,654,272)          | (1,248,990)          |
| Recreation and culture  |       | (1,607,071)          | (1,747,367)          | (1,525,015)          |
| Transport   |       | (5,098,604)          | (2,310,001)          | (14,855,915)         |
| Economic services   |       | (704,755)            | (493,502)            | (297,426)            |
| Other property and services   |       | (903,848)            | (655,781)            | (1,035,372)          |
|   |       | <b>(13,059,715)</b>  | <b>(10,460,350)</b>  | <b>(21,627,510)</b>  |
| <b>Finance Costs</b>  |       |                      |                      |                      |
|   | 2(b)  |                      |                      |                      |
| General purpose funding   |       | 0                    | 0                    | (9,113)              |
| Law, order, public safety   |       | (456)                | 0                    | (7,042)              |
| Housing   |       | (13,536)             | (17,104)             | (15,065)             |
| Community amenities   |       | (28,971)             | 0                    | (33,426)             |
| Recreation and culture  |       | (10,893)             | (13,208)             | (11,369)             |
| Transport   |       | (37,207)             | (45,548)             | (43,384)             |
|   |       | <b>(91,063)</b>      | <b>(75,860)</b>      | <b>(119,399)</b>     |
|   |       | <b>(2,845,465)</b>   | <b>(1,883,595)</b>   | <b>(139,595)</b>     |
| Non-operating grants, subsidies and contributions                         | 2(a)  | 884,406              | 2,295,500            | 1,293,001            |
| Profit on disposal of assets  | 10(a) | 23,036               | 66,500               | 0                    |
| (Loss) on disposal of assets  | 10(a) | (95,046)             | (97,195)             | (100,437)            |
|   |       | <b>812,395</b>       | <b>2,264,805</b>     | <b>1,192,564</b>     |
| <b>Net result for the period</b>  |       | <b>(2,033,070)</b>   | <b>381,210</b>       | <b>1,052,969</b>     |
| <b>Other comprehensive income</b>   |       |                      |                      |                      |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |       |                      |                      |                      |
| Changes in asset revaluation surplus                                      | 12    | 0                    | 0                    | 98,008,160           |
| <b>Total other comprehensive income for the period</b>                    |       | <b>0</b>             | <b>0</b>             | <b>98,008,160</b>    |
| <b>Total comprehensive income for the period</b>                          |       | <b>(2,033,070)</b>   | <b>381,210</b>       | <b>99,061,129</b>    |

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

**SHIRE OF RAVENSTHORPE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

|  | NOTE  | 2020               | 2019               |
|--|-------|--------------------|--------------------|
|  |       | \$                 | \$                 |
| <b>CURRENT ASSETS</b>                  |       |                    |                    |
| Cash and cash equivalents              | 3     | 3,456,545          | 3,026,048          |
| Trade and other receivables            | 6     | 2,128,749          | 4,348,725          |
| Other financial assets                 | 5(a)  | 1,000,000          | 0                  |
| Inventories                            | 7     | 2,358              | 2,704              |
| <b>TOTAL CURRENT ASSETS</b>            |       | <b>6,587,652</b>   | <b>7,377,477</b>   |
| <b>NON-CURRENT ASSETS</b>              |       |                    |                    |
| Trade and other receivables            | 6     | 11,931             | 26,395             |
| Property, plant and equipment          | 8     | 32,355,830         | 33,024,128         |
| Infrastructure                         | 9     | 123,297,752        | 124,591,608        |
| Right of use assets                    | 11(a) | 921,543            | 998,912            |
| <b>TOTAL NON-CURRENT ASSETS</b>        |       | <b>156,587,056</b> | <b>158,641,043</b> |
| <b>TOTAL ASSETS</b>                    |       | <b>163,174,708</b> | <b>166,018,520</b> |
| <b>CURRENT LIABILITIES</b>             |       |                    |                    |
| Trade and other payables               | 13    | 1,040,738          | 1,891,846          |
| Contract liabilities                   | 14    | 345,384            | 0                  |
| Lease liabilities                      | 15(a) | 121,001            | 101,606            |
| Borrowings                             | 16(a) | 218,282            | 209,799            |
| Employee related provisions            | 17    | 437,159            | 396,543            |
| <b>TOTAL CURRENT LIABILITIES</b>       |       | <b>2,162,564</b>   | <b>2,599,794</b>   |
| <b>NON-CURRENT LIABILITIES</b>         |       |                    |                    |
| Lease liabilities                      | 15(a) | 825,493            | 913,641            |
| Borrowings                             | 16(a) | 1,266,287          | 1,484,569          |
| Employee related provisions            | 17    | 81,660             | 42,806             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   |       | <b>2,173,440</b>   | <b>2,441,016</b>   |
| <b>TOTAL LIABILITIES</b>               |       | <b>4,336,004</b>   | <b>5,040,810</b>   |
| <b>NET ASSETS</b>                      |       | <b>158,838,704</b> | <b>160,977,710</b> |
| <b>EQUITY</b>                          |       |                    |                    |
| Retained surplus                       |       | 37,482,189         | 39,655,331         |
| Reserves - cash/financial asset backed | 4     | 3,447,907          | 3,413,771          |
| Revaluation surplus                    | 12    | 117,908,608        | 117,908,608        |
| <b>TOTAL EQUITY</b>                    |       | <b>158,838,704</b> | <b>160,977,710</b> |

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



**SHIRE OF RAVENSTHORPE**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|   |       | RESERVES<br>CASH/FINANCIAL |                  |                        |                    |
|---|-------|----------------------------|------------------|------------------------|--------------------|
|   | NOTE  | RETAINED<br>SURPLUS        | ASSET<br>BACKED  | REVALUATION<br>SURPLUS |                    |
|   |       | \$                         | \$               | \$                     |                    |
|   |       | \$                         |                  | \$                     |                    |
|   |       | \$                         |                  | \$                     |                    |
|   |       | \$                         |                  | \$                     |                    |
| <b>Balance as at 1 July 2018</b>            |       | <b>38,214,104</b>          | <b>3,802,029</b> | <b>19,900,448</b>      | <b>61,916,581</b>  |
| Comprehensive income                        |       |                            |                  |                        |                    |
| Net result for the period                   |       | 1,052,969                  | 0                | 0                      | 1,052,969          |
| Other comprehensive income                  | 12    | 0                          | 0                | 98,008,160             | 98,008,160         |
| Total comprehensive income                  |       | 1,052,969                  | 0                | 98,008,160             | 99,061,129         |
| Transfers from reserves                     | 4     | 4,931,276                  | (4,931,276)      | 0                      | 0                  |
| Transfers to reserves                       | 4     | (4,543,019)                | 4,543,019        | 0                      | 0                  |
| <b>Balance as at 30 June 2019</b>           |       | <b>39,655,331</b>          | <b>3,413,771</b> | <b>117,908,608</b>     | <b>160,977,710</b> |
| Change in accounting policy                 | 31(b) | (105,936)                  | 0                | 0                      | (105,936)          |
| <b>Restated total equity at 1 July 2019</b> |       | <b>39,549,395</b>          | <b>3,413,771</b> | <b>117,908,608</b>     | <b>160,871,774</b> |
| Comprehensive income                        |       |                            |                  |                        |                    |
| Net result for the period                   |       | (2,033,070)                | 0                | 0                      | (2,033,070)        |
| Total comprehensive income                  |       | (2,033,070)                | 0                | 0                      | (2,033,070)        |
| Transfers from reserves                     | 4     | 1,964,669                  | (1,964,669)      | 0                      | 0                  |
| Transfers to reserves                       | 4     | (1,998,806)                | 1,998,806        | 0                      | 0                  |
| <b>Balance as at 30 June 2020</b>           |       | <b>37,482,189</b>          | <b>3,447,907</b> | <b>117,908,608</b>     | <b>158,838,704</b> |

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

**SHIRE OF RAVENSTHORPE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|  | NOTE  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |       |                      |                      |                      |
| <b>Receipts</b>  |       |                      |                      |                      |
| Rates  |       | 4,471,424            | 4,549,855            | 4,379,260            |
| Operating grants, subsidies and contributions                    |       | 6,776,792            | 5,233,517            | 15,956,200           |
| Fees and charges   |       | 1,078,853            | 1,459,943            | 977,098              |
| Interest received  |       | 103,066              | 97,000               | 90,037               |
| Goods and services tax received                                  |       | 811,492              | 1,970,082            | 0                    |
| Other revenue  |       | 414,507              | 802,300              | 663,179              |
|  |       | 13,656,133           | 14,112,697           | 22,065,774           |
| <b>Payments</b>  |       |                      |                      |                      |
| Employee costs   |       | (4,095,702)          | (4,502,324)          | (3,785,307)          |
| Materials and contracts  |       | (4,166,230)          | (3,393,447)          | (15,743,466)         |
| Utility charges  |       | (236,160)            | (220,270)            | (209,986)            |
| Interest expenses  |       | (91,063)             | (75,860)             | (119,399)            |
| Insurance paid   |       | (223,390)            | (217,762)            | (300,119)            |
| Goods and services tax paid                                      |       | (770,998)            | (1,970,082)          | 146,486              |
| Other expenditure  |       | (626,961)            | (224,800)            | (353,226)            |
|  |       | (10,210,505)         | (10,604,545)         | (20,365,017)         |
| <b>Net cash provided by (used in) operating activities</b>       | 19    | 3,445,629            | 3,508,152            | 1,700,757            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |       |                      |                      |                      |
| Payments for purchase of property, plant & equipment             | 8(a)  | (1,023,484)          | (1,965,062)          | (1,520,492)          |
| Payments for construction of infrastructure                      | 9(a)  | (1,828,354)          | (3,153,184)          | (1,970,283)          |
| Non-operating grants, subsidies and contributions                | 2(a)  | 884,406              | 2,295,500            | 1,293,001            |
| Proceeds from financial assets at amortised cost - term deposits |       | (1,000,000)          | 0                    | 0                    |
| Proceeds from disposal of right of use assets                    |       | 0                    | 0                    | (9,595)              |
| Proceeds from sale of property, plant & equipment                | 10(a) | 279,800              | 239,000              | 213,868              |
| <b>Net cash provided by (used in) investment activities</b>      |       | (2,687,633)          | (2,583,746)          | (1,993,501)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |       |                      |                      |                      |
| Repayment of borrowings  | 16(b) | (209,799)            | (209,795)            | (201,680)            |
| Payments for principal portion of lease liabilities              | 15(b) | (117,700)            | 0                    | (9,752)              |
| <b>Net cash provided by (used in) financing activities</b>       |       | (327,499)            | (209,795)            | (211,432)            |
| <b>Net increase (decrease) in cash held</b>                      |       | 430,497              | 714,611              | (504,176)            |
| Cash at beginning of year  |       | 3,026,048            | 2,902,608            | 3,530,224            |
| <b>Cash and cash equivalents at the end of the year</b>          | 19    | 3,456,545            | 3,617,219            | 3,026,048            |

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

**SHIRE OF RAVENSTHORPE**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

| NOTE   | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |                  |
|--|----------------------|----------------------|----------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |                      |                      |                      |                  |
| <b>Net current assets at start of financial year - surplus/(deficit)</b> | 28 (b)               | 2,112,293            | 1,997,444            | 2,303,102        |
|  |                      | 2,112,293            | 1,997,444            | 2,303,102        |
| <b>Revenue from operating activities (excluding rates)</b>               |                      |                      |                      |                  |
| Governance   |                      | 26,350               | 4,500                | 348              |
| General purpose funding  |                      | 2,099,069            | 1,113,442            | 2,064,702        |
| Law, order, public safety  |                      | 498,501              | 411,700              | 390,797          |
| Health   |                      | 16,559               | 14,000               | 4,483            |
| Education and welfare  |                      | 442,532              | 533,050              | 150,921          |
| Housing  |                      | 5,400                | 5,200                | 19,560           |
| Community amenities  |                      | 674,353              | 864,800              | 580,990          |
| Recreation and culture   |                      | 129,075              | 98,300               | 378,466          |
| Transport  |                      | 1,622,552            | 571,259              | 13,092,084       |
| Economic services  |                      | 192,208              | 196,500              | 141,697          |
| Other property and services  |                      | 140,248              | 453,500              | 498,923          |
|  |                      | 5,846,846            | 4,266,251            | 17,322,971       |
| <b>Expenditure from operating activities</b>                             |                      |                      |                      |                  |
| Governance   |                      | (776,593)            | (256,753)            | (646,140)        |
| General purpose funding  |                      | (258,953)            | (795,891)            | (273,395)        |
| Law, order, public safety  |                      | (1,060,659)          | (915,429)            | (876,034)        |
| Health   |                      | (307,973)            | (366,844)            | (294,154)        |
| Education and welfare  |                      | (818,705)            | (1,013,701)          | (383,344)        |
| Housing  |                      | (247,111)            | (283,393)            | (222,945)        |
| Community amenities  |                      | (1,329,532)          | (1,654,272)          | (1,282,416)      |
| Recreation and culture   |                      | (1,617,964)          | (1,760,575)          | (1,536,384)      |
| Transport  |                      | (5,214,045)          | (2,412,274)          | (14,947,449)     |
| Economic services  |                      | (710,441)            | (501,327)            | (297,426)        |
| Other property and services  |                      | (903,848)            | (672,946)            | (1,087,659)      |
|  |                      | (13,245,823)         | (10,633,405)         | (21,847,346)     |
| Non-cash amounts excluded from operating activities                      | 28(a)                | 4,559,130            | 2,009,542            | 1,954,921        |
| <b>Amount attributable to operating activities</b>                       |                      | (727,555)            | (2,360,168)          | (266,352)        |
| <b>INVESTING ACTIVITIES</b>  |                      |                      |                      |                  |
| Non-operating grants, subsidies and contributions                        | 2(a)                 | 884,406              | 2,295,500            | 1,293,001        |
| Proceeds from disposal of assets   | 10(a)                | 279,800              | 239,000              | 213,868          |
| Purchase of property, plant and equipment                                | 8(a)                 | (1,023,488)          | (1,965,062)          | (1,530,244)      |
| Purchase and construction of infrastructure                              | 9(a)                 | (1,828,354)          | (3,153,184)          | (1,970,283)      |
| <b>Amount attributable to investing activities</b>                       |                      | (1,687,637)          | (2,583,746)          | (1,993,658)      |
| <b>FINANCING ACTIVITIES</b>  |                      |                      |                      |                  |
| Repayment of borrowings  | 16(b)                | (209,799)            | (209,795)            | (201,680)        |
| New lease arrangements   |                      | 48,946               | 0                    | 9,752            |
| Payments for principal portion of lease liabilities                      | 15(b)                | (117,700)            | 0                    | (108,369)        |
| Transfers to reserves (restricted assets)                                | 4                    | (1,998,806)          | (2,110,000)          | (4,543,019)      |
| Transfers from reserves (restricted assets)                              | 4                    | 1,964,669            | 2,811,431            | 4,931,276        |
| <b>Amount attributable to financing activities</b>                       |                      | (312,690)            | 491,636              | 87,960           |
| <b>Surplus/(deficit) before imposition of general rates</b>              |                      | (2,727,881)          | (4,452,278)          | (2,172,050)      |
| <b>Total amount raised from general rates</b>                            | 27(a)                | 4,481,503            | 4,452,864            | 4,284,343        |
| <b>Surplus/(deficit) after imposition of general rates</b>               | 28(b)                | <b>1,753,622</b>     | <b>586</b>           | <b>2,112,293</b> |

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

**SHIRE OF RAVENSTHORPE**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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## **1. 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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

### **AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right of use asset to be measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

These Financial Management Regulation amendments had an immaterial impact on the Shire, as the Shire does not have a golf course, showground, racecourse, or recreational facility of state or regional significance.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the 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.

### **NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

### **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.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

| Revenue Category  | Nature of goods and services   | When obligations typically satisfied | Payment terms  | Returns/Refunds/Warranties                  | Determination of transaction price  | Allocating transaction price                                    | Measuring obligations for returns                                   | Timing of revenue recognition  |
|---|--|--------------------------------------|--|---|---|---|---|--|
| Rates   | General Rates  | Over time                            | Payment dates adopted by Council during the year                         | None  | Adopted by council annually   | When taxable event occurs                                       | Not applicable  | When rates notice is issued  |
| Specified area rates  | Rates charge for specific defined purpose  | Over time                            | Payment dates adopted by Council during the year                         | Refund in event monies are unspent          | Adopted by council annually   | When taxable event occurs                                       | Not applicable  | When rates notice is issued  |
| Service charges   | Charge for specific service  | Over time                            | Payment dates adopted by Council during the year                         | Refund in event monies are unspent          | Adopted by council annually   | When taxable event occurs                                       | Not applicable  | When rates notice is issued  |
| Grant contracts with customers  | Community events, minor facilities, research, design, planning evaluation and services                           | Over time                            | Fixed terms transfer of funds based on agreed milestones and reporting   | Contract obligation if project not complete | Set by mutual agreement with the customer                                   | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the local government        | Over time                            | Fixed terms transfer of funds based on agreed milestones and reporting   | Contract obligation if project not complete | Set by mutual agreement with the customer                                   | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants with no contract commitments   | General appropriations and contributions with no reciprocal commitment   | No obligations                       | Not applicable   | Not applicable                              | Cash received   | On receipt of funds   | Not applicable  | When assets are controlled   |
| Licences/ Registrations/ Approvals  | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time                 | Full payment prior to issue  | None  | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights               | No refunds  | On payment and issue of the licence, registration or approval  |
| Pool inspections  | Compliance safety check  | Single point in time                 | Equal proportion based on an equal annually fee                          | None  | Set by State legislation  | Apportioned equally across the inspection cycle                 | No refunds  | After inspection complete based on a 4 year cycle  |
| Other inspections   | Regulatory Food, Health and Safety   | Single point in time                 | Full payment prior to inspection   | None  | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection                           | Not applicable  | Revenue recognised after inspection event occurs   |
| Waste management collections  | Kerbside collection service  | Over time                            | Payment on an annual basis in advance                                    | None  | Adopted by council annually   | Apportioned equally across the collection period                | Not applicable  | Output method based on regular weekly and fortnightly period as proportionate to collection service                      |
| Waste management entry fees   | Waste treatment, recycling and disposal service at disposal sites  | Single point in time                 | Payment in advance at gate or on normal trading terms if credit provided | None  | Adopted by council annually   | Based on timing of entry to facility                            | Not applicable  | On entry to facility   |
| Airport landing charges   | Permission to use facilities and runway  | Single point in time                 | Monthly in arrears   | None  | Adopted by council annually   | Applied fully on timing of landing/take-off                     | Not applicable  | On landing/departure event   |
| Property hire and entry   | Use of halls and facilities  | Single point in time                 | In full in advance   | Refund if event cancelled within 7 days     | Adopted by council annually   | Based on timing of entry to facility                            | Returns limited to repayment of transaction price                   | On entry or at conclusion of hire  |
| Memberships   | Gym and pool membership  | Over time                            | Payment in full in advance   | Refund for unused portion on application    | Adopted by council annually   | Apportioned equally across the access period                    | Returns limited to repayment of transaction price                   | Output method Over 12 months matched to access right   |
| Fees and charges for other goods and services                                   | Cemetery services, library fees, reinstatements and private works  | Single point in time                 | Payment in full in advance   | None  | Adopted by council annually   | Applied fully based on timing of provision                      | Not applicable  | Output method based on provision of service or completion of works   |
| Sale of stock   | Aviation fuel, kiosk and visitor centre stock  | Single point in time                 | In full in advance, on 15 day credit                                     | Refund for faulty goods                     | Adopted by council annually, set by mutual agreement                        | Applied fully based on timing of provision                      | Returns limited to repayment of transaction price                   | Output method based on goods   |
| Commissions   | Commissions on licencing and ticket sales  | Over time                            | Payment in full on sale  | None  | Set by mutual agreement with the customer                                   | On receipt of funds   | Not applicable  | When assets are controlled   |
| Reimbursements  | Insurance claims   | Single point in time                 | Payment in arrears for claimable event                                   | None  | Set by mutual agreement with the customer                                   | When claim is agreed  | Not applicable  | When claim is agreed   |

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

|  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Operating grants, subsidies and contributions</b>     |                      |                      |                      |
| Governance   | 25,000               | 500                  | 0                    |
| General purpose funding                                  | 1,971,981            | 930,708              | 1,890,351            |
| Law, order, public safety                                | 446,516              | 364,000              | 343,584              |
| Health   | 10,000               | 0                    | 0                    |
| Education and welfare                                    | 94,050               | 124,050              | 70,108               |
| Housing  | 0                    | 0                    | 1,115                |
| Recreation and culture                                   | 51,517               | 38,000               | 224,090              |
| Transport  | 1,491,740            | 181,259              | 12,920,647           |
| Economic services  | 55,000               | 80,000               | 20,000               |
| Other property and services                              | 8,824                | 0                    | 3,542                |
|  | <b>4,154,628</b>     | <b>1,718,517</b>     | <b>15,473,437</b>    |
| <b>Non-operating grants, subsidies and contributions</b> |                      |                      |                      |
| Law, order, public safety                                | (20,340)             | 0                    | 41,321               |
| Education and welfare                                    | 28,811               | 36,100               | 0                    |
| Recreation and culture                                   | 0                    | 67,000               | 24,802               |
| Transport  | 820,935              | 2,132,400            | 1,226,879            |
| Economic services  | 55,000               | 60,000               | 0                    |
|  | <b>884,406</b>       | <b>2,295,500</b>     | <b>1,293,001</b>     |
|  | <b>5,039,033</b>     | <b>4,014,017</b>     | <b>16,766,438</b>    |
| <b>Fees and charges</b>                                  |                      |                      |                      |
| General purpose funding                                  | 21,892               | 21,500               | 20,452               |
| Law, order, public safety                                | 31,889               | 32,700               | 30,127               |
| Health   | 6,559                | 14,000               | 4,483                |
| Education and welfare                                    | 123,021              | 401,000              | 45,007               |
| Housing  | 5,400                | 5,200                | 17,480               |
| Community amenities                                      | 520,287              | 442,243              | 434,209              |
| Recreation and culture                                   | 77,558               | 59,800               | 109,803              |
| Transport  | 130,767              | 345,000              | 170,701              |
| Economic services  | 137,208              | 116,500              | 121,697              |
| Other property and services                              | 24,272               | 22,000               | 23,139               |
|  | <b>1,078,853</b>     | <b>1,459,943</b>     | <b>977,096</b>       |

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

| (a) Revenue (Continued)   | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>Contracts with customers and transfers for recognisable non-financial assets</b>   |                      |                      |                      |
| Other revenue from contracts with customers and revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services: |                      |                      |                      |
| Operating grants, subsidies and contributions   | 1,907,161            | 472,550              | 13,408,990           |
| Fees and charges  | 1,069,263            | 1,450,943            | 1,040,290            |
| Other revenue   | 164,225              | 739,300              | 564,170              |
| Non-operating grants, subsidies and contributions   | 884,406              | 2,295,500            | 1,293,001            |
|   | <b>4,025,055</b>     | <b>4,958,293</b>     | <b>16,306,451</b>    |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:   |                      |                      |                      |
| Contracts with customers included as a contract liability at the start of the period  | 105,936              | 0                    | 0                    |
| Other revenue from contracts with customers recognised during the year  | 3,140,650            | 2,662,793            | 0                    |
| Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period  | 0                    | 0                    | 0                    |
| Other revenue from performance obligations satisfied during the year  | 778,470              | 2,295,500            | 0                    |
|   | <b>4,025,055</b>     | <b>4,958,293</b>     | <b>0</b>             |
| Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:                                  |                      |                      |                      |
| Trade and other receivables from contracts with customers   | 1,432,345            |                      |                      |
| Contract liabilities from contracts with customers  | (345,384)            |                      |                      |

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

|                                | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--------------------------------|----------------------|----------------------|----------------------|
| General rates                  | 4,481,503            | 4,498,098            | 4,333,375            |
| Specified area rates           | 72,757               | 72,757               | 70,188               |
| Statutory permits and licences | 6,394                | 6,000                | 6,353                |
| Fines                          | 9,589                | 9,000                | 6,996                |
|                                | <b>4,570,243</b>     | <b>4,585,855</b>     | <b>4,416,912</b>     |

**Other revenue**

|                               |                |                |                |
|-------------------------------|----------------|----------------|----------------|
| Reimbursements and recoveries | 122,216        | 727,480        | 530,926        |
| Other                         | 292,291        | 74,820         | 132,253        |
|                               | <b>414,507</b> | <b>802,300</b> | <b>663,179</b> |

**Interest earnings**

|  |                |               |               |
|--|----------------|---------------|---------------|
| Interest on reserve funds                                | 28,806         | 40,000        | 34,046        |
| Rates instalment and penalty interest (refer Note 27(e)) | 67,124         | 47,000        | 47,608        |
| Other interest earnings                                  | 7,136          | 10,000        | 8,383         |
|  | <b>103,066</b> | <b>97,000</b> | <b>90,037</b> |

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Auditors remuneration**

|  | Actual<br>\$  | Budget<br>\$  | Actual<br>\$  |
|--|---------------|---------------|---------------|
| - Audit of the Annual Financial Report | 62,000        | 39,000        | 30,000        |
| - Other services                       | 900           | 0             | 1,060         |
|  | <b>62,900</b> | <b>39,000</b> | <b>31,060</b> |

**Interest expenses (finance costs)**

|                          |               |               |                |
|--------------------------|---------------|---------------|----------------|
| Borrowings               | 16(b) 61,636  | 75,860        | 69,819         |
| Interest expense [Other] | 0             | 0             | 9,112          |
| Lease liabilities        | 15(b) 29,427  | 0             | 39,003         |
|                          | <b>91,063</b> | <b>75,860</b> | <b>117,934</b> |

**Other expenditure**

|                 |         |         |         |
|-----------------|---------|---------|---------|
| Sundry expenses | 626,961 | 224,800 | 353,226 |
|-----------------|---------|---------|---------|

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**3. CASH AND CASH EQUIVALENTS**

|  | NOTE | 2020<br>\$       | 2019<br>\$       |
|--|------|------------------|------------------|
| Cash at bank and on hand   |      | 3,456,545        | 3,026,048        |
| <b>Total cash and cash equivalents</b>   |      | <b>3,456,545</b> | <b>3,026,048</b> |
| <b>Restrictions</b>  |      |                  |                  |
| The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: |      |                  |                  |
| - Cash and cash equivalents  |      | 2,919,634        | 3,695,162        |
| - Financial assets at amortised cost   | 5    | 1,000,000        | 0                |
|  |      | <b>3,919,634</b> | <b>3,695,162</b> |

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

|  |    |                  |                  |
|--|----|------------------|------------------|
| Reserves - cash/financial asset backed             | 4  | 3,447,907        | 3,413,771        |
| Contract liabilities from contracts with customers | 14 | 345,384          | 0                |
| Unspent grants, subsidies and contributions        |    | 0                | 157,100          |
| Bonds & deposits held                              |    | 126,343          | 124,291          |
| <b>Total restricted assets</b>                     |    | <b>3,919,634</b> | <b>3,695,162</b> |

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted assets**

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

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

| 4. RESERVES - CASH/FINANCIAL ASSET | 2020                         | 2020                     | 2020                         | 2020                         | 2020                         | 2020                     | 2020                         | 2020                         | 2019                         | 2019                     | 2019                         | 2019                         |
|------------------------------------|------------------------------|--------------------------|------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|------------------------------|
|                                    | Actual<br>Opening<br>Balance | Actual<br>Transfer<br>to | Actual<br>Transfer<br>(from) | Actual<br>Closing<br>Balance | Budget<br>Opening<br>Balance | Budget<br>Transfer<br>to | Budget<br>Transfer<br>(from) | Budget<br>Closing<br>Balance | Actual<br>Opening<br>Balance | Actual<br>Transfer<br>to | Actual<br>Transfer<br>(from) | Actual<br>Closing<br>Balance |
|                                    | \$                           | \$                       | \$                           | \$                           | \$                           | \$                       | \$                           | \$                           | \$                           | \$                       | \$                           | \$                           |
| (a) Leave Reserve                  | 42,329                       | 357                      | 0                            | 42,686                       | 42,329                       | 496                      | 0                            | 42,825                       | 94,483                       | 846                      | (53,000)                     | 42,329                       |
| (b) Plant And Vehicle Reserve      | 434,818                      | 903,669                  | (438,000)                    | 900,487                      | 434,818                      | 1,005,095                | (873,000)                    | 566,913                      | 430,959                      | 3,859                    | 0                            | 434,818                      |
| (c) Emergency Farm Water Reserve   | 26,973                       | 228                      | (15,000)                     | 12,201                       | 26,973                       | 316                      | 0                            | 27,289                       | 26,734                       | 239                      | 0                            | 26,973                       |
| (d) Building Reserve               | 1,532,899                    | 1,082,935                | (1,229,325)                  | 1,386,509                    | 1,532,899                    | 1,087,962                | (1,589,640)                  | 1,031,221                    | 1,519,294                    | 4,522,578                | (4,508,973)                  | 1,532,899                    |
| (e) Road And Footpath Reserve      | 426,545                      | 3,600                    | (34,184)                     | 395,961                      | 426,545                      | 4,998                    | (77,000)                     | 354,543                      | 422,867                      | 3,678                    | 0                            | 426,545                      |
| (f) Swimming Pool Upgrade Reserve  | 44,533                       | 376                      | 0                            | 44,909                       | 44,534                       | 522                      | 0                            | 45,056                       | 44,030                       | 503                      | 0                            | 44,533                       |
| (g) Airport Reserve                | 388,956                      | 3,282                    | (12,244)                     | 379,993                      | 388,955                      | 4,557                    | (12,244)                     | 381,268                      | 751,529                      | 6,730                    | (369,303)                    | 388,956                      |
| (h) Waste And Sewerage Reserve     | 300,702                      | 2,536                    | (18,077)                     | 285,162                      | 300,701                      | 3,523                    | (41,000)                     | 263,224                      | 298,033                      | 2,669                    | 0                            | 300,702                      |
| (i) State Barrier Fence Reserve    | 216,016                      | 1,823                    | (217,839)                    | 0                            | 216,016                      | 2,531                    | (218,547)                    | 0                            | 214,099                      | 1,917                    | 0                            | 216,016                      |
|                                    | 3,413,772                    | 1,998,806                | (1,964,669)                  | 3,447,907                    | 3,413,770                    | 2,110,000                | (2,811,431)                  | 2,712,339                    | 3,802,028                    | 4,543,019                | (4,931,276)                  | 3,413,771                    |

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

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

| Name of Reserve                   | Anticipated date of use | Purpose of the reserve  |
|-----------------------------------|-------------------------|---|
| (a) Leave Reserve                 | Ongoing                 | - To be used to fund long service leave and non-current annual leave requirements.  |
| (b) Plant And Vehicle Reserve     | Ongoing                 | - To be used to assist in the purchasing of major plant and machinery.  |
| (c) Emergency Farm Water Reserve  | Ongoing                 | - To be used for the repair and/or construction of emergency farm water supplies.   |
| (d) Building Reserve              | Ongoing                 | - To be used for the construction, refurbishment, modification or renovation of all buildings.  |
| (e) Road And Footpath Reserve     | Ongoing                 | - To be used for the construction, rejuvenation, resealing or repair to the road & footpath network.  |
| (f) Swimming Pool Upgrade Reserve | Ongoing                 | - To be used towards any major repairs or renovations of the Ravensthorpe Swimming Pool.  |
| (g) Airport Reserve               | Ongoing                 | - To be used for the construction, reconstruction, repairs or modifications of activities including: buildings, tarmac, airstrip and associated infrastructure at the Ravensthorpe Airport. |
| (h) Waste And Sewerage Reserve    | Ongoing                 | - To be used for the repair and/or construction of waste and sewerage facilities.   |
| (i) State Barrier Fence Reserve   | Ongoing                 | - To be used for the extension of the State Barrier Fence from Ravensthorpe to Esperance.   |

## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost

2020

2019

\$

\$

1,000,000

0

1,000,000

0

### Other financial assets at amortised cost

Term deposits

1,000,000

0

1,000,000

0

## SIGNIFICANT ACCOUNTING POLICIES

### Other financial assets at amortised cost

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

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

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

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

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

### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

## 6. TRADE AND OTHER RECEIVABLES

### Current

|   |  |
|---|--|
| Rates Receivable                          |  |
| GST Receivable                            |  |
| Sundry Receivables                        |  |
| Contract Assets                           |  |
| Payments in Advance - Right of Use Assets |  |

### Non-current

|                                    |  |
|------------------------------------|--|
| Pensioner's Rates and ESL Deferred |  |
|------------------------------------|--|

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | \$               | \$               |
|  | 307,463          | 210,163          |
|  | 183,358          | 182,324          |
|  | 205,584          | 246,079          |
|  | 1,432,345        | 3,699,278        |
|  | 0                | 10,881           |
|  | <u>2,128,749</u> | <u>4,348,725</u> |
|  | 11,931           | 26,395           |
|  | <u>11,931</u>    | <u>26,395</u>    |

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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.

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

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

## 7. INVENTORIES

### Current

Fuel and materials

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

### Carrying amount at end of period

|  | 2020      | 2019      |
|--|-----------|-----------|
|  | \$        | \$        |
|  | 2,358     | 2,704     |
|  | 2,358     | 2,704     |
|  | 2,704     | 16,247    |
|  | (312,297) | (329,400) |
|  | 311,951   | 315,857   |
|  | 2,358     | 2,704     |

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

**SHIRE OF RAVENSTHORPE**  
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**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Carrying Amounts**

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

|  | Land -<br>Freehold<br>Land | Total land       | Buildings - Non-<br>specialised | Buildings -<br>Specialised | Total<br>buildings | Total land<br>and<br>buildings | Furniture &<br>Equipment | Plant &<br>Equipment | Total<br>property,<br>plant and<br>equipment |
|--|----------------------------|------------------|---------------------------------|----------------------------|--------------------|--------------------------------|--------------------------|----------------------|--|
|  | \$                         | \$               | \$                              | \$                         | \$                 | \$                             | \$                       | \$                   | \$   |
| <b>Balance at 1 July 2018</b>            | 1,668,500                  | 1,668,500        | 2,303,675                       | 24,081,241                 | 26,384,916         | 28,053,416                     | 263,648                  | 4,779,943            | 33,097,007                                   |
| Additions                                | 439,000                    | 439,000          | 0                               | 10,557                     | 10,557             | 449,557                        | 82,677                   | 988,258              | 1,520,492                                    |
| (Disposals)                              | 0                          | 0                | 0                               | (2,667)                    | (2,667)            | (2,667)                        | (4,862)                  | (294,394)            | (301,923)                                    |
| Depreciation (expense)                   | 0                          | 0                | (33,203)                        | (626,171)                  | (659,374)          | (659,374)                      | (34,602)                 | (607,067)            | (1,301,043)                                  |
| Transfers                                | 0                          | 0                | 0                               | 9,595                      | 9,595              | 9,595                          | 0                        | 0                    | 9,595  |
| <b>Carrying amount at 30 June 2019</b>   | <b>2,107,500</b>           | <b>2,107,500</b> | <b>2,270,472</b>                | <b>23,472,555</b>          | <b>25,743,027</b>  | <b>27,850,527</b>              | <b>306,861</b>           | <b>4,866,740</b>     | <b>33,024,128</b>                            |
| <b>Comprises:</b>                        |                            |                  |                                 |                            |                    |                                |                          |                      |  |
| Gross carrying amount at 30 June 2019    | 2,107,500                  | 2,107,500        | 2,336,880                       | 24,691,832                 | 27,028,712         | 29,136,212                     | 389,807                  | 6,433,764            | 35,959,783                                   |
| Accumulated depreciation at 30 June 2019 | 0                          | 0                | (66,408)                        | (1,219,277)                | (1,285,685)        | (1,285,685)                    | (82,946)                 | (1,567,024)          | (2,935,655)                                  |
| <b>Carrying amount at 30 June 2019</b>   | <b>2,107,500</b>           | <b>2,107,500</b> | <b>2,270,472</b>                | <b>23,472,555</b>          | <b>25,743,027</b>  | <b>27,850,527</b>              | <b>306,861</b>           | <b>4,866,740</b>     | <b>33,024,128</b>                            |
| Additions                                | 0                          | 0                | 167,819                         | 15,191                     | 183,010            | 183,010                        | 139,930                  | 700,548              | 1,023,488                                    |
| (Disposals)                              | 0                          | 0                | 0                               | 0                          | 0                  | 0                              | 0                        | (351,810)            | (351,810)                                    |
| Depreciation (expense)                   | 0                          | 0                | (33,593)                        | (616,232)                  | (649,825)          | (649,825)                      | (51,520)                 | (640,055)            | (1,341,399)                                  |
| Transfers                                | 0                          | 0                | 0                               | 0                          | 0                  | 0                              | 1,424                    | 0                    | 1,424  |
| <b>Carrying amount at 30 June 2020</b>   | <b>2,107,500</b>           | <b>2,107,500</b> | <b>2,404,698</b>                | <b>22,871,514</b>          | <b>25,276,212</b>  | <b>27,383,712</b>              | <b>396,695</b>           | <b>4,575,423</b>     | <b>32,355,830</b>                            |
| <b>Comprises:</b>                        |                            |                  |                                 |                            |                    |                                |                          |                      |  |
| Gross carrying amount at 30 June 2020    | 2,107,500                  | 2,107,500        | 2,505,048                       | 24,706,675                 | 27,211,722         | 29,319,222                     | 529,737                  | 6,611,505            | 36,460,464                                   |
| Accumulated depreciation at 30 June 2020 | 0                          | 0                | (100,350)                       | (1,835,160)                | (1,935,510)        | (1,935,510)                    | (133,042)                | (2,036,082)          | (4,104,634)                                  |
| <b>Carrying amount at 30 June 2020</b>   | <b>2,107,500</b>           | <b>2,107,500</b> | <b>2,404,698</b>                | <b>22,871,514</b>          | <b>25,276,212</b>  | <b>27,383,712</b>              | <b>396,695</b>           | <b>4,575,423</b>     | <b>32,355,830</b>                            |

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

| Asset Class                      | Fair Value Hierarchy | Valuation Technique   | Basis of Valuation    | Date of Last Valuation | Inputs Used   |
|----------------------------------|----------------------|---|-----------------------|------------------------|---|
| <b>Land and buildings</b>        |                      |   |                       |                        |   |
| Land - Freehold Land             | 2                    | Market approach using recent or estimated observable market data for similar properties | Independent Valuation | June 2017              | Price per square metre/market borrowing rate  |
| Buildings - Non-specialised      | 2                    | Market approach using recent or estimated observable market data for similar properties | Independent Valuation | June 2017              | Price per square metre/market borrowing rate  |
| Buildings - Specialised          | 3                    | Market approach using recent or estimated observable market data for similar properties | Independent Valuation | June 2017              | Construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs. |
| <b>Furniture &amp; Equipment</b> | 3                    | Market approach using recent or estimated observable market data for similar properties | Independent Valuation | June 2016              | Construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs. |
| <b>Plant &amp; Equipment</b>     | 3                    | Market approach using recent or estimated observable market data for similar properties | Independent Valuation | June 2016              | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.     |

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

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

The requirement to revalue plant and equipment has been removed in the Local Government (Financial Management) Amendment Regulations that were published in the Government Gazette on 6 November 2020. The Shire is required to use the cost model and there is no requirement to reverse the revaluation already undertaken by the Shire in 2019/20. In moving to the cost model, the Shire will continue to depreciate on the existing revalued amount.

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**9. INFRASTRUCTURE**

**(a) 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.

|  | Infrastructure -<br>Roads | Infrastructure -<br>Footpaths | Infrastructure -<br>Drainage | Infrastructure -<br>Parks & Ovals | Other<br>Infrastructure | Infrastructure -<br>Airports | Total<br>Infrastructure |
|--|---------------------------|-------------------------------|------------------------------|-----------------------------------|-------------------------|------------------------------|-------------------------|
|  | \$                        | \$                            | \$                           | \$                                | \$                      | \$                           | \$                      |
| <b>Balance at 1 July 2018</b>  | 15,597,761                | 2,340,278                     | 106,442                      | 2,001,366                         | 4,016,417               | 1,110,535                    | 25,172,799              |
| Additions  | 975,053                   | 40,842                        | 0                            | 396,626                           | 10,197                  | 547,565                      | 1,970,283               |
| (Disposals)  | 0                         | 0                             | 0                            | (2,629)                           | 0                       | 0                            | (2,629)                 |
| Revaluation increments / (decrements) transferred to revaluation surplus | 79,412,209                | (1,173,707)                   | 17,645,232                   | 1,164,180                         | 750,965                 | 209,281                      | 98,008,160              |
| Depreciation (expense)   | (164,267)                 | (19,432)                      | (2,994)                      | (110,149)                         | (200,808)               | (59,356)                     | (557,006)               |
| <b>Carrying amount at 30 June 2019</b>                                   | <b>95,820,756</b>         | <b>1,187,981</b>              | <b>17,748,680</b>            | <b>3,449,394</b>                  | <b>4,576,771</b>        | <b>1,808,025</b>             | <b>124,591,607</b>      |
| <b>Comprises:</b>  |                           |                               |                              |                                   |                         |                              |                         |
| Gross carrying amount at 30 June 2019                                    | 137,177,586               | 2,199,939                     | 27,998,485                   | 3,607,171                         | 5,071,857               | 1,853,565                    | 177,908,604             |
| Accumulated depreciation at 30 June 2019                                 | (41,356,830)              | (1,011,958)                   | (10,249,805)                 | (157,777)                         | (495,086)               | (45,540)                     | (53,316,996)            |
| <b>Carrying amount at 30 June 2019</b>                                   | <b>95,820,756</b>         | <b>1,187,981</b>              | <b>17,748,680</b>            | <b>3,449,394</b>                  | <b>4,576,771</b>        | <b>1,808,025</b>             | <b>124,591,608</b>      |
| Additions  | 1,591,186                 | 34,184                        | 10,768                       | 67,800                            | 94,119                  | 30,296                       | 1,828,354               |
| (Disposals)  | 0                         | 0                             | 0                            | 0                                 | 0                       | 0                            | 0                       |
| Depreciation (expense)   | (2,300,500)               | (109,997)                     | (372,382)                    | (126,290)                         | (133,323)               | (78,295)                     | (3,120,786)             |
| Transfers  | 0                         | 0                             | 0                            | (1,424)                           | 0                       | 0                            | (1,424)                 |
| <b>Carrying amount at 30 June 2020</b>                                   | <b>95,111,443</b>         | <b>1,112,168</b>              | <b>17,387,066</b>            | <b>3,389,480</b>                  | <b>4,537,567</b>        | <b>1,760,026</b>             | <b>123,297,752</b>      |
| <b>Comprises:</b>  |                           |                               |                              |                                   |                         |                              |                         |
| Gross carrying amount at 30 June 2020                                    | 138,768,772               | 2,234,123                     | 28,009,253                   | 3,674,971                         | 5,165,976               | 1,883,862                    | 179,736,958             |
| Accumulated depreciation at 30 June 2020                                 | (43,657,330)              | (1,121,955)                   | (10,622,187)                 | (285,491)                         | (628,409)               | (123,835)                    | (56,439,206)            |
| <b>Carrying amount at 30 June 2020</b>                                   | <b>95,111,443</b>         | <b>1,112,168</b>              | <b>17,387,066</b>            | <b>3,389,480</b>                  | <b>4,537,567</b>        | <b>1,760,027</b>             | <b>123,297,752</b>      |

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**9. INFRASTRUCTURE (Continued)**

**(b) 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>Infrastructure - Roads</b>             | 3                           | Cost approach using depreciated replacement cost (Gross Revaluation method) | Independent Valuation     | June 2019                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (level 3) inputs |
| <b>Infrastructure - Footpaths</b>         | 3                           | Cost approach using depreciated replacement cost (Gross Revaluation method) | Independent Valuation     | June 2019                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (level 3) inputs |
| <b>Infrastructure - Drainage</b>          | 3                           | Cost approach using depreciated replacement cost (Gross Revaluation method) | Independent Valuation     | June 2019                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (level 3) inputs |
| <b>Infrastructure - Parks &amp; Ovals</b> | 3                           | Cost approach using depreciated replacement cost (Gross Revaluation method) | Management Valuation      | June 2019                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (level 3) inputs |
| <b>Other Infrastructure</b>               | 3                           | Cost approach using depreciated replacement cost (Gross Revaluation method) | Management Valuation      | June 2019                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (level 3) inputs |
| <b>Infrastructure - Airports</b>          | 3                           | Cost approach using depreciated replacement cost (Gross Revaluation method) | Management Valuation      | June 2019                     | 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.

## 10. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

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

#### Revaluation

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

At the end of each 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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.

#### Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

#### Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

#### Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right of use assets). **Shire of Ravensthorpe 48**

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**10. FIXED ASSETS**

**(a) Disposals of Assets**

|                                | 2020<br>Actual<br>Net Book<br>Value | 2020<br>Actual<br>Sale<br>Proceeds | 2020<br>Actual<br>Profit | 2020<br>Actual<br>Loss | 2020<br>Budget<br>Net Book<br>Value | 2020<br>Budget<br>Sale<br>Proceeds | 2020<br>Budget<br>Profit | 2020<br>Budget<br>Loss | 2019<br>Actual<br>Net Book<br>Value | 2019<br>Actual<br>Sale<br>Proceeds | 2019<br>Actual<br>Profit | 2019<br>Actual<br>Loss |
|--------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Buildings - Specialised        | \$ 0                                | \$ 0                               | \$ 0                     | \$ 0                   | \$ 0                                | \$ 0                               | \$ 0                     | \$ 0                   | \$ 2,667                            | \$ 0                               | \$ 0                     | \$ (2,667)             |
| Furniture & Equipment          | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      | 639                                 | 0                                  | 0                        | (639)                  |
| Plant & Equipment              | 351,810                             | 279,800                            | 23,036                   | (95,046)               | 269,695                             | 239,000                            | 66,500                   | (97,195)               | 298,618                             | 204,273                            | 0                        | (94,345)               |
| Right of Use Assets            | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      | 9,752                               | 9,595                              | 0                        | (157)                  |
| Infrastructure - Parks & Ovals | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      | 2,629                               | 0                                  | 0                        | (2,629)                |
|                                | 351,810                             | 279,800                            | 23,036                   | (95,046)               | 269,695                             | 239,000                            | 66,500                   | (97,195)               | 314,305                             | 213,868                            | 0                        | (100,437)              |

The following assets were disposed of during the year:

|   | 2020<br>Actual<br>Net Book<br>Value | 2020<br>Actual<br>Sale<br>Proceeds | 2020<br>Actual<br>Profit | 2020<br>Actual<br>Loss |
|---|-------------------------------------|------------------------------------|--------------------------|------------------------|
| <b>Plant and Motor Vehicles</b>         |                                     |                                    |                          |                        |
| <b>Law, order, public safety</b>        |                                     |                                    |                          |                        |
| Toyota Hilux - ARO/Ranger 2 Ute - RA222 | 45,113                              | 61,618                             | 16,505                   | 0                      |
| Toyota Hilux Senior Ranger (RA3280)     | 29,308                              | 18,182                             | 0                        | (11,126)               |
| <b>Transport</b>                        |                                     |                                    |                          |                        |
| CAT Prime Mover                         | 96,307                              | 50,000                             | 0                        | (46,307)               |
| John Deere 624K Z Bar Loader            | 90,563                              | 58,636                             | 0                        | (31,927)               |
| <b>Economic services</b>                |                                     |                                    |                          |                        |
| Holden Captive                          | 12,504                              | 6,818                              | 0                        | (5,686)                |
| <b>Other property and services</b>      |                                     |                                    |                          |                        |
| toyota Kluger GX (MCCS)                 | 11,863                              | 18,182                             | 6,319                    | 0                      |
| 18/19 Toyota Landcruiser / Prado - CEO  | 66,151                              | 66,364                             | 212                      | 0                      |
|   | 351,810                             | 279,800                            | 23,036                   | (95,046)               |
|   | 351,810                             | 279,800                            | 23,036                   | (95,046)               |

## 10. FIXED ASSETS

### (b) Depreciation

|                                | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|--------------------------------|----------------|----------------|----------------|
|                                | \$             | \$             | \$             |
| Buildings - Non-specialised    | 33,593         | 33,552         | 33,203         |
| Buildings - Specialised        | 616,232        | 616,227        | 626,171        |
| Furniture & Equipment          | 51,520         | 34,601         | 34,602         |
| Plant & Equipment              | 640,055        | 643,511        | 607,067        |
| Right of Use Assets            | 126,315        | 93,951         | 112,744        |
| Infrastructure - Roads         | 2,300,500      | 164,267        | 164,267        |
| Infrastructure - Footpaths     | 109,997        | 19,432         | 19,432         |
| Infrastructure - Drainage      | 372,382        | 2,994          | 2,994          |
| Infrastructure - Parks & Ovals | 126,290        | 110,149        | 110,149        |
| Other Infrastructure           | 133,323        | 200,807        | 200,808        |
| Infrastructure - Airports      | 78,295         | 59,356         | 59,356         |
|                                | 4,588,500      | 1,978,847      | 1,970,793      |

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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

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

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

#### Depreciation rates

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

| Asset Class                              | Useful life     |
|--|-----------------|
| Buildings - All                          | 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                                 | 20 to 50 years  |
| seal                                     |                 |
| - bituminous seals                       | 20 years        |
| - asphalt surfaces                       | 25 years        |
| Gravel roads formation                   | not depreciated |
| pavement                                 | 50 years        |
| Footpaths - slab                         | 20 years        |
| Sewerage piping                          | 100 years       |
| Water supply piping and drainage systems | 75 years        |
| Infrastructure - Parks & Ovals           | 20 to 50 years  |
| Infrastructure - Airports                | 20 to 50 years  |
| Infrastructure - Other                   | 20 to 50 years  |

#### Depreciation on revaluation

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:

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

#### Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

## 11. LEASES

### (a) Right of Use Assets

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

|   | Right of use assets -<br>plant and equipment | Right of use assets<br>Total |
|---|--|------------------------------|
|   | \$   |                              |
| <b>Carrying amount at 30 June 2019</b>                              | 998,912                                      | 998,912                      |
| Recognised on initial application of AASB 16                        |  | 0                            |
| <b>Restated total equity at the beginning of the financial year</b> | 998,912                                      | 998,912                      |
| Additions   | 48,946                                       | 48,946                       |
| Depreciation (expense)  | (126,315)                                    | (126,315)                    |
| <b>Carrying amount at 30 June 2020</b>                              | 921,543                                      | 921,543                      |
| <b>(b) Cash outflow from leases</b>                                 |  |                              |
| Interest expense on lease liabilities                               | 29,427                                       | 29,427                       |
| Lease principal expense   | 117,700                                      | 117,700                      |
| <b>Total cash outflow from leases</b>                               | 147,127                                      | 147,127                      |

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

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

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

#### Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

#### Leases (continued)

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

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

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**12. REVALUATION SURPLUS**

|  | 2020<br>Opening<br>Balance | 2020<br>Revaluation<br>Increment | 2020<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2020<br>Closing<br>Balance | 2019<br>Opening<br>Balance | 2019<br>Revaluation<br>Increment | 2019<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2019<br>Closing<br>Balance |
|--|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
|  | \$                         | \$                               | \$                                 | \$                                  | \$                         | \$                         | \$                               | \$                                 | \$                                  | \$                         |
| Revaluation surplus - Land - Freehold Land           | 14,350,694                 | 0                                | 0                                  | 0                                   | 14,350,694                 | 14,350,694                 | 0                                | 0                                  | 0                                   | 14,350,694                 |
| Revaluation surplus - Plant & Equipment              | 377,471                    | 0                                | 0                                  | 0                                   | 377,471                    | 377,471                    | 0                                | 0                                  | 0                                   | 377,471                    |
| Revaluation surplus - Infrastructure - Roads         | 79,779,389                 | 0                                | 0                                  | 0                                   | 79,779,389                 | 367,180                    | 79,412,209                       | 0                                  | 79,412,209                          | 79,779,389                 |
| Revaluation surplus - Infrastructure - Footpaths     | 901,302                    | 0                                | 0                                  | 0                                   | 901,302                    | 2,075,009                  | 0                                | (1,173,707)                        | (1,173,707)                         | 901,302                    |
| Revaluation surplus - Infrastructure - Drainage      | 18,729,137                 | 0                                | 0                                  | 0                                   | 18,729,137                 | 1,083,905                  | 17,645,232                       | 0                                  | 17,645,232                          | 18,729,137                 |
| Revaluation surplus - Infrastructure - Parks & Ovals | 2,470,157                  | 0                                | 0                                  | 0                                   | 2,470,157                  | 1,305,977                  | 1,164,180                        | 0                                  | 1,164,180                           | 2,470,157                  |
| Revaluation surplus - Other Infrastructure           | 1,091,177                  | 0                                | 0                                  | 0                                   | 1,091,177                  | 340,212                    | 750,965                          | 0                                  | 750,965                             | 1,091,177                  |
| Revaluation surplus - Infrastructure - Airports      | 209,281                    | 0                                | 0                                  | 0                                   | 209,281                    | 0                          | 209,281                          | 0                                  | 209,281                             | 209,281                    |
|  | 117,908,608                | 0                                | 0                                  | 0                                   | 117,908,608                | 19,900,448                 | 99,181,867                       | (1,173,707)                        | 98,008,160                          | 117,908,608                |

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

### 13. TRADE AND OTHER PAYABLES

#### Current

|                                |  |
|--------------------------------|--|
| Sundry creditors               |  |
| Accrued salaries and wages     |  |
| ATO Liabilities                |  |
| Accrued interest on debentures |  |
| Payroll Creditors              |  |
| Accrued Expenditure            |  |
| Bonds & deposits held          |  |

| 2020      | 2019      |
|-----------|-----------|
| \$        | \$        |
| 740,128   | 701,563   |
| 8,618     | 54,808    |
| 21,813    | 31,616    |
| 20,889    | 23,701    |
| 101,279   | 58,845    |
| 21,668    | 897,022   |
| 126,343   | 124,291   |
| 1,040,738 | 1,891,846 |

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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.

##### Prepaid rates

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

## 14. CONTRACT LIABILITIES

|  | 2020           | 2019     |
|--|----------------|----------|
|  | \$             | \$       |
| <b>Current</b>                                     |                |          |
| Contract liabilities from contracts with customers | 345,384        | 0        |
|  | <u>345,384</u> | <u>0</u> |

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

|                |
|----------------|
| <u>345,384</u> |
| 345,384        |

### SIGNIFICANT ACCOUNTING POLICIES

#### Contract Liabilities

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

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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**15. LEASE LIABILITIES**

| (a) Lease Liabilities | 2020    | 2019      |
|-----------------------|---------|-----------|
|                       | \$      | \$        |
| Current               | 121,001 | 101,606   |
| Non-current           | 825,493 | 913,641   |
|                       | 946,494 | 1,015,247 |

**(b) Movements in Carrying Amounts**

| Purpose                          | Lease Number | Institution | Lease Term | Actual                      | 30 June 2020      | 30 June 2020                      | 30 June 2020                       | 30 June 2020                     | 30 June 2020                       | Actual            | 30 June 2019                      | 30 June 2019                       | 30 June 2019                     | 30 June 2019                | 30 June 2019      |                                   |
|----------------------------------|--------------|-------------|------------|-----------------------------|-------------------|-----------------------------------|------------------------------------|----------------------------------|------------------------------------|-------------------|-----------------------------------|------------------------------------|----------------------------------|-----------------------------|-------------------|-----------------------------------|
|                                  |              |             |            | Lease Principal 1 July 2019 | Actual New Leases | Actual Lease Principal Repayments | Actual Lease Principal Outstanding | Actual Lease Interest Repayments | Budget Lease Principal 1 July 2019 | Budget New Leases | Budget Lease Principal Repayments | Budget Lease Principal Outstanding | Budget Lease Interest Repayments | Lease Principal 1 July 2018 | Actual New Leases | Actual Lease Principal Repayments |
| <b>Law, order, public safety</b> |              |             |            | \$                          | \$                | \$                                | \$                                 | \$                               | \$                                 | \$                | \$                                | \$                                 | \$                               | \$                          | \$                |                                   |
| CESO Vehicle - Holden Colorado   | 939384       | SG Fleet    | 3          | 0                           | 48,946            | 16,094                            | 32,852                             | 456                              | 0                                  | 0                 | 0                                 | 0                                  | 0                                | 9,752                       | 0                 | 7,042                             |
| <b>Community amenities</b>       |              |             |            |                             |                   |                                   |                                    |                                  |                                    |                   |                                   |                                    |                                  |                             |                   |                                   |
| Bomag Compactor                  | 908707       | SG Fleet    | 10         | 688,590                     | 0                 | 69,151                            | 619,439                            | 19,646                           | 688,590                            | 0                 | 0                                 | 688,590                            | 0                                | 67,116                      | 688,590           | 21,681                            |
| Komatsu Wheel Loader             | 915953       | SG Fleet    | 10         | 326,657                     | 0                 | 32,455                            | 294,202                            | 9,325                            | 0                                  | 0                 | 0                                 | 358,158                            | 0                                | 31,501                      | 326,657           | 10,280                            |
|                                  |              |             |            | 1,015,247                   | 48,946            | 117,700                           | 946,493                            | 29,427                           | 688,590                            | 0                 | 0                                 | 688,590                            | 0                                | 1,113,864                   | 9,752             | 39,003                            |

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

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

Finance leases are capitalised recording an asset and a liability at the lower of 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.

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

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**16. INFORMATION ON BORROWINGS**

(a) Borrowings

|             | 2020             | 2019             |
|-------------|------------------|------------------|
|             | \$               | \$               |
| Current     | 218,282          | 209,799          |
| Non-current | 1,266,287        | 1,484,569        |
|             | <u>1,484,569</u> | <u>1,694,368</u> |

(b) Repayments - Borrowings

| Particulars                   | Loan Number | Institution | Interest Rate | Actual           | 30 June 2020 | 30 June 2020   | 30 June 2020  | 30 June 2020     | Budget           | 30 June 2020 | 30 June 2020   | 30 June 2020  | 30 June 2020     | Actual           | 30 June 2019 | 30 June 2019   | 30 June 2019  | 30 June 2019     |
|-------------------------------|-------------|-------------|---------------|------------------|--------------|----------------|---------------|------------------|------------------|--------------|----------------|---------------|------------------|------------------|--------------|----------------|---------------|------------------|
|                               |             |             |               | Principal        | Actual       | Actual         | Actual        | Principal        | Interest         | Principal    | Principal      | Principal     | Principal        | Principal        | Interest     | Principal      | New           | Principal        |
|                               |             |             |               | 1 July 2019      | New Loans    | repayments     | repayments    | outstanding      | 1 July 2019      | New Loans    | repayments     | repayments    | outstanding      | 1 July 2018      | New Loans    | repayments     | repayments    | outstanding      |
|                               |             |             |               | \$               | \$           | \$             | \$            | \$               | \$               | \$           | \$             | \$            | \$               | \$               | \$           | \$             | \$            | \$               |
| <b>Housing</b>                |             |             |               |                  |              |                |               |                  |                  |              |                |               |                  |                  |              |                |               |                  |
| Staff Housing                 | 145         | WATC*       | 2.86%         | 224,963          | 0            | 34,883         | 5,790         | 190,080          | 224,963          | 0            | 34,883         | 7,599         | 190,080          | 258,870          | 0            | 33,907         | 6,775         | 224,963          |
| Other Housing (Daw Street)    | 147         | WATC*       | 3.36%         | 238,792          | 0            | 16,458         | 7,747         | 222,334          | 238,792          | 0            | 16,458         | 9,505         | 222,334          | 254,711          | 0            | 15,919         | 8,290         | 238,792          |
| <b>Recreation and culture</b> |             |             |               |                  |              |                |               |                  |                  |              |                |               |                  |                  |              |                |               |                  |
| Hopetoun Community            | 146         | WATC*       | 3.59%         | 311,991          | 0            | 13,599         | 10,893        | 298,392          | 311,991          | 0            | 13,599         | 13,208        | 298,392          | 325,114          | 0            | 13,123         | 11,369        | 311,991          |
| <b>Transport</b>              |             |             |               |                  |              |                |               |                  |                  |              |                |               |                  |                  |              |                |               |                  |
| Town Street                   | 138D        | WATC*       | 6.57%         | 291,311          | 0            | 28,618         | 17,982        | 262,693          | 291,313          | 0            | 28,614         | 20,881        | 262,699          | 318,111          | 0            | 26,800         | 19,805        | 291,311          |
| Town Street                   | 144         | WATC*       | 4.98%         | 157,962          | 0            | 50,086         | 6,624         | 107,876          | 157,963          | 0            | 50,086         | 8,310         | 107,877          | 205,644          | 0            | 47,682         | 9,058         | 157,962          |
| Refinance                     | 143B        | WATC*       | 2.86%         | 201,467          | 0            | 31,240         | 5,185         | 170,227          | 201,467          | 0            | 31,240         | 6,805         | 170,227          | 231,832          | 0            | 30,365         | 6,067         | 201,467          |
| Refinance                     | 138E        | WATC*       | 3.02%         | 267,882          | 0            | 34,915         | 7,416         | 232,967          | 267,881          | 0            | 34,915         | 9,552         | 232,966          | 301,766          | 0            | 33,884         | 8,455         | 267,882          |
|                               |             |             |               | <u>1,694,368</u> | <u>0</u>     | <u>209,799</u> | <u>61,636</u> | <u>1,484,569</u> | <u>1,694,370</u> | <u>0</u>     | <u>209,795</u> | <u>75,860</u> | <u>1,484,575</u> | <u>1,896,048</u> | <u>0</u>     | <u>201,680</u> | <u>69,819</u> | <u>1,694,368</u> |
|                               |             |             |               | 1,694,368        | 0            | 209,799        | 61,636        | 1,484,569        | 1,694,370        | 0            | 209,795        | 75,860        | 1,484,575        | 1,896,048        | 0            | 201,680        | 69,819        | 1,694,368        |

\* WA Treasury Corporation

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**16. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings - 2019/20**

The Shire had no new borrowings for the financial year ended 30 June 2020.

**(d) Unspent Borrowings**

The Shire had no unspent borrowings for the financial year ended 30 June 2020.

**(e) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

|                                      | 2020           | 2019           |
|--------------------------------------|----------------|----------------|
|                                      | \$             | \$             |
| Bank overdraft limit                 | 500,000        | 250,000        |
| Credit card limit                    | 26,000         | 22,000         |
| Credit card balance at balance date  | (5,765)        | (3,728)        |
| <b>Total amount of credit unused</b> | <b>520,235</b> | <b>268,272</b> |

**Loan facilities**

|  |                  |                  |
|--|------------------|------------------|
| Loan facilities - current                      | 218,282          | 209,799          |
| Loan facilities - non-current                  | 1,266,287        | 1,484,569        |
| Lease liabilities - current                    | 121,001          | 101,606          |
| Lease liabilities - non-current                | 825,493          | 913,641          |
| <b>Total facilities in use at balance date</b> | <b>2,431,063</b> | <b>2,709,615</b> |

**Unused loan facilities at balance date**

0                      0

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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.

**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.

**Risk**

Information regarding exposure to risk can be found at Note 29.

## 17. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions  
 Non-current provisions

Additional provision  
 Amounts used

#### Balance at 30 June 2020

#### Comprises

Current  
 Non-current

|                                | Provision for<br>Annual<br>Leave | Provision for<br>Long Service<br>Leave | Total     |
|--------------------------------|----------------------------------|--|-----------|
|                                | \$                               | \$                                     | \$        |
| Opening balance at 1 July 2019 |                                  |  |           |
| Current provisions             | 188,785                          | 207,758                                | 396,543   |
| Non-current provisions         | 0                                | 42,806                                 | 42,806    |
|                                | 188,785                          | 250,564                                | 439,349   |
| Additional provision           | 261,471                          | 33,281                                 | 294,751   |
| Amounts used                   | (176,762)                        | (38,520)                               | (215,282) |
| Balance at 30 June 2020        | 273,494                          | 245,325                                | 518,819   |
| Comprises                      |                                  |  |           |
| Current                        | 273,494                          | 163,665                                | 437,159   |
| Non-current                    | 0                                | 81,660                                 | 81,660    |
|                                | 273,494                          | 245,325                                | 518,819   |

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date  
 More than 12 months from reporting date  
 Expected reimbursements from other WA local governments

|   | 2020    | 2019    |
|---|---------|---------|
|   | \$      | \$      |
| Less than 12 months after the reporting date            | 437,159 | 200,024 |
| More than 12 months from reporting date                 | 49,853  | 239,325 |
| Expected reimbursements from other WA local governments | 31,807  | 0       |
|   | 518,819 | 439,349 |

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

##### Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

##### Other long-term employee benefits (Continued)

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.

##### 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.

## 18. OTHER PROVISIONS

The Shire had no other provisions as at the financial year ended 30 June 2020.

## 19. NOTES TO THE STATEMENT OF CASH FLOWS

### 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:

|  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| Cash and cash equivalents  | 3,456,545            | 3,617,219            | 3,026,048            |
| <b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b> |                      |                      |                      |
| Net result   | (2,033,070)          | 381,210              | 1,052,969            |
| Non-cash flows in Net result:  |                      |                      |                      |
| Depreciation on non-current assets   | 4,588,500            | 1,978,847            | 1,970,793            |
| Net (Profit)/loss on sale of asset   | 72,010               | 30,695               | 100,437              |
| Changes in assets and liabilities:   |                      |                      |                      |
| (Increase)/decrease in receivables   | 2,234,440            | 3,490,000            | 604,946              |
| (Increase)/decrease in inventories   | 346                  | 0                    | 13,543               |
| Increase/(decrease) in payables  | (851,110)            | (154,200)            | (506,356)            |
| Increase/(decrease) in provisions  | 79,470               | 0                    | (242,574)            |
| Increase/(decrease) in contract liabilities                                      | 239,448              | 0                    | 0                    |
| Change in accounting policies transferred to retained surplus                    | 0                    | 77,100               | 0                    |
| Non-operating grants, subsidies and contributions                                | (884,406)            | (2,295,500)          | (1,293,001)          |
| Net cash from operating activities   | 3,445,629            | 3,508,152            | 1,700,757            |

## 20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

|                             | 2020               | 2019               |
|-----------------------------|--------------------|--------------------|
|                             | \$                 | \$                 |
| Governance                  | 104,323            | 0                  |
| General purpose funding     | 319,394            | 0                  |
| Law, order, public safety   | 2,497,667          | 1,757,894          |
| Health                      | 401,105            | 459,949            |
| Education and welfare       | 2,553,436          | 2,845,348          |
| Housing                     | 3,622,688          | 1,790,538          |
| Community amenities         | 6,028,558          | 6,234,776          |
| Recreation and culture      | 19,741,326         | 20,234,871         |
| Transport                   | 120,979,021        | 128,394,456        |
| Economic services           | 1,114,587          | 594,403            |
| Other property and services | 4,412,808          | 3,686,050          |
| Unallocated                 | 1,399,795          | 20,235             |
|                             | <u>163,174,708</u> | <u>166,018,520</u> |

## 21. CONTINGENT LIABILITIES

### Potential Legal Claim

The Shire has received a preliminary legal claim in relation to a former contractual Relationship that was discontinued for economic reasons. This claim may result in a possible obligation for which an estimate of the amount cannot be currently made, however the issue has been reported for insurance protection purposes.

### Contaminated Sites

In compliance with the Contaminated Sites Act 2013 Section 11, the Shire has a listed site which is, or could be, a possible source of contamination. Details of that site are:

#### **Ravensthorpe Regional Waste Facility - Moir Road, Ravensthorpe**

- The Shire of Ravensthorpe together with the Shire of Jerramungup operate a regional waste management facility located on Reserve 7380, Moir Road Ravensthorpe.
- Site Operations commenced in 2017.
- Life expectancy 30 years (2047).
- Prescribed premises for Category 64 Class II putrescible landfill and Category 62 Solid waste depot.
- The Shire of Ravensthorpe is currently in negotiation with the Shire of Jerramungup regarding the percentage share of each party of the capital costs associated with the rehabilitation of the cells, the lifespan of 4 cells is expected to be 30 years. It is estimated that the total cost to rehabilitate 4 cells will be \$551,000 over this period, representing an annual estimated total cost of \$18,366. The Shire expects to complete negotiations and raise a provision for the Shire's share to cover the capital costs associated with the rehabilitation of the site for the financial year ending 30 June 2021.

## 22. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

The Shire had no capital expenditure commitments as at the 30 June 2020.

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

**Elected Members Remuneration**

|  | <b>2020<br/>Actual</b> | <b>2020<br/>Budget</b> | <b>2019<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| The following fees, expenses and allowances were paid to council members and/or the President. | \$                     | \$                     | \$                     |
| Meeting fees   | 93,770                 | 99,500                 | 97,500                 |
| President's allowance  | 12,675                 | 13,000                 | 13,000                 |
| Deputy President's allowance   | 3,169                  | 3,250                  | 3,250                  |
| Travelling expenses  | 11,729                 | 15,000                 | 14,712                 |
| Telecommunications allowance   | 7,842                  | 8,000                  | 7,588                  |
|  | <b>129,185</b>         | <b>138,750</b>         | <b>136,050</b>         |

**Key Management Personnel (KMP) Compensation Disclosure**

|  | <b>2020<br/>Actual</b> | <b>2019<br/>Actual</b> |
|--|------------------------|------------------------|
| The total of remuneration paid to KMP of the Shire during the year are as follows: | \$                     | \$                     |
| Short-term employee benefits   | 522,924                | 635,778                |
| Post-employment benefits   | 51,474                 | 64,794                 |
| Other long-term benefits   | 37,270                 | (125,428)              |
| Termination benefits   | 0                      | 194,445                |
|  | <b>611,668</b>         | <b>769,589</b>         |

*Short-term employee benefits*

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP

**23. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

| The following transactions occurred with related parties: | <b>2020<br/>Actual</b> | <b>2019<br/>Actual</b> |
|---|------------------------|------------------------|
|   | \$                     | \$                     |
| Sale of goods and services                                | 2,497                  | 553                    |
| Purchase of goods and services                            | 46,959                 | 106,011                |
| Short term employee benefits -other related parties       | 144,367                | 31,482                 |
| <b>Amounts payable to related parties:</b>                |                        |                        |
| Trade and other payables                                  | 0                      | 23,989                 |

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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

*iii. Entities subject to significant influence by the Shire*

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

**SHIRE OF RAVENSTHORPE**  
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**24. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS**

**(a) Carrying amount of investment in associate**

The Shire had no investment in associate during the financial year ended 30 June 2020.

**(b) Share of joint operations**

**(i) Regional Record Service**

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

|                                | 2020          | 2019          |
|--------------------------------|---------------|---------------|
|                                | \$            | \$            |
| <b>Non-current assets</b>      |               |               |
| Land and buildings             | 72,500        | 72,500        |
| Less: accumulated depreciation | (8,700)       | (5,800)       |
| <b>Total assets</b>            | <b>63,800</b> | <b>66,700</b> |

**(ii) Ravensthorpe Regional Landfill**

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

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

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

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| <b>Non-current assets</b>      |                  |                  |
| Infrastructure - Other         | 2,191,685        | 2,181,488        |
| Add: Additions                 | 2,700            | 10,197           |
| Less: accumulated depreciation | (244,401)        | (171,417)        |
| <b>Total assets</b>            | <b>1,949,984</b> | <b>2,020,268</b> |

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

The Shire of Ravensthorpe's is estimated to deliver 69.9% of the facilities total waste tonnage and the Shire of Jerramungup the remaining 30.1%. Based on these percentages, the allocation of income and contribution to operating costs by each Shire is outlined below:

|                     |                 |                  |
|---------------------|-----------------|------------------|
| <b>Ravensthorpe</b> |                 |                  |
| Income              | 81,192          | 75,925           |
| Expenditure         | (172,375)       | (202,296)        |
|                     | <b>(91,183)</b> | <b>(126,371)</b> |

|                    |                 |                 |
|--------------------|-----------------|-----------------|
| <b>Jerramungup</b> |                 |                 |
| Income             | 0               | 0               |
| Expenditure        | (74,227)        | (87,112)        |
|                    | <b>(74,227)</b> | <b>(87,112)</b> |

|                       |                  |                  |
|-----------------------|------------------|------------------|
| <b>Facility Total</b> |                  |                  |
| Income                | 81,192           | 75,925           |
| Expenditure           | (246,602)        | (289,407)        |
|                       | <b>(165,410)</b> | <b>(213,482)</b> |

**SIGNIFICANT ACCOUNTING POLICIES**

**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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. 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.

**Interests in joint arrangements (Continued)**

Joint 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.

## **25. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the current financial year ended 30 June 2020.

## **26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the current financial year ended 30 June 2020.

**SHIRE OF RAVENSTHORPE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**27. RATING INFORMATION**

(a) Rates

| RATE TYPE                                       | Rate in  | Number        | 2019/20               | 2019/20             | 2019/20              | 2019/20           | 2019/20              | 2019/20             | 2019/20             | 2019/20          | 2019/20              | 2018/19              |
|---|----------|---------------|-----------------------|---------------------|----------------------|-------------------|----------------------|---------------------|---------------------|------------------|----------------------|----------------------|
|   | \$       | of Properties | Actual Rateable Value | Actual Rate Revenue | Actual Interim Rates | Actual Back Rates | Actual Total Revenue | Budget Rate Revenue | Budget Interim Rate | Budget Back Rate | Budget Total Revenue | Actual Total Revenue |
|   |          |               | \$                    | \$                  | \$                   | \$                | \$                   | \$                  | \$                  | \$               | \$                   | \$                   |
| <b>Differential general rate / general rate</b> |          |               |                       |                     |                      |                   |                      |                     |                     |                  |                      |                      |
| <b>Gross rental valuations</b>                  |          |               |                       |                     |                      |                   |                      |                     |                     |                  |                      |                      |
| Residential                                     | 0.117165 | 781           | 10,959,708            | 1,284,094           | (12,899)             | (555)             | 1,270,640            | 1,284,094           | 300                 | 1,000            | 1,285,394            | 1,233,396            |
| Commercial                                      | 0.131567 | 34            | 1,404,972             | 181,906             | 0                    | 0                 | 181,906              | 184,848             | 0                   | 0                | 184,848              | 178,253              |
| Industrial                                      | 0.154430 | 35            | 512,772               | 79,187              | 0                    | 0                 | 79,187               | 79,187              | 0                   | 0                | 79,187               | 76,362               |
| Transient Workforce & Short Stay Accommodation  | 0.314867 | 2             | 852,800               | 268,519             | 0                    | 0                 | 268,519              | 268,519             | 0                   | 0                | 268,519              | 256,955              |
| <b>Unimproved valuations</b>                    |          |               |                       |                     |                      |                   |                      |                     |                     |                  |                      |                      |
| Mining  | 0.083600 | 62            | 2,381,526             | 199,096             | 0                    | 0                 | 199,096              | 199,096             | 3,700               | 0                | 202,796              | 175,136              |
| Other   | 0.008567 | 332           | 232,219,025           | 1,989,420           | 0                    | 0                 | 1,989,420            | 1,989,420           | (1,000)             | 0                | 1,988,420            | 1,931,014            |
| <b>Sub-Total</b>                                |          | 1,246         | 248,330,803           | 4,002,222           | (12,899)             | (555)             | 3,988,768            | 4,005,164           | 3,000               | 1,000            | 4,009,164            | 3,851,116            |
| <b>Minimum payment</b>                          |          |               |                       |                     |                      |                   |                      |                     |                     |                  |                      |                      |
|   |          |               |                       |                     |                      |                   |                      |                     |                     |                  |                      |                      |
| <b>Gross rental valuations</b>                  |          |               |                       |                     |                      |                   |                      |                     |                     |                  |                      |                      |
| Residential                                     | 870      | 374           | 1,079,818             | 325,380             | 0                    | 0                 | 325,380              | 325,380             | 0                   | 0                | 325,380              | 322,150              |
| Commercial                                      | 870      | 9             | 44,740                | 7,830               | 0                    | 0                 | 7,830                | 7,830               | 0                   | 0                | 7,830                | 7,650                |
| Industrial                                      | 870      | 12            | 45,268                | 10,440              | 0                    | 0                 | 10,440               | 10,440              | 0                   | 0                | 10,440               | 10,200               |
| <b>Unimproved valuations</b>                    |          |               |                       |                     |                      |                   |                      |                     |                     |                  |                      |                      |
| Mining  | 320      | 55            | 76,564                | 17,600              | 0                    | 0                 | 17,600               | 17,600              | 0                   | 0                | 17,600               | 16,200               |
| Other   | 850      | 97            | 5,257,135             | 82,450              | 0                    | 0                 | 82,450               | 82,450              | 0                   | 0                | 82,450               | 77,350               |
| <b>Sub-Total</b>                                |          | 547           | 6,503,525             | 443,700             | 0                    | 0                 | 443,700              | 443,700             | 0                   | 0                | 443,700              | 433,550              |
|   |          | 1,793         | 254,834,328           | 4,445,922           | (12,899)             | (555)             | 4,432,468            | 4,448,864           | 3,000               | 1,000            | 4,452,864            | 4,284,666            |
| Discounts & Write-offs (Note 27(d))             |          |               |                       |                     |                      |                   | (199)                |                     |                     |                  | (4,000)              | (323)                |
| Ex-gratia rates                                 |          |               |                       |                     |                      |                   | 49,234               |                     |                     |                  | 49,234               | 49,032               |
| <b>Total amount raised from general rate</b>    |          |               |                       |                     |                      |                   | 4,481,503            |                     |                     |                  | 4,498,098            | 4,333,375            |
| Specified Area Rate (Note 27(b))                |          |               |                       |                     |                      |                   | 72,757               |                     |                     |                  | 72,757               | 70,188               |
| <b>Totals</b>                                   |          |               |                       |                     |                      |                   | 4,554,260            |                     |                     |                  | 4,570,855            | 4,403,563            |

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

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**27. RATING INFORMATION (Continued)**

**(b) Specified Area Rate - Effluent**

The Shire did not raise specified area rates for the year ended 30 June 2020.

| Specified Area Rate           | Basis of Valuation | Rate in | 2019/20 Rateable Value | 2019/20 Rate Revenue | 2019/20 Interim Rate Revenue | 2019/20 Back Rate Revenue | 2019/20 Total Specified Area Rate Revenue | 2019/20 Budget Rate Revenue | 2019/20 Budget Back Rate Revenue | 2019/20 Budget Interim Rate Revenue | 2019/20 Total Budget Revenue | 2018/19 Total Actual Revenue |
|-------------------------------|--------------------|---------|------------------------|----------------------|------------------------------|---------------------------|---|-----------------------------|----------------------------------|-------------------------------------|------------------------------|------------------------------|
|                               |                    | \$      | \$                     | \$                   | \$                           | \$                        | \$  | \$                          | \$                               | \$                                  | \$                           | \$                           |
| Ravensthorpe                  | GRV                | 0.02325 | 2,081,144              | 48,391               | 0                            | 0                         | 48,391                                    | 48,391                      | 0                                | 0                                   | 48,391                       | 47,905                       |
| Ravensthorpe                  | Minimum            | 200     | 413,665                | 16,000               | 0                            | 0                         | 16,000                                    | 16,000                      | 0                                | 0                                   | 16,000                       | 14,060                       |
| Munglinup                     | GRV                | 0.02656 | 58,968                 | 1,566                | 0                            | 0                         | 1,566                                     | 1,566                       | 0                                | 0                                   | 1,566                        | 1,513                        |
| Munglinup                     | Minimum            | 200     | 27,872                 | 800                  | 0                            | 0                         | 800                                       | 800                         | 0                                | 0                                   | 800                          | 760                          |
| Sewerage - 1st Fixture        | Minimum            | 200     | 0                      | 1,000                | 0                            | 0                         | 1,000                                     | 1,000                       | 0                                | 0                                   | 1,000                        | 950                          |
| Sewerage - Additional Fixture | Minimum            | 125     | 0                      | 5,000                | 0                            | 0                         | 5,000                                     | 5,000                       | 0                                | 0                                   | 5,000                        | 5,000                        |
|                               |                    |         | 2,581,649              | 72,757               | 0                            | 0                         | 72,757                                    | 72,757                      | 0                                | 0                                   | 72,757                       | 70,188                       |

| Specified Area Rate | Purpose of the rate   | Area/properties Rate Imposed | 2019/20 Actual Rate Applied | 2019/20 Actual Rate Set Aside to Reserve | 2019/20 Actual Reserve Applied to Costs | 2019/20 Budget Rate Applied to Costs | 2019/20 Budget Rate Set Aside to Reserve | 2019/20 Budget Reserve Applied to Costs |
|---------------------|---|------------------------------|-----------------------------|--|---|--------------------------------------|--|---|
|                     |   |                              | \$                          | \$                                       | \$                                      | \$                                   | \$                                       | \$                                      |
| Effluent Rate       | The effluent rate income services the maintenance and upgrade of the Ravensthorpe and Munglinup sewerage systems. | Ravensthorpe & Munglinup     | 0                           | 0  | 0                                       | 72,757                               | 0  | 0                                       |
|                     |   |                              | 0                           | 0  | 0                                       | 72,757                               | 0  | 0                                       |

**(c) Service Charges**

The Shire did not raise service charges for the year ended 30 June 2020.

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

**Rates Discounts**

| Rate or Fee Discount Granted             | Discount % | Discount \$ | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ | Circumstances in which Discount is Granted                             |
|--|------------|-------------|----------------|----------------|----------------|--|
| Write Offs                               | n/a        | 199         | 199            | 4,000          | 323            | The Shire allows for a number of minor write-offs throughout the year. |
| Total discounts/concessions (Note 27(a)) |            |             | 199            | 4,000          | 323            |  |

## 27. RATING INFORMATION (Continued)

### (e) Interest Charges & Instalments

| Instalment Options  | Date Due   | Instalment Plan Admin Charge<br>\$ | Instalment Plan Interest Rate<br>% | Unpaid Rates Interest Rate<br>% |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| <b>Option One</b>   |            |                                    |                                    |                                 |
| Single full payment | 7/11/2019  | 0.00                               | 0.00%                              | 11.00%                          |
| <b>Option Two</b>   |            |                                    |                                    |                                 |
| First instalment    | 7/11/2019  | 10.00                              | 5.50%                              | 11.00%                          |
| Second instalment   | 9/01/2020  | 10.00                              | 5.50%                              | 11.00%                          |
| Third instalment    | 12/03/2020 | 10.00                              | 5.50%                              | 11.00%                          |
| Fourth instalment   | 4/05/2020  | 10.00                              | 5.00%                              | 11.00%                          |

|                             | 2020 Actual<br>\$ | 2020 Budget<br>\$ | 2019 Actual<br>\$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates    | 51,739            | 32,000            | 34,823            |
| Interest on instalment plan | 15,385            | 15,000            | 12,785            |
| Charges on instalment plan  | 11,790            | 12,000            | 10,150            |
|                             | <b>78,914</b>     | <b>59,000</b>     | <b>57,758</b>     |

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28. RATE SETTING STATEMENT INFORMATION

| Note   | 2019/20<br>(30 June 2020<br>Carried<br>Forward)<br>\$              | 2019/20<br>Budget<br>(30 June 2020<br>Carried<br>Forward)<br>\$ | 2019/20<br>(1 July 2019<br>Brought<br>Forward)<br>\$ | 2018/19<br>(30 June 2019<br>Carried<br>Forward)<br>\$ |             |             |
|--|--|---|--|---|-------------|-------------|
| <b>(a) Non-cash amounts excluded from operating activities</b>   |  |   |  |   |             |             |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .   |  |   |  |   |             |             |
| <b>Adjustments to operating activities</b>   |  |   |  |   |             |             |
|  | Less: Profit on asset disposals                                    | 10(a)   | (23,036)   | (66,500)  | 0           | 0           |
|  | Less: Movement in liabilities associated with restricted cash      |   | (357)  | 0   | 0           | 0           |
|  | Movement in pensioner deferred rates (non-current)                 |   | 14,464   | 0   | (3,189)     | (3,189)     |
|  | Movement in employee benefit provisions (non-current)              |   | 38,854   | 0   | (11,513)    | (11,513)    |
|  | Movement in Accruals Interest and wages                            |   | (48,405)   | 0   | 0           | 0           |
|  | Movement in other provisions (non-current)                         |   | 0  | 0   | (101,607)   | (101,607)   |
|  | Movement in retained surplus                                       |   | (105,936)  | 0   | 0           | 0           |
|  | Add: Loss on disposal of assets                                    | 10(a)   | 95,046   | 97,195  | 100,437     | 100,437     |
|  | Add: Depreciation on non-current assets                            | 10(b)   | 4,588,500  | 1,978,847   | 1,970,793   | 1,970,793   |
|  | <b>Non cash amounts excluded from operating activities</b>         |   | 4,559,130  | 2,009,542   | 1,954,921   | 1,954,921   |
| <b>(b) Surplus/(deficit) after imposition of general rates</b>   |  |   |  |   |             |             |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. |  |   |  |   |             |             |
| <b>Adjustments to net current assets</b>   |  |   |  |   |             |             |
|  | Less: Reserves - cash/financial asset backed                       | 4   | (3,447,908)  | (2,712,339)   | (3,413,771) | (3,413,771) |
|  | Add: Current liabilities associated with restricted assets         |   | 0  | 0   | 0           | 0           |
|  | Add: Current liabilities not expected to be cleared at end of year |   |  |   |             |             |
|  | - Current portion of borrowings                                    | 16(a)   | 218,282  | 308,412   | 209,799     | 209,799     |
|  | - Current portion of lease liabilities                             |   | 121,001  | 0   | 101,606     | 101,606     |
|  | - Other Provisions   |   |  | 0   | 40,433      | 40,433      |
|  | - Accrued wages and interest                                       |   | 0  | 0   | 0           | 0           |
|  | - Employee benefit provisions                                      |   | 437,159  | 377,707   | 396,543     | 396,543     |
|  | Less - Bonds and deposit held                                      |   |  | 0   | 0           | 0           |
|  | <b>Total adjustments to net current assets</b>                     |   | (2,671,466)  | (2,026,220)   | (2,665,390) | (2,665,390) |
| <b>Net current assets used in the Rate Setting Statement</b>   |  |   |  |   |             |             |
|  | Total current assets   |   | 6,587,652  | 4,481,030   | 7,377,477   | 7,377,477   |
|  | Less: Total current liabilities                                    |   | (2,162,564)  | (2,454,224)   | (2,705,730) | (2,599,794) |
|  | Less: Total adjustments to net current assets                      |   | (2,671,466)  | (2,026,220)   | (2,665,390) | (2,665,390) |
|  | <b>Net current assets used in the Rate Setting Statement</b>       |   | 1,753,622  | 586   | 2,006,357   | 2,112,293   |
| <b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>   |  |   |  |   |             |             |
| <b>Total current assets at 30 June 2019</b>  |  |   |  |   |             |             |
| <b>Total current assets at 1 July 2019</b>   |  |   |  |   |             |             |
| <b>Total current liabilities at 30 June 2019</b>   |  |   |  |   |             |             |
|  | - Contract liability   | 31(a)   |  |   |             | (2,599,794) |
| <b>Total current liabilities at 1 July 2019</b>  |  |   |  |   |             |             |

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**29. FINANCIAL RISK MANAGEMENT**

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

|  | <b>Weighted<br/>Average<br/>Interest Rate</b> | <b>Carrying<br/>Amounts</b> | <b>Fixed<br/>Interest Rate</b> | <b>Variable<br/>Interest Rate</b> | <b>Bearing</b> |
|--|---|-----------------------------|--------------------------------|-----------------------------------|----------------|
|  | <b>%</b>                                      | <b>\$</b>                   | <b>\$</b>                      | <b>\$</b>                         |                |
| <b>2020</b>  |   |                             |                                |                                   |                |
| Cash and cash equivalents                          | 0.51%   | 3,456,545                   | 0                              | 3,456,545                         | 0              |
| Financial assets at amortised cost - term deposits | 0.95%   | 1,000,000                   | 1,000,000                      | 0                                 | 0              |
| <b>2019</b>  |   |                             |                                |                                   |                |
| Cash and cash equivalents                          | 0.74%   | 3,026,048                   | 0                              | 2,803,659                         | 222,389        |
| Financial assets at amortised cost                 | 0.00%   | 0                           | 0                              | 0                                 | 0              |

**Sensitivity**

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

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 34,565      | 30,260      |

\* Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

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

**(b) Credit risk**

**Trade and Other Receivables**

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors.

|                       | Current | More than 1<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total   |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2020</b>   |         |                              |                               |                               |         |
| Rates receivable      |         |                              |                               |                               |         |
| Expected credit loss  | 0.00%   | 0.00%                        | 0.00%                         | 0.00%                         |         |
| Gross carrying amount | 17,031  | 90,716                       | 71,099                        | 114,153                       | 292,999 |
| Loss allowance        | 0       | 0                            | 0                             | 0                             | 0       |
| <b>30 June 2019</b>   |         |                              |                               |                               |         |
| Rates receivable      |         |                              |                               |                               |         |
| Expected credit loss  | 0.00%   | 0.00%                        | 0.00%                         | 0.00%                         |         |
| Gross carrying amount | 95,745  | 60,705                       | 37,300                        | 16,413                        | 210,163 |
| Loss allowance        | 0       | 0                            | 0                             | 0                             | 0       |

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

|                             | Current   | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total     |
|-----------------------------|-----------|-------------------------------|-------------------------------|-------------------------------|-----------|
| <b>30 June 2020</b>         |           |                               |                               |                               |           |
| Trade and other receivables |           |                               |                               |                               |           |
| Expected credit loss        | 0.03%     | 0.49%                         | 0.89%                         | 1.55%                         |           |
| Gross carrying amount       | 1,593,940 | 31,948                        | 3,840                         | 8,200                         | 1,637,928 |
| Loss allowance              | (537)     | (158)                         | (34)                          | (127)                         | (856)     |
| <b>30 June 2019</b>         |           |                               |                               |                               |           |
| Trade and other receivables |           |                               |                               |                               |           |
| Expected credit loss        | 0.00%     | 0.00%                         | 0.00%                         | 0.00%                         |           |
| Gross carrying amount       | 3,906,863 | 29,235                        | 2,444                         | 8,280                         | 3,946,822 |
| Loss allowance              | 0         | 0                             | 0                             | 0                             | 0         |

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

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

|                      | Due<br>within<br>1 year<br>\$ | Due<br>between<br>1 & 5 years<br>\$ | Due<br>after<br>5 years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>values<br>\$ |
|----------------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| <b><u>2020</u></b>   |                               |                                     |                               |  |                          |
| Payables             | 1,019,069                     | 21,668                              | 0                             | 1,040,737                                | 1,040,736                |
| Borrowings           | 274,276                       | 982,658                             | 460,268                       | 1,717,202                                | 1,484,569                |
| Contract liabilities | 345,384                       | 0                                   | 0                             | 345,384                                  | 345,384                  |
| Lease liabilities    | 121,001                       | 825,493                             | 0                             | 946,494                                  | 946,494                  |
|                      | <u>1,759,730</u>              | <u>1,829,819</u>                    | <u>460,268</u>                | <u>4,049,817</u>                         | <u>3,817,183</u>         |
| <b><u>2019</u></b>   |                               |                                     |                               |  |                          |
| Payables             | 1,891,846                     | 0                                   | 0                             | 1,891,846                                | 1,891,846                |
| Borrowings           | 274,247                       | 1,087,319                           | 629,883                       | 1,991,449                                | 1,694,368                |
| Right of Use Assets  | 101,606                       | 438,173                             | 475,468                       | 1,015,247                                | 1,015,247                |
|                      | <u>2,267,699</u>              | <u>1,525,492</u>                    | <u>1,105,351</u>              | <u>4,898,542</u>                         | <u>4,601,461</u>         |

The 2019 carrying value of borrowings on this note has been amended to correctly reflect the borrowings as per the Statement of Financial Position as at 30 June 2019.

### 30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

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**31. INITIAL APPLICATION OF AUSTRALIAN 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.

**(a) AASB 15: Revenue from Contracts with Customers and AASB 1058: Income for Not-for-Profit Entities**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

|   | Note  | AASB 118<br>carrying amount<br>30 June 2019<br>\$ | Reclassification<br>\$ | AASB 15<br>carrying amount<br>01 July 2019<br>\$ |
|---|-------|---|------------------------|--|
| <b>Contract liabilities - current</b>                   |       |   |                        |  |
| Contract liabilities from contracts with customers      | 14    | 0   | (105,936)              | (105,936)  |
| Adjustment to retained surplus from adoption of AASB 15 | 31(b) |   | (105,936)              |  |

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019, no adjustments were made on initial application of this standard.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value by applying the temporary relief under AASB 2018-8

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**31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of these Standards as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

|   |       | 2020<br>\$                                    | Adjustment due<br>to application of<br>AASB 15 and<br>AASB 1058 | 2020<br>\$                               |
|---|-------|---|---|--|
|   | Note  | As reported<br>under AASB 15<br>and AASB 1058 |   | Compared to<br>AASB 118 and<br>AASB 1004 |
| <b>Statement of Comprehensive Income</b>          |       |   |   |  |
| <b>Revenue</b>                                    |       |   |   |  |
| Rates   | 27(a) | 4,554,260                                     | 0   | 4,554,260                                |
| Operating grants, subsidies and contributions     | 2(a)  | 4,154,628                                     | 345,384   | 4,500,012                                |
| Fees and charges                                  | 2(a)  | 1,078,853                                     | 0   | 1,078,853                                |
| Non-operating grants, subsidies and contributions | 2(a)  | 884,406                                       | 0   | 884,406                                  |
| Net result  |       | (2,033,070)                                   | 345,384   | (1,687,686)                              |
| <b>Statement of Financial Position</b>            |       |   |   |  |
| Trade and other payables                          | 13    | 1,040,738                                     | 0   | 1,040,738                                |
| Contract liabilities                              | 14    | 345,384                                       | (345,384)   | 0  |
| Net assets  |       | 158,838,704                                   | 345,384   | 159,184,088                              |
| <b>Statement of Changes in Equity</b>             |       |   |   |  |
| Net result  |       | (2,033,070)                                   | 345,384   | (1,687,686)                              |
| Retained surplus                                  |       | 37,482,189                                    | 345,384   | 37,827,573                               |

Refer to Note 2 for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire has restated the prior year comparative in relation to right of use assets. The prior year comparative in relation to leases has not been restated as the comparative related to finance leases is consistent with AASB 16.

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

**(b) Impact of New Accounting Standards on Retained Surplus**

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

|   | Note  | Adjustments | 2019<br>\$ |
|---|-------|-------------|------------|
| Retained surplus - 30 June 2019                         |       |             | 39,655,331 |
| Adjustment to retained surplus from adoption of AASB 15 | 31(a) | (105,936)   | (105,936)  |
| Retained surplus - 1 July 2019                          |       |             | 39,655,331 |

# SHIRE OF RAVENSTHORPE

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## 32. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### i) Impairment of assets

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

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

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

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

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**33. ACTIVITIES/PROGRAMS**

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs:

| <b>PROGRAM NAME AND OBJECTIVES</b>   | <b>ACTIVITIES</b>   |
|--|---|
| <p><b>GOVERNANCE</b><br/>           To provide a decision making process for the efficient allocation of scarce resources.</p>   | 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.    |
| <p><b>GENERAL PURPOSE FUNDING</b><br/>           To collect revenue to allow for the provision of services.</p>  | Rates, general purpose government grants and interest revenue.  |
| <p><b>LAW, ORDER, PUBLIC SAFETY</b><br/>           To provide services to help ensure a safer community</p>  | Supervision of various local laws relating to fire prevention, emergency services and animal control.   |
| <p><b>HEALTH</b><br/>           To provide an operational framework for environmental and community health.</p>  | Food quality and pest control, maintenance and contributions to health services and facilities.   |
| <p><b>EDUCATION AND WELFARE</b><br/>           To meet the needs of the community in these areas.</p>  | Operation and provision of retirement units and Aged Care services. Operation of the Cub House Long Day Care facility in Ravensthorpe.  |
| <p><b>HOUSING</b><br/>           Help ensure adequate housing for Council staff.</p>   | Maintenance of staff and rental housing.  |
| <p><b>COMMUNITY AMENITIES</b><br/>           Provide services required by the community.</p>   | 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. |
| <p><b>RECREATION AND CULTURE</b><br/>           To establish and effectively manage infrastructure and resources which will help the social and well being of the community.</p> | Maintenance of halls, sporting complexes, resource centres, parks and gardens and TV/Radio rebroadcast.   |
| <p><b>TRANSPORT</b><br/>           To provide effective and efficient transport services to the community.</p>   | Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrip maintenance.   |
| <p><b>ECONOMIC SERVICES</b><br/>           To help promote the Shire and its economic wellbeing.</p>   | The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and water supply including stand pipes.  |
| <p><b>OTHER PROPERTY AND SERVICES</b><br/>           To monitor and control Shire's overhead operating accounts.</p>   | Private works operations, plant repairs and operations costs. Also provide for Department of Transport licensing and services to the Future Fund. Costs associated with operation of the Bankwest ATM.                        |

### 34. FINANCIAL RATIOS

|                                   | 2020<br>Actual | 2019<br>Actual | 2018<br>Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio                     | 1.62           | 1.51           | 1.41           |
| Asset consumption ratio           | 0.63           | 0.74           | 0.89           |
| Asset renewal funding ratio       | 0.83           | 0.69           | 0.56           |
| Asset sustainability ratio        | 0.49           | 1.33           | 0.57           |
| Debt service cover ratio          | 6.49           | 6.82           | 6.80           |
| Operating surplus ratio           | (0.50)         | (0.04)         | (0.19)         |
| Own source revenue coverage ratio | 0.44           | 0.27           | 0.24           |

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 consumption ratio           | $\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$             |
| Asset renewal funding ratio       | $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$                 |
| Asset sustainability ratio        | $\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$   |
| 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 | $\frac{\text{own source operating revenue}}{\text{operating expense}}$   |