

# Shire of Ravensthorpe

## MONTHLY FINANCIAL REPORT

For the Period Ended 31st May 2012

### TABLE OF CONTENTS

Statements of Financial Activity

Note 1	Significant Accounting Policies
Note 3	Net Current Funding Position
Note 4	Cash and Investments
Note 5	Major Variances
Note 6	Budget Amendments / Authorised Out of Budget Expenses
Note 7	Receivables
Note 9	Cash Backed Reserves
Note 10	Capital Disposals and Acquisitions

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

**Shire of Ravensthorpe**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**(Nature or Type)**  
**For the Period Ended 31st May 2012**

	Note	Revised Annual Budget 4	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a) 3	Var. % (b)-(a)/(b) 3	
<b>Operating Revenues</b>							
Grants, Subsidies and Contributions	8	\$ 1,311,487	\$ 1,202,157	\$ 2,126,763	\$ 924,606	43.5%	▲
Profit on Asset Disposal	10	38,501	35,288	496,766	461,478	92.9%	▲
Fees and Charges		726,933	666,281	750,312	84,031	11.2%	▲
Service Charges		0	0	0	0		
Interest Earnings		226,601	207,691	125,072	(82,619)	(66.1%)	▼
Other Revenue		143,583	138,229	102,149	(36,080)	(35.3%)	▼
<b>Total (Excluding Rates)</b>		<b>2,447,105</b>	<b>2,249,646</b>	<b>3,601,062</b>	<b>1,351,416</b>		
<b>Operating Expense</b>							
Employee Costs		(1,987,216)	(1,821,446)	(1,777,090)	44,356	2.5%	
Materials and Contracts		(1,806,604)	(1,656,513)	(2,703,492)	(1,046,979)	(38.7%)	▲
Utilities Charges		(137,799)	(126,170)	(177,924)	(51,754)	(29.1%)	▲
Depreciation (Non-Current Assets)		(3,198,154)	(2,931,555)	(2,162,936)	768,619	35.5%	▼
Interest Expenses		(132,558)	(121,484)	(81,295)	40,190	49.4%	▼
Insurance Expenses		(341,356)	(312,807)	(333,942)	(21,135)	(6.3%)	
Loss on Asset Disposal	10	0	0	(10,376)	(10,376)	(100.0%)	▲
Other Expenditure		(6,350)	(5,819)	(120,846)	(115,027)	(95.2%)	▲
<b>Total</b>		<b>(7,610,037)</b>	<b>(6,975,794)</b>	<b>(7,367,900)</b>	<b>(392,106)</b>		
<b>Funding Balance Adjustment</b>							
Add Back Depreciation		3,198,154	2,931,555	2,162,936	(768,619)	(35.5%)	▼
Adjust (Profit)/Loss on Asset Disposal	10	(38,501)	(35,288)	(486,390)	(451,102)	92.7%	
Adjust Leave Provisions and Accruals				150,155			
<b>Net Operating (Ex. Rates)</b>		<b>(2,003,279)</b>	<b>(1,829,881)</b>	<b>(1,940,137)</b>	<b>(260,411)</b>		
<b>Capital Revenues</b>							
Grants, Subsidies and Contributions	8	1,197,761	1,097,943	880,266	(217,677)	(24.7%)	▼
Proceeds from Disposal of Assets	10	42,000	38,500	58,785	20,285	34.5%	▲
Proceeds from New Debentures		444,682	407,625	444,683	37,058	8.3%	
Proceeds from Sale of Investments		692,000	634,333	692,116	57,783	8.3%	
Proceeds from Advances		0	0	0	0		
Self-Supporting Loan Principal		0	0	0	0		
Transfer from Reserves	9	313,477	287,354	180,000	(107,354)	(59.6%)	▼
<b>Total</b>		<b>2,689,920</b>	<b>2,465,755</b>	<b>2,255,850</b>	<b>(209,905)</b>		
<b>Capital Expenses</b>							
Land and Buildings	10	(1,129,000)	(1,034,917)	(794,728)	240,189	30.2%	▼
Plant and Equipment	10	(353,500)	(324,042)	(103,863)	220,178	212.0%	▼
Furniture and Equipment	10	(18,000)	(16,500)	(133,576)	(117,076)	(87.6%)	▲
Infrastructure Assets - Roads	10	(1,045,765)	(958,618)	(375,534)	583,084	155.3%	▼
Infrastructure Assets - Other	10	(135,642)	(124,339)	0	124,339	100.0%	▼
Repayment of Debentures		(607,852)	(557,198)	(533,691)	23,506	4.4%	
Advances to Community Groups		0	0	0	0		
Transfer to Reserves	9	(647,000)	(593,083)	(622,339)	(29,256)	(4.7%)	
<b>Total</b>		<b>(3,936,759)</b>	<b>(3,608,696)</b>	<b>(2,563,732)</b>	<b>1,044,964</b>		
<b>Net Capital</b>		<b>(1,246,839)</b>	<b>(1,142,940)</b>	<b>(307,882)</b>	<b>835,058</b>		
<b>Total Net Operating + Capital</b>		<b>(3,250,118)</b>	<b>(2,972,821)</b>	<b>(2,248,019)</b>	<b>574,647</b>		
Rate Revenue		2,768,627	2,537,996	2,785,353	247,357	8.9%	
Opening Funding Surplus(Deficit)		689,345	689,345	75,770	(613,575)	(809.8%)	▼
<b>Closing Funding Surplus(Deficit)</b>		<b>207,854</b>	<b>254,520</b>	<b>613,104</b>	<b>208,429</b>		

**Shire of Ravensthorpe**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**(Statutory Reporting Program)**  
**For the Period Ended 31st May 2012**

	Note	Revised Annual Budget 4	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a) 3	Var. % (b)-(a)/(b) 3	Var.
<b>Operating Revenues</b>		\$	\$	\$	\$	%	
Governance		0	0	0	0		
General Purpose Funding		1,338,586	1,226,984	1,232,698	5,714	0.46%	
Law, Order and Public Safety		77,240	70,796	92,896	22,100	23.79%	▲
Health		0	0	2,536	2,536	100.00%	
Education and Welfare		0	0	0	0		
Housing		164,520	150,810	181,550	30,740	16.93%	▲
Community Amenities		260,300	238,579	304,957	66,378	21.77%	▲
Recreation and Culture		461,027	422,587	401,004	(21,583)	(5.38%)	
Transport		1,022,262	937,057	1,516,165	579,108	38.20%	▲
Economic Services		155,825	142,824	111,503	(31,321)	(28.09%)	▼
Other Property and Services		165,106	157,952	638,019	480,067	75.24%	▲
<b>Total (Excluding Rates)</b>		<b>3,644,866</b>	<b>3,347,589</b>	<b>4,481,328</b>	<b>1,133,739</b>		
<b>Operating Expense</b>							
Governance		(467,414)	(428,417)	(305,255)	123,162	40.35%	▼
General Purpose Funding		(302,798)	(277,552)	(182,720)	94,832	51.90%	▼
Law, Order and Public Safety		(363,035)	(332,684)	(328,593)	4,091	1.25%	
Health		(181,991)	(166,793)	(148,241)	18,552	12.51%	▼
Education and Welfare		(101,594)	(93,919)	(89,826)	4,093	4.56%	
Housing		(59,952)	(54,890)	(61,604)	(6,714)	(10.90%)	
Community Amenities		(740,053)	(678,249)	(648,303)	29,946	4.62%	
Recreation and Culture		(1,316,365)	(1,206,469)	(976,427)	230,042	23.56%	▼
Transport		(3,517,345)	(3,224,133)	(3,887,922)	(663,789)	(17.07%)	▲
Economic Services		(542,172)	(496,936)	(362,483)	134,453	37.09%	▼
Other Property and Services		(17,318)	(15,752)	(376,525)	(360,773)	(95.82%)	▲
<b>Total</b>		<b>(7,610,037)</b>	<b>(6,975,794)</b>	<b>(7,367,900)</b>	<b>(392,106)</b>		
<b>Funding Balance Adjustment</b>							
Add back Depreciation		3,198,154	2,931,555	2,162,936	(768,619)	(35.54%)	▼
Adjust (Profit)/Loss on Asset Disposal	10	(38,501)	(35,288)	(486,390)	(451,102)	92.74%	
Adjust Provisions and Accruals		0	0	150,155			
<b>Net Operating (Ex. Rates)</b>		<b>(805,518)</b>	<b>(731,938)</b>	<b>(1,059,871)</b>	<b>(478,088)</b>		
<b>Capital Revenues</b>							
Proceeds from Disposal of Assets	10	42,000	38,500	58,785	20,285	34.51%	▲
Proceeds from New Debentures		0	0	0	0		
Proceeds from Sale of Investments		444,682	407,625	444,683	37,058	8.33%	
Proceeds from Advances		692,000	634,333	692,116	57,783	8.35%	
Self-Supporting Loan Principal		0	0	0	0		
Transfer from Reserves	9	313,477	287,354	180,000	(107,354)	(59.64%)	▼
<b>Total</b>		<b>1,492,159</b>	<b>1,367,812</b>	<b>1,375,584</b>	<b>7,772</b>		
<b>Capital Expenses</b>							
Land Held for Resale		0	0	0	0		
Land and Buildings	10	(1,129,000)	(1,034,917)	(794,728)	240,189	30.22%	▼
Plant and Equipment	10	(353,500)	(324,042)	(103,863)	220,178	211.99%	▼
Furniture and Equipment	10	(18,000)	(16,500)	(133,576)	(117,076)	(87.65%)	▲
Infrastructure Assets - Roads	10	(1,045,765)	(958,618)	(375,534)	583,084	155.27%	▼
Infrastructure Assets - Other	10	(135,642)	(124,339)	0	124,339	100.00%	▼
Purchase of Investments		0	0	0	0		
Repayment of Debentures		(607,852)	(557,198)	(533,691)	23,506	4.40%	
Advances to Community Groups		0	0	0	0		
Transfer to Reserves	9	(647,000)	(593,083)	(622,339)	(29,256)	(4.70%)	
<b>Total</b>		<b>(3,936,759)</b>	<b>(3,608,696)</b>	<b>(2,563,732)</b>	<b>1,044,964</b>		
<b>Net Capital</b>		<b>(2,444,600)</b>	<b>(2,240,883)</b>	<b>(1,188,148)</b>	<b>1,052,735</b>		
<b>Total Net Operating + Capital</b>		<b>(3,250,118)</b>	<b>(2,972,821)</b>	<b>(2,248,019)</b>	<b>574,647</b>		
Rate Revenue		2,768,627	2,537,996	2,785,353	247,357	8.88%	
Opening Funding Surplus(Deficit)		689,345	689,345	75,770	(613,575)	(809.79%)	▼
<b>Closing Funding Surplus(Deficit)</b>	3	<b>207,854</b>	<b>254,520</b>	<b>613,104</b>	<b>208,429</b>		

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Accounting**

This statement is a special purpose financial report, prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

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

All Funds through which the Council controls resources to carry on its functions have been included in this statement.

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

All monies held in the Trust Fund are excluded from the statement, but a separate statement of those monies appears at Note 11.

**(c) Rounding Off Figures**

All figures shown in this statement are rounded to the nearest dollar.

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

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**(e) Goods and Services Tax**

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

**(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

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

**(h) Inventories**

**General**

Inventories are valued 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 of necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

**Land Held for Resale**

Land purchased for development and/or resale is valued at the lower of the cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

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

**(i) Fixed Assets**

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

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

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

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

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

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

Buildings	20 years
Furniture and Equipment	10 years
Leased Furniture and Equipment	3 years
Plant and Machinery	10 years
Roads – Sealed	30 years
Roads – Gravel	20 years
Footpaths - slab	40 years
Effluent disposal infrastructure	20 years
Parks, recreation and other infrastructure	20 years
Coastal infrastructure	20 years

The assets residual values and useful lives are reviewed, and adjusted if

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

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

**(k) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the local government 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 and are usually paid within 30 days of recognition.

**(l) Employee Benefits**

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

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

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

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

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

**(m) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Borrowing Costs**

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

**(n) Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one of item included in the same class of obligations may be small.

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

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

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

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

**(p) Nature or Type Classifications**

**Rates**

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**Operating Grants, Subsidies and Contributions**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**Non-Operating Grants, Subsidies and Contributions**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**Fees and Charges**

Revenues (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. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**Service Charges**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1996 identifies these are television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Interest Earnings**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Other Revenue / Income**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

**Employee Costs**

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

**Materials and Contracts**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**Utilities (Gas, Electricity, Water, etc.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

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

**(q) Nature or Type Classifications (Continued)**

**Insurance**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**Loss on asset disposal**

Loss on the disposal of fixed assets.

**Depreciation on non-current assets**

Depreciation expense raised on all classes of assets.

**Interest expenses**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**Other expenditure**

Statutory fees, taxes, provision for bad debts, member's fees or levies including WA Fire Brigade Levy and State taxes. Donations and subsidies made to community groups.

**(r) Statement of Objectives**

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

Council operations as disclosed in this statement encompass the following service orientated activities/programs:

**GOVERNANCE**

Administration and operation of facilities and services to members of Council, other costs that relate to tasks of assisting elected members and ratepayers on matters which do not concern specific Council services. In accordance with legislation changes effective July 1997 general administration costs have been allocated to the various programmes of Council to reflect the true costs of the associated services.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants, interest revenue and allocated administration costs associated with general purpose funding.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various local laws, fire prevention, emergency services and animal control. Requirements that Council carries out by statute.

**HEALTH**

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



**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

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

**(r) STATEMENT OF OBJECTIVE (Continued)**

**EDUCATION AND WELFARE**

Provision and maintenance of retirement units, assisting Southern AgCare Services. Assistance to pre-school facilities as well as local primary and high schools

**HOUSING**

The provision and maintenance of housing to both staff and private residents.

**COMMUNITY AMENITIES**

Rubbish collection services, maintenance of refuse sites, sewerage maintenance in Ravensthorpe and Mu control and coordination of cemeteries, administration of Town Planning Scheme, coastal reserves and other environmental services

**RECREATION AND CULTURE**

Maintenance and administration of halls, sporting complexes, resources centres, libraries Bremer Bay Youth Camp, parks and gardens and broadcasting services.

**TRANSPORT**

Construction and maintenance of roads, drainage works, footpaths, parking facilities, traffic facilities townscapes and airstrips.

**ECONOMIC SERVICES**

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

**OTHER PROPERTY & SERVICES**

Private works operations, plant maintenance and operation costs.  
Police Licensing, Westpac banking income and other non classified items.

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

**Note 3: NET CURRENT FUNDING POSITION**

Positive=Surplus (Negative=Deficit)			
2011-12			
Note	This Period	Last Period	Opening Balance
	\$	\$	\$
<b>Current Assets</b>			
Cash Unrestricted	238,549	24,075	277,400
Cash Restricted	2,797,553	2,797,553	2,342,446
Investments	60,395	29,128	285,855
Receivables - Rates and Rubbish	346,529	386,745	214,575
Sundry Debtors	404,811	386,949	451,056
GST and other receivables	45,832	3,362	14,899
Inventories	24,793	4,037	8,583
	<b>3,918,463</b>	<b>3,631,849</b>	<b>3,594,814</b>
<b>Less: Current Liabilities</b>			
Payables	(342,011)	(326,000)	(345,314)
Provisions	(165,795)	(165,795)	(831,284)
	<b>(507,806)</b>	<b>(491,795)</b>	<b>(1,176,598)</b>
Less: Cash Restricted	<b>(2,797,553)</b>	<b>(2,797,553)</b>	<b>(2,342,446)</b>
<b>Net Current Funding Position</b>	<b>613,104</b>	<b>342,500</b>	<b>75,770</b>

**Comments - Net Current Funding Position**

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

**Note 4: CASH AND INVESTMENTS**

	Interest Rate	Unrestricted \$	Restricted \$	Trust \$	Invest \$	Total Amount \$	Institution
(a) <b>Cash Deposits</b>							
Muni Fund	0.00%	236,239				236,239	Westpac
Till / Petty Cash	0.00%	2,310				2,310	
(b) <b>Term Deposits</b>							
Reserves Term Deposit	6.00%		2,000,000			2,000,000	Westpac
Reserves Term Deposit	5.90%					0	Westpac
(c) <b>Investments</b>							
Reserves Cash Account	4.25%		797,553			797,553	Westpac
Short Term Investment					60,395	60,395	Westpac
(d) <b>Financial Instruments (Indicative Values)</b>							
Blue Gum - Ref G61425	0.00%					0	
Helium Scarborough Ref G64106	0.00%					0	
<b>Total</b>		<b>238,549</b>	<b>2,797,553</b>	<b>0</b>	<b>60,395</b>	<b>3,096,497</b>	

**Comments/Notes - Investments**

The remaining Financial Instruments held by Council have suffered credit events resulting in full net loss of investment. Council's financial records of these assets has been written down accordingly.

Shire of Ravensthorpe  
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
For the Period Ended 31st May 2012

**Note 5: MAJOR VARIANCES**

**Comments/Reason for Variance**

**5.1 OPERATING REVENUE (EXCLUDING RATES)**

**5.1.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Timing differences between actual income received and budgeted month. Council has also received additional grant income associated with works on Hopetoun Road.

Royalties for Regions CLGF applications have been submitted April 2012.

**5.1.2 PROFIT ON ASSET DISPOSAL**

Profit on asset disposal is influenced by the sale of Lehmans investments which were previously written down to a collective value of \$195,350 yet sold for significantly more.

**5.1.3 FEES AND CHARGES**

Timing difference.

**5.1.6 SERVICE CHARGES**

Nil

**5.1.7 INTEREST EARNINGS**

Timing difference - a term deposit is about to mature which will correct the difference between actual and budget year to date.

**5.1.8 OTHER REVENUE**

Reduction in licensing commissions compared to budget.

**5.2 OPERATING EXPENSES**

**5.2.1 EMPLOYEE COSTS**

**5.2.2 MATERIAL AND CONTRACTS**

Increased materials and contracts have been incurred in line with Hopetoun Road improvements applicable to grant funding above. This factor will continue to increase above original budget expectations due to flood damage - there will be limited net impact due to matching grant funding expected in mid May.

**5.2.3 UTILITY CHARGES**

It is expected that the utilities expenditure will remain higher than budgeted figure due to increased energy costs not being factored into the budget.

**5.2.4 DEPRECIATION (NON CURRENT ASSETS)**

Timing difference - depreciation has not been run for February at this stage due to software installation. This is a non-cash impact.

**5.2.5 INTEREST EXPENSES**

Timing difference between budget ytd and actual expenses. Interest income is due to be down slightly due to interest rates being lower however the variance is not expected to impact significantly on Council's net financial position.

**5.2.6 INSURANCE EXPENSES**

**5.2.7 LOSS ON ASSET DISPOSAL**

Loss on asset disposal not budgeted for on sale of Pajero.

**5.2.8 OTHER EXPENDITURE**

Other expenditure is being impacted by reclassification of expenditure items. Some expenses budgeted as materials and contracts have been classified as other expenses.

Shire of Ravensthorpe  
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
For the Period Ended 31st May 2012

**Note 5: MAJOR VARIANCES**

**Comments/Reason for Variance**

**5.3 CAPITAL REVENUE**

**5.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Timing - income associated with Roads to Recovery, MRWA Project Grants and Royalties for Regions yet to be claimed.

**5.3.2 PROCEEDS FROM DISPOSAL OF ASSETS**

Timing difference.

**5.3.3 PROCEEDS FROM NEW DEBENTURES**

Timing - YTD budget reflects the debenture income being spread across the year.

**5.3.4 PROCEEDS FROM SALE OF INVESTMENT**

Sale of Merimbula investment to be recognised and allocated as part of budget review process.

**5.3.5 PROCEEDS FROM ADVANCES**

**5.3.6 SELF-SUPPORTING LOAN PRINCIPAL**

**5.3.7 TRANSFER FROM RESERVES (RESTRICTED ASSETS)**

**5.4 CAPITAL EXPENSES**

**5.4.1 LAND HELD FOR RESALE**

**5.4.2 LAND AND BUILDINGS**

Impacted by status on project construction.

**5.4.3 PLANT AND EQUIPMENT**

Impacted by status on asset acquisition.

**5.4.4 FURNITURE AND EQUIPMENT**

**5.4.5 INFRASTRUCTURE ASSETS - ROADS**

Impacted by status on project construction.

**5.4.6 INFRASTRUCTURE ASSETS - OTHER**

Impacted by status on project construction.

**5.4.7 PURCHASES OF INVESTMENT**

**5.4.8 REPAYMENT OF DEBENTURES**

Timing - YTD budget assumes repayments are spread evenly across the year - Loan 138B has been finalised of \$444,683

**5.4.9 ADVANCES TO COMMUNITY GROUPS**

**5.4.10 TRANSFER TO RESERVES (RESTRICTED ASSETS)**

Timing.

**5.4.11 TRANSFER FROM RESERVES (RESTRICTED ASSETS)**

Timing.

**Shire of Ravensthorpe**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31st May 2012**

**Note 5: MAJOR VARIANCES**

**Comments/Reason for Variance**

**5.5 OTHER ITEMS**

**5.5.1 RATE REVENUE**

**5.5.2 OPENING FUNDING SURPLUS(DEFICIT)**

Note this amount recorded as the actual opening balance is calculated differently to the opening balance recorded the in the budget.

The funding surplus in the monthly reports includes all provisions to provide an actual net assets position. The major difference between this opening balance and that used through the budget process the inclusion of the loan liability in monthly statements which for the Shire of Ravensthorpe amounted to \$607, 852 at July 1st 2012. The actual difference between the rate setting statement opening balance according to Council's annual report (\$614,681) and budget (\$689,385) is \$74,704.

This variance was predominatly due to late invoices and GST, Payroll tax liabilities which are likely to have the same balances at the end of this financial year thus have limited actual impact on Council's available cash.



Shire of Ravensthorpe  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
 For the Period Ended 31st May 2012

**Note 7: RECEIVABLES**

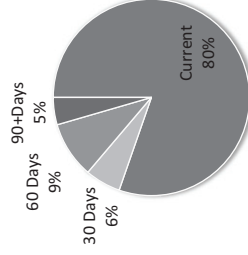
Receivables - Rates and Rubbish	Current 2011-12	Previous to 2010-11	Total
	\$	\$	\$
Opening Arrears Previous Years		214,575	214,575
Rates Levied this year	3,081,248	3,081,248	3,081,248
Less Collections to date	<u>(2,870,210)</u>	<u>(79,084)</u>	<u>(2,949,294)</u>
Equals Current Outstanding	<b>211,038</b>	<b>135,491</b>	<b>346,529</b>
<b>Net Rates Collectable</b>			<b>346,529</b>
% Collected			89.49%

Receivables - General Excluding GST Receivable	Current	30 Days	60 Days	90+Days
	\$	\$	\$	\$
	325,205	23,773	37,642	18,190
<b>Total Outstanding</b>				<b>404,810</b>

Amounts shown above include GST (where applicable)

Comments/Notes - Receivables General

**Note 7 - Accounts Receivable (non-rates)**



Comments/Notes - Receivables Rates and Rubbish

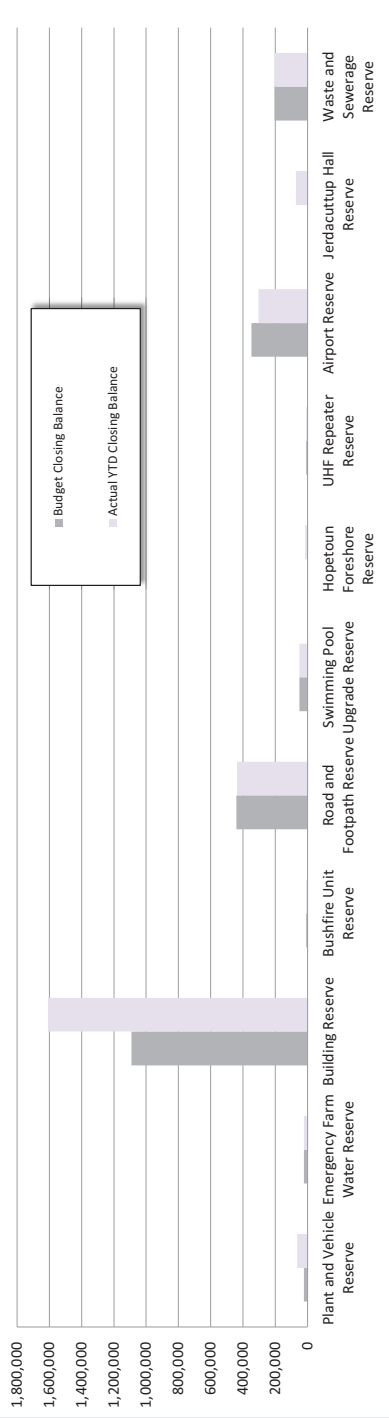


Shire of Ravensthorpe  
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
 For the Period Ended 31st May 2012

**Note 9: Cash Backed Reserve.**

Name	Opening Balance	Budget Interest Earned	Actual Interest Earned	Budget Transfers In (+)	Actual Transfers In (+)	Budget Transfers Out (-)	Actual Transfers Out (-)	Transferout Reference	Budget Closing Balance	Actual YTD Closing Balance
Plant and Vehicle Reserve	\$ 21,976.20	\$ 1,129	\$ 884	\$ 40,209	\$ -	\$ -	\$ -		\$ 23,105	\$ 63,769.46
Emergency Farm Water Reserve	\$ 1,230.86	1,090	854						22,321	\$ 22,084.94
Building Reserve	\$ 1,251,343.12	64,266	50,166	487,000	487,000	(225,185)	(180,000)	Purchase of Hopetoun Childcare building	1,090,424	\$ 1,608,508.73
Business Unit Reserve	\$ 8,431.76	493	339						8,865	\$ 8,770.96
Road and Footpath Reserve	\$ 420,245.28	21,583	16,906					Finance Loan 1388	441,828	\$ 437,151.54
Swimming Pool Upgrade Reserve	\$ 47,876.46	2,459	1,926						50,335	\$ 49,802.51
Hopetoun Foreshore Reserve	\$ 14,115.47	725	568			(14,840)		Contribution to Upgrades	0	\$ 14,683.33
UHF Repeater Reserve	\$ 7,645.59	393	308						8,039	\$ 7,953.16
Airport Reserve	\$ 293,246.84	54,285	11,797						347,532	\$ 305,044.03
Jerdacuttip Hall Reserve	\$ 69,862.08	3,588	2,811			(73,450)		Contribution to Upgrades	0	\$ 72,672.60
Waste and Sewerage Reserve	\$ 195,672.68	10,049	7,872						205,722	\$ 203,544.49
Unapplied Interest	(9,200)									0
	<b>2,342,446</b>	<b>160,000</b>	<b>94,430</b>	<b>0</b>	<b>527,909</b>	<b>(313,475)</b>	<b>(180,000)</b>		<b>2,198,171</b>	<b>2,793,986</b>

**Note 9 - Year To Date Reserve Balance to End of Year Estimate**



**Comments/Notes - Receivables Rates and Rubbish**

Budgeted transfer of \$441,828 from road and footpath reserve was not utilised due to refinancing of loan 1388.

Shire of Ravensthorpe  
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
For the Period Ended 31st May 2012

Note 10: CAPITAL DISPOSALS AND ACQUISITIONS

Disposals by Program	Profit(Loss) of Asset Disposal			
		Net Book Value	Proceeds	Profit (Loss)
Community Amenities		\$ 43,396	\$ 40,909	\$ (2,487)
Other Property and Services		15,389	7,500	(7,889)
Financial Assets		195,350	692,116	496,766
<b>Totals</b>	<b>0</b>	<b>254,135</b>	<b>740,525</b>	<b>486,390</b>

Summary Acquisitions	Current Budget			
	Budget	Actual	Variance	
<b>Property, Plant &amp; Equipment</b>	\$	\$	\$	
Land and Buildings	1,129,000	794,728	(334,272)	▼
Plant & Property	353,500	103,863	(249,637)	▼
Furniture & Equipment	18,000	133,576	115,576	▲
<b>Infrastructure</b>				
Roadworks	1,045,765	375,534	(670,231)	▼
Other, Footpath & Cycleways	0	0	(135,642)	
<b>Totals</b>	<b>2,546,265</b>	<b>1,407,702</b>	<b>(1,274,205)</b>	

Land & Buildings	Current Budget			
	This Year			
	Budget	Actual	Variance	
Acquisitions	\$ 1,129,000	\$ 794,728	\$ (334,272)	▼
<b>Totals</b>	<b>1,129,000</b>	<b>794,728</b>	<b>(334,272)</b>	

Plant & Equipment	Current Budget			
	This Year			
	Budget	Actual	Variance (Under)Over	
Acquisitions	\$ 353,500	\$ 103,863	\$ (249,637)	▼
<b>Totals</b>	<b>353,500</b>	<b>103,863</b>	<b>(249,637)</b>	

Furniture & Equipment	Current Budget			
	This Year			
	Budget	Actual	Variance (Under)Over	
Acquisitions	\$ 18,000	\$ 133,576	\$ 115,576	▲
<b>Totals</b>	<b>18,000</b>	<b>133,576</b>	<b>115,576</b>	

Roads	Current Budget			
	This Year			
	Budget	Actual	Variance (Under)Over	
Acquisitions	\$ 1,045,765	\$ 375,534	\$ (670,231)	▼
<b>Totals</b>	<b>1,045,765</b>	<b>375,534</b>	<b>(670,231)</b>	

Other, Footpaths & Cycleways	Current Budget			
	This Year			
	Budget	Actual	Variance (Under)Over	
Acquisitions	\$ 135,642	\$ 0	\$ (135,642)	▼
<b>Totals</b>			<b>(135,642)</b>	