



Shire of Ravensthorpe
Growing our Community
Annual Report 2012/2013
Adopted
24 October, 2013



*Shire of Ravensthorpe
Growing our Community
Annual Report 2012/2013*

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Our Vision, Mission and Core Values

Our Vision

- “Growing our Community”

Our Mission

- “To enhance sustainability, growth and diversity.”

Our Core Values

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

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

Stakeholders

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

- Businesses (present and future)
- Councillors and staff
- Ratepayers and residents
- Community groups and organisations
- Other levels of government
- Government Departments
- Other local governments



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Regional Profile

The Shire of Ravensthorpe is a Local Government Area in the southern Goldfields-Esperance region of Western Australia, about halfway between the City of Albany and the town of Esperance and about 530km southeast of Perth. The Shire covers an area of 13,551km², and its seat of government is the town of Ravensthorpe.

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

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

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

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



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Shire President

To Our Electors,

This year has once again seen accomplishments and change. The commitment by the Transport Minister, Troy Buswell, to the construction of a heavy haulage route, will negate heavy transport having to use the Ravensthorpe hill to pass through the town on their way to Perth and destinations west. At the same time, the fickle mining industry landed in our midst again with the closure of the Galaxy mine project to a care and maintenance situation. That has brought a loss of around one hundred jobs in our community.

Planning and land release is still proceeding at a pace by developers. Nearly all these developments are life style blocks, ranging from one hector upwards. It could be construed that with the uptake of these properties by investors that the future of Hopetoun could be double that of its current size. Land availability in Ravensthorpe is still being held up by its low land prices and the Mines Department blanket veto on what are more appealing land residential sites.

Recently the Shire Halls of Munglinup, Ravensthorpe and Jerdacuttup, have been up graded by the Shire and local communities. This has greatly enhanced the ability for people to meet in and enjoy their modern social centre, leading to a sense of belonging and community. This leaves Hopetoun with a town hall that was moved from Kundip to Hopetoun in 1936. Over the years it has been added to by enclosing a succession of verandas onto the building. The building has well passed its position as an asset to have any more money spent on it. The Shire, through community consultation, has developed a Community Centre concept which will encompass a Hall and function centre with accommodation for the Hopetoun CRC, Hopetoun Progress Association, and the future needs for Shire services.

While amalgamation of rural shires is off the agenda at present, it is only a tile waiting to fall on our heads in the future.

Our Shire CEO Pascoe Durtanovich, has indicated his intention to retire from his position as Shire CEO in the new year. As he originally came as a relief CEO for around two months, we are greatly indebted to him for his five year term as Ravensthorpe Shire CEO. Over that period he has built a management team that has been truly successful; he has brought our process and compliance that meets industry standards. On behalf of the Ravensthorpe Shire Councillors past and present, I would like to thank him for a job well done. On the 30th June 2014, Brent Bailey DCEO will also finish his contract, Brent has been in this position, shared with Jerramungup for three years and has contributed greatly to the development of the front office administration team and financial accountability and compliance.

To all the Shire staff inside staff and outside staff and my fellow Councillors particularly Cr Don Lansdown and Cr Jan Field who have both completed their terms, thank you and may we look forward to another successful year.

Ian Goldfinch
Shire President



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Chief Executive Officer

Staff and Councillors have worked together and with a number of community organisations to deliver high standard services to the community.

A number of projects were completed during the year and planning for other projects continued.

Ravensthorpe Heavy Haulage Road

The route for the road has been finalised and funding approved by the State Government.

Ravensthorpe Streetscape

As part of the heavy haulage road project concept plans have been prepared for major streetscape work through the Ravensthorpe townsite.

Jerdacuttup Hall

With the assistance of the Jerdacuttup Community Group extensions to the Jerdacuttup hall were completed.

Hopetoun Foreshore

The Hopetoun Progress Association, with financial assistance from the Shire has finalised the preparation of concept plans for the Hopetoun Foreshore redevelopment project.

Hopetoun Community Centre

Plans and specifications have been completed. The project will now go to tender.

Human Resources

Staff numbers have remained the same in the year under review.

Ravensthorpe Airport

Regular passenger transport flights operate Monday, Thursday and Friday. Ravensthorpe Nickel Charter operates on Fridays.

There was an average of 1150 passenger movements per month for the 2012/2013 year.

Ravensthorpe Hopetoun Future Fund

The fund is in its third year of operation.

In this period some \$750,000 has been allocated to community projects in the Shire of Ravensthorpe. Many of the projects have leveraged additional grants, bringing the total funds into the community of over \$2,000,000.

Corporate Services

The corporate services department has continued to be a high functioning business unit of Council providing a wide range of community services ranging from recreation to local banking and licensing. There have been a number of systems reviews and improvements



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including records administration, human resources, swimming pool management and facilities bookings. The Shire office will continue to improve systems and processes, striving towards best practice and seeing the implementation of the Community Strategic Plan.

Finance

At year end Council held cash backed reserve funds of \$2.774 million and has a debt servicing ratio of approximately 6.7%. Council has also achieved a significant asset renewal program in buildings and roads spending approximately \$2.4 million in improving community assets. The Shire continues to be in a sound financial position and 2013/2014 will see key projects such as the Hopetoun Community Centre and Hopetoun Skate park come to fruition.

Law and Order

In the reporting period the following actions were taken:

Dog Fines	-	27
Dog Verbal Warnings	-	50
Livestock Verbal Warnings	-	1
Off Road Vehicles Verbal Warnings	-	1
Illegal Camping Verbal Warnings	-	7
Fire Break non - compliance fines	-	20
Littering	-	3
Snake Reports (Residential Properties)	-	6
Snake Removal (Residential Properties)	-	3

Engineering Services

Road Re-sheeting

Works and Services completed the following renewal projects during the 2012/2013 financial year including re-sheeting, formation works and drainage works to unsealed roads of the rural road network:

• Melaleuca Road	\$86,000
• Aerodrome Road	\$51,000
• Fitzgerald Road	\$80,000
• Koornong Road	\$72,000
• Bridger Road	\$31,000
• Springdale Road	\$151,000
• Masons Bay Road	\$123,000
• Bedford Harbour Road	\$114,000



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Road Realignment

The Works and Services team carried out the construction of Gordon Road /South Coast Highway intersection and road alignment for a total project cost of \$89,000.

Footpath Construction

New construction project – Queen Street concrete pathway for a cost of \$18,000.

Road Safety Audits

Three road safety audits were carried during the financial year by a MRWA accredited senior auditor on sections of the following roads for Black Spot road funding applications:

- Floater Road 90 degree bend at SLK 8.5
- Aerodrome Road / Newdegate – Ravensthorpe Road intersection
- Koorngong / Mallee Road intersection.

Maintenance

Some significant areas of maintenance that were carried out during the financial year are:

- Repairs to pavement failures on Tamarine Road
- Cleaning of drainage infrastructure in the Ravensthorpe and Munglinup town sites.

Flood Damage

The reinstatement works for flood damage that was incurred by the storm event in December 2011 was completed during the 2012/2013 financial year.

Parks and Gardens / Town Maintenance

Ongoing maintenance works of the three town sites continues to a high standard.

Plant Replacement

No items of major plant were purchased during the financial year.

Staffing

The 2012/2013 financial year saw 2 additional positions filled in the Works and Services team.

A Works Supervisor was appointed in August 2012 and resigned in April 2013. As at the end of the financial year this position was unfilled.

Parks and Gardens / Town Maintenance

Town works in Ravensthorpe, Hopetoun and Munglinup occupy a considerable portion of the work forces time. Steady improvement has been achieved, particularly with the sporting fields and public reserves.



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Town Planning

The Department Planning & Development Services dealt with a total of 33 development applications during the 2012/2013 financial year. The applications considered covered a wide variety of developments including:

Commercial/Industrial (additions & new)	-	5
Domestic outbuildings (town sites)	-	1
Domestic outbuildings (Rural Residential)	-	6
Single houses (Rural Residential)	-	5
Additions (Residential)	-	1
Communications tower/dish	-	2
Rural Industry	-	1
Signage	-	2
Laundromat	-	1
Subdivisions & Strata	-	2
Care takers dwelling	-	1
Hangar	-	1
Civic uses (fire shed and ambulance transfer)	-	2
Tourist Business (Private Recreation & caretakers)	-	1
Shop (supermarket)	-	1
Nature based caravan park		1

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

- The review of the Local Planning Strategy. This has now been assessed and has received approval to advertise from the Western Australian Planning Commission. The Local Planning Strategy will be advertised for public comment and is expected to be finalised in the coming year.
- A number of rural residential subdivisions have progressed around Hopetoun during the last financial year with the latest stage of Steeredale Meadows being finalised, the latest stage of Krystal Park getting underway, the subdivision of Lot 61 Hopetoun-Ravensthorpe Road starting and the subdivision of Lot 52 Lechenaultia Drive being approved.
- Local Planning Policies continue to be reviewed with the Signage Policy being adopted and a Plantation Policy still being drafted in conjunction with the Shire of Jerramungup.
- A number of developments in the Shire have progressed over the last year with the opening of the Ravensthorpe IGA and the approval of the redevelopment of the Hopetoun IGA.
- The rural residential areas started to attract more housing with a number of approvals issued for Steeredale Meadows and Krystal Park.



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Building Statistics Summary 2012/2013 Financial Year

No of Licences Issued	
Single Houses	5
Additions to Single Houses (Inc. Carports)	12
Outbuildings (Town sites)	18
Outbuildings (Rural Conservation & Rural Small Holding Zones)	1
Barn conversion	0
Commercial, Industrial & Mining	6
Patios	9
Other (Retaining Walls, Renovations etc)	2
Public Building renovation	1
Wind turbine	1
Fire Shed	1
Demolition	0
TOTAL	56

Recreation and Community Services

2013 saw solid results from ongoing community initiatives and recreational programs throughout the Shire. The 2013 program is fast building momentum from this with some exciting new projects and activities in the pipeline.

Basketball at the Ravensthorpe Entertainment Centre (REC) is thriving with outstanding attendances in 2012, expected to continue in 2013. Gym and Pool memberships are improving on previous periods with the Pool Induction Courses well attended in 2012. Health and Wellbeing programs at the REC were steady in 2012 and are expected to grow in 2013, with new opportunities supporting the traditional program. The provision of a restaurant and bar facility at the REC proved invaluable in 2012 and will continue to expand in 2013. REC and other casual facility hire and usage figures were slightly low in 2012 but are expected to grow in 2013 with added promotional strategies being developed.

Community involvement in social activities around the Shire was a highlight through the end of 2012 e.g. group exercise in the parks, organised family events, private gatherings, and fundraiser support outstanding. Overall it was great to see a high level of community involvement and participation in programs through the end of 2012. It is hoped that this trend continues into 2013/14. Budgets and financial planning for community and



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recreational services was in line with expectations for the end of 2012 and on par for the start of 2013.

I would like to acknowledge the work done during the year, both by Councillors and staff, to ensure that the Shire of Ravensthorpe has met its obligations under the Local Government Act, 1995 and delivered good governance to the community.

Pascoe Durtanovich
Chief Executive Officer



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Overview of Plan for the Future

Section 5.56 of the Local Government Act 1995 requires a Local Government plan for the future of the district.

The Shire of Ravensthorpe Strategic Plan / Plan for the Future identifies a number of projects to be undertaken.

Projects undertaken in 2012/2013 include:

- Road Network Construction program - Projects completed are included in the Works and Services report.
- Hopetoun Community Centre - Design
- Jerdacuttup Hall - Refurbishment completed
- House Renovation – 41 Kingsmill - Refurbishment completed.

Projects to be undertaken in 2013 / 2014

- Roadworks as per adopted program
- Ravensthorpe Streetscape – Concept Plans
- Hopetoun community Centre – Commence construction
- Regional Waste Management Project – Finalise design and works approval for the Ravensthorpe Landfill site.

Statutory

National Competition Policy

Clause 7 of the Competition Principles Agreement requires that government business operators have no advantage or disadvantage in comparison with the private sector.

Competitive neutrality should apply to all business activities which generate a user pay income of over \$200,000 unless it can be shown it is not in the public interest.

The Shire of Ravensthorpe had no business activity with a user pays income in excess of \$200,000.

Public Interest Disclosure Act 2003

In accordance with this legislation, procedures have been implanted to facilitate reporting and action on public interest disclosures.

During the 2012/13 reporting period no public interest disclosures were lodged.



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Disability Services Advisory Committee

The Shire of Ravensthorpe Disability Access and Inclusion Plan was adopted in 2013.

Annual Salaries

Regulation 19(B) of the Local Government (Administration) Regulations requires that the annual report of a local government for a financial year is to contain details of the number of employees with an annual salary entitlement of \$100,000 or more and the number of those employees with an annual salary entitlement that falls within each bank of \$10,000 over \$100,000.

In accordance with this regulation the following applies:

\$110,000 – 1 for the report period.

\$160,000 – 1 for the report period.

State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan.

The Shire of Ravensthorpe Record was endorsed by the Commission during 2003/04. Staff are continually working on implementing the strategies outlined in this plan.

Freedom of Information Act, 1992

Under Part 5 of the Freedom of Information Act 1992 the Shire of Ravensthorpe is required to prepare and publish an annual information statement.

This is available on the Shire website.



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Elected Members

Rural Ward
Cr Ian Goldfinch
President



Hopetoun Ward
Cr Keith Dunlop
Deputy President



Hopetoun Ward
Cr Jan Field



Rural Ward
Cr Andrew Duncan



Ravensthorpe Ward
Cr Julianne Townsend



Ravensthorpe Ward
Cr Don Lansdown



Rural Ward
Cr Ken Norman
(Elected 2010)

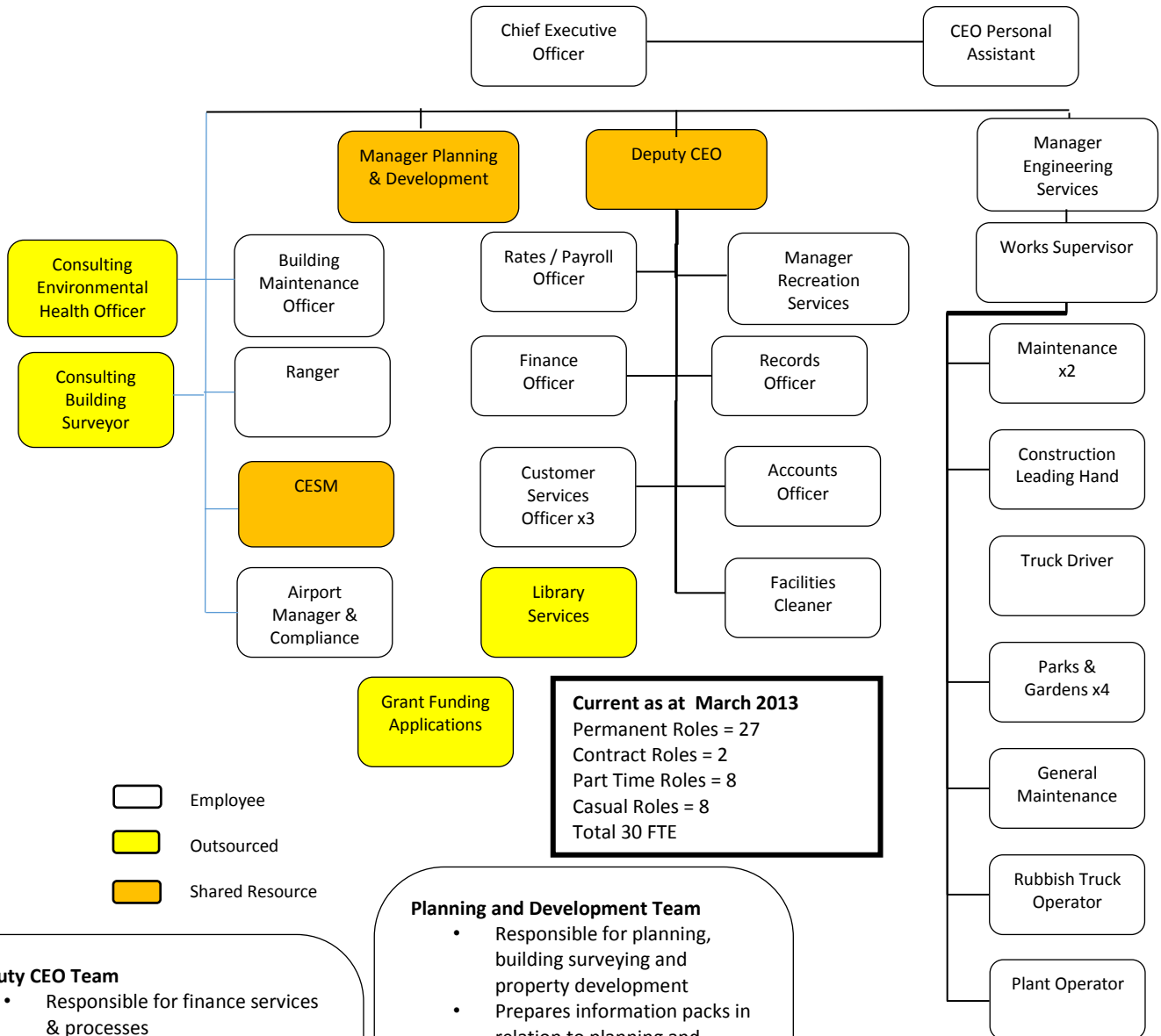




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Organisational Structure



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

- Employee
- Outsourced
- Shared Resource

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

- Engineering (Works and Services) Team**
- Construction and maintenance of the Shire's roads and bridge
 - Maintenance of waste, sewerage system, parks, gardens, plant, equipment and private works
 - Operation of the plant and implementation of the works program

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



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Independent Auditor's Report

16 October 2013

Mr Pascoe Durtanovich
Chief Executive Officer
Shire of Ravensthorpe
Po Box 43
RAVENSTHORPE WA 6346



Dear Pascoe

**AUDIT OF SHIRE OF RAVENSTHORPE
FOR THE YEAR ENDED 30 JUNE 2013**

We advise that we have completed the audit of your Shire for the year ended 30th June 2013 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely


GREG GODWIN
PARTNER

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Ravensthorpe, which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF RAVENSTHORPE (CONTINUED)**

OTHER MATTERS

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 59 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 16 October 2013
Perth, WA

16 October 2013

The Shire President
Shire of Ravensthorpe
PO Box 102
RAVENSTHORPE WA 6346

Dear Cr Goldfinch



MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2013

We advise that we have completed our audit procedures for the year ended 30th June 2013 and enclose our Audit Report.

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

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

**REVALUATION OF ROAD INFRASTRUCTURE ASSETS
OBSERVATION**

As previously reported, Council has adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. We note the last revaluation was carried out in 2006.

COMMENTS

Sufficient regularity is generally accepted to be every 3 to 5 years. Whilst management intended to carry out a revaluation during the 2012-13 financial year, due to the mandatory requirement to adopt fair value accounting for infrastructure in 2013-14 or 2014-15, management decided to delay the revaluation for a further year.

We noted no other matters we wish to bring to your attention.

UNCORRECTED MISSTATEMENTS

We advise there were no uncorrected misstatements noted during the course of our audit.

We take this opportunity to thank the Chief Executive Officer, Deputy Chief Executive Officer and Administration and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please contact us.

Yours faithfully

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Enc

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FOR THE YEAR ENDED 30TH JUNE 2013

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SHIRE OF RAVENSTHORPE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2013

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Ravensthorpe being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Ravensthorpe at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

day of

2013

Pascoe Durtanovich
Chief Executive Officer

SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	23	3,206,325	3,187,269	2,786,151
Operating Grants, Subsidies and Contributions	29	2,390,401	1,549,564	3,209,307
Reimbursement and Donations			0	23,840
Fees and Charges	28	1,405,243	1,209,251	848,341
Service Charges	25	0	0	0
Interest Earnings	2(a)	176,737	218,589	222,966
Other Revenue		102,513	66,794	103,570
		<u>7,281,219</u>	<u>6,231,467</u>	<u>7,194,175</u>
Expenses				
Employee Costs		(2,094,272)	(1,875,007)	(2,087,877)
Materials and Contracts		(2,561,584)	(2,799,481)	(3,138,865)
Utility Charges		(248,271)	(211,336)	(190,968)
Depreciation on Non-Current Assets	2(a)	(2,973,062)	(2,559,947)	(2,882,723)
Interest Expenses	2(a)	(111,162)	(117,557)	(176,076)
Insurance Expenses		(362,452)	(353,905)	(342,760)
Other Expenditure		(147,777)	(172,207)	(90,492)
		<u>(8,498,580)</u>	<u>(8,089,440)</u>	<u>(8,909,761)</u>
		(1,217,361)	(1,857,973)	(1,715,586)
Non-Operating Grants, Subsidies and Contributions	29	1,288,171	1,422,744	1,070,883
Profit on Asset Disposals	21	91,727	0	556,418
Loss on Asset Disposal	21	(29,960)	(29,633)	(8,149)
		<u>1,349,938</u>	<u>1,393,111</u>	<u>1,519,152</u>
Net Result		132,577	(464,862)	(96,434)
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	186,446	0	0
Total Other Comprehensive Income		<u>186,446</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>319,023</u></u>	<u><u>(464,862)</u></u>	<u><u>(96,434)</u></u>

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

SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		2,576	0	684
General Purpose Funding		4,945,088	4,222,321	4,855,131
Law, Order, Public Safety		90,518	83,033	94,667
Health		227	2,536	2,536
Education and Welfare		330	0	0
Housing		156,394	56,400	28,423
Community Amenities		462,880	349,435	311,928
Recreation and Culture		221,407	122,850	146,847
Transport		751,487	1,153,086	1,464,240
Economic Services		256,711	103,300	121,164
Other Property and Services		<u>393,602</u>	<u>138,506</u>	<u>168,555</u>
	2(a)	7,281,220	6,231,467	7,194,175
Expenses				
Governance		(345,985)	(334,193)	(313,242)
General Purpose Funding		(124,840)	(80,598)	(184,110)
Law, Order, Public Safety		(338,292)	(415,225)	(347,591)
Health		(226,467)	(193,671)	(156,309)
Education and Welfare		(101,827)	(123,650)	(75,758)
Housing		(69,102)	(96,080)	(99,220)
Community Amenities		(927,297)	(768,886)	(677,791)
Recreation and Culture		(1,161,357)	(1,476,043)	(982,463)
Transport		(3,938,201)	(4,109,417)	(4,634,933)
Economic Services		(399,452)	(296,714)	(361,499)
Other Property and Services		<u>(754,598)</u>	<u>(77,387)</u>	<u>(900,769)</u>
	2(a)	(8,387,418)	(7,971,864)	(8,733,685)
Finance Costs				
Housing (Other)		(152)	0	(2,593)
Community Amenities		(387)	(1,154)	(1,142)
Recreation & Culture		0	0	(730)
Transport		(110,624)	(116,423)	(169,686)
Other Property and Services		<u>0</u>	<u>0</u>	<u>(1,925)</u>
	2(a)	(111,163)	(117,577)	(176,076)
Non-Operating Grants, Subsidies and Contributions				
Law Order and Public Safety		27,000	27,400	0
Housing		0	0	150,000
Community Amenities		12,700	0	0
Recreation & Culture		918,344	973,344	298,562
Transport		330,127	422,000	609,330
Other Economic Services		<u>0</u>	<u>0</u>	<u>12,991</u>
		1,288,171	1,422,744	1,070,883
Profit/(Loss) on Disposal of Assets				
Health		(7,627)	0	0
Housing		91,727	0	0
Transport		0	(29,632)	51,503
Other Property and Services		<u>(22,333)</u>	<u>0</u>	<u>496,766</u>
		61,767	(29,632)	548,269
Net Result		<u>132,577</u>	<u>(464,862)</u>	<u>(96,434)</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	<u>186,446</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>186,446</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>319,023</u></u>	<u><u>(464,862)</u></u>	<u><u>(96,434)</u></u>

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

**SHIRE OF RAVENSTHORPE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	4,145,530	3,600,042
Investments	4	0	0
Trade and Other Receivables	5	638,961	841,375
Inventories	6	37	4,037
TOTAL CURRENT ASSETS		<u>4,784,528</u>	<u>4,445,454</u>
NON-CURRENT ASSETS			
Other Receivables	5	16,523	20,190
Property, Plant and Equipment	7	17,740,411	17,497,647
Infrastructure	8	28,193,020	28,999,211
TOTAL NON-CURRENT ASSETS		<u>45,949,954</u>	<u>46,517,048</u>
TOTAL ASSETS		<u>50,734,482</u>	<u>50,962,502</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	355,431	760,089
Long Term Borrowings	10	171,073	172,306
Provisions	11	244,033	207,880
TOTAL CURRENT LIABILITIES		<u>770,537</u>	<u>1,140,275</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	1,564,498	1,738,336
Provisions	11	41,567	46,654
TOTAL NON-CURRENT LIABILITIES		<u>1,606,065</u>	<u>1,784,990</u>
TOTAL LIABILITIES		<u>2,376,602</u>	<u>2,925,265</u>
NET ASSETS		<u>48,357,880</u>	<u>48,037,237</u>
EQUITY			
Retained Surplus		34,027,423	33,906,267
Reserves - Cash/Investments Backed	12	2,774,137	2,762,716
Revaluation Surplus	13	11,556,320	11,368,254
TOTAL EQUITY		<u>48,357,880</u>	<u>48,037,237</u>

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

**SHIRE OF RAVENSTHORPE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		34,413,769	2,351,648	11,368,254	48,133,671
Comprehensive Income					
Net Result		(96,434)	0	0	(96,434)
Changes on Revaluation of Non-Current Assets	13	0	0	0	0
Total Comprehensive Income		(96,434)	0	0	(96,434)
Reserve Transfers		(411,068)	411,068	0	0
		33,906,267	2,762,716	11,368,254	48,037,237
Comprehensive Income					
Net Result		132,577	0	0	132,577
Changes on Revaluation of Non-Current Assets	13	0	0	188,066	188,066
Total Comprehensive Income		132,577	0	188,066	320,643
Reserve Transfers		(11,421)	11,421	0	0
		34,027,423	2,774,137	11,556,320	48,357,880

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

**SHIRE OF RAVENSTHORPE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,275,248	3,187,269	2,741,270
Operating Grants, Subsidies and Contributions		2,448,122	1,753,104	3,176,835
Fees and Charges		1,405,243	1,412,791	848,341
Service Charges		0	0	0
Interest Earnings		176,737	218,589	222,966
Goods and Services Tax		250,715	115,000	214,969
Other Revenue		102,513	66,794	103,570
		<u>7,658,578</u>	<u>6,753,546</u>	<u>7,307,951</u>
Payments				
Employee Costs		(2,183,953)	(1,875,007)	(2,053,034)
Materials and Contracts		(2,835,126)	(3,149,180)	(2,743,453)
Utility Charges		(248,271)	(211,336)	(190,968)
Insurance Expenses		(362,452)	(353,905)	(342,760)
Interest expenses		(117,533)	(117,557)	(180,984)
Goods and Services Tax		(171,278)	(22,000)	(294,406)
Other Expenditure		(147,775)	(172,207)	(90,492)
		<u>(6,066,388)</u>	<u>(5,901,192)</u>	<u>(5,896,097)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>1,592,190</u>	<u>852,354</u>	<u>1,411,854</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,368,369)	(1,490,024)	(1,678,632)
Payments for Construction of Infrastructure		(1,045,978)	(1,165,000)	(565,905)
Non-Operating Grants, Subsidies and Contributions		1,288,171	1,422,744	1,070,883
Proceeds from Sale of Plant & Equipment		254,545	132,000	122,363
Proceeds from Advances				
Proceeds from Sale of Investments		0	0	692,116
		<u>0</u>	<u>0</u>	<u>692,116</u>
Net Cash Provided By (Used In) Investing Activities		(871,631)	(1,100,280)	(359,175)
Cash Flows from Financing Activities				
Repayment of Debentures		(175,071)	(172,132)	(607,671)
Repayment of Finance Leases				
Proceeds from Self Supporting Loans				
Proceeds from New Debentures		0	0	444,683
		<u>0</u>	<u>0</u>	<u>444,683</u>
Net Cash Provided By (Used In) Financing Activities		(175,071)	(172,132)	(162,988)
Net Increase (Decrease) in Cash Held		545,488	(420,058)	889,691
Cash at Beginning of Year		3,600,042	3,599,957	2,710,351
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>4,145,530</u></u>	<u><u>3,179,899</u></u>	<u><u>3,600,042</u></u>

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

**SHIRE OF RAVENSTHORPE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		2,576	0	684
General Purpose Funding		1,738,763	1,035,052	2,068,980
Law, Order, Public Safety		117,518	110,433	94,667
Health		227	2,536	2,536
Education and Welfare		330	0	0
Housing		248,121	56,400	178,423
Community Amenities		475,580	349,435	311,928
Recreation and Culture		1,139,751	1,096,194	445,409
Transport		1,081,614	1,575,086	2,073,570
Economic Services		256,711	103,300	134,155
Other Property and Services		393,602	138,506	168,555
		<u>5,454,793</u>	<u>4,466,942</u>	<u>5,478,907</u>
Expenses				
Governance		(345,985)	(334,193)	(313,242)
General Purpose Funding		(124,840)	(80,598)	(184,110)
Law, Order, Public Safety		(338,292)	(415,225)	(347,591)
Health		(234,094)	(193,671)	(156,309)
Education and Welfare		(101,827)	(123,650)	(75,758)
Housing		(69,254)	(96,080)	(101,813)
Community Amenities		(927,684)	(768,886)	(678,933)
Recreation and Culture		(1,161,357)	(1,476,043)	(983,193)
Transport		(4,048,825)	(4,079,069)	(4,753,116)
Economic Services		(399,452)	(296,714)	(361,499)
Other Property and Services		(776,931)	(254,944)	(405,928)
		<u>(8,528,541)</u>	<u>(8,119,073)</u>	<u>(8,361,492)</u>
Net Result Excluding Rates		(3,073,748)	(3,652,131)	(2,882,585)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	(61,767)	29,633	(51,503)
(Profit)/Loss on Disposal of Investments		0	0	(496,766)
Movement in Accrued Income		0	0	(9,202)
Movement in Deferred Pensioner Rates (Non-Current)		3,667	0	0
Movement in Employee Benefit Provisions (Non-Current)		31,066	0	83,264
Depreciation and Amortisation on Assets	2(a)	2,973,062	2,559,947	2,882,723
Capital Expenditure and Revenue				
Purchase Land Held for Resale				
Purchase Land and Buildings		(1,028,943)	(1,144,524)	(905,069)
Purchase Infrastructure Assets - Roads		(922,340)	(1,165,000)	(459,616)
Purchase Plant and Equipment		(274,014)	(338,000)	(459,292)
Purchase Furniture and Equipment		(65,412)	(7,500)	(314,271)
Purchase Footpaths		(31,945)	0	(105,721)
Purchase Park and Ovals		(91,693)	0	(568)
Proceeds from Disposal of Investments		0	0	692,116
Proceeds from Disposal of Assets	21	254,545	132,000	122,363
Repayment of Debentures	22	(175,071)	(172,132)	(607,671)
Proceeds from New Debentures	22	0	0	444,683
Transfers to Reserves (Restricted Assets)	12	(261,722)	(282,140)	(663,823)
Transfers from Reserves (Restricted Assets)	12	250,301	14,956	252,755
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	922,649	842,122	614,681
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	<u>1,654,960</u>	<u>4,500</u>	<u>922,649</u>
Total Amount Raised from General Rate	23(a)	<u><u>(3,206,325)</u></u>	<u><u>(3,187,269)</u></u>	<u><u>(2,786,151)</u></u>

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to these financial statements.

(c) 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.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

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

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

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) 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	40 years
Furniture and Fittings	5 to 10 years
Plant and Equipment	5 to 10 years
Sealed Roads & Streets	30 years
Gravel Roads	20 years
Formed Roads (Unsealed)	20 years
Footpaths - slab	40 years
Sewerage Piping	Not Depreciated
Water Supply Piping & Drainage Systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(j) Impairment

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

Where such an indication exists, an 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 (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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

(k) Trade and Other Payables

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

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(m) Borrowing Costs

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

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

(o) Leases

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

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

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

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

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

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

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

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) 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

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

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

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) Budget Comparative Figures

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
	AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii)	AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
	[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
<p>(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</p>	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
<p>(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</p>	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	<p>This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact on the Council’s financial statements.</p>
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.</p>
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

(*) Applicable to reporting periods commencing on or after the given date.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES	2013	2012
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
Nil	<u>0</u>	<u>0</u>
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit of the financial report	18,000	17,000
- Financial Management Review	8,350	0
- Other services	3,350	0
Depreciation		
Buildings	413,506	433,441
Plant and Equipment	591,164	550,940
Furniture and Equipment	116,223	81,311
Infrastructure - Roads	1,752,765	1,725,209
Infrastructure - Footpaths	25,372	22,350
Infrastructure - Drainage	9,697	9,524
Infrastructure - Parks and Ovals	64,335	59,948
	<u>2,973,062</u>	<u>2,882,723</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges	0	0
Debentures (<i>refer Note 22(a)</i>)	111,162	176,076
	<u>111,162</u>	<u>176,076</u>
Rental Charges		
- Operating Leases	<u>0</u>	<u>0</u>
(ii) Crediting as Revenue:		
Significant Revenue		
Nil	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
	2013	2013
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	112,898	134,064
- Other Funds	24,917	60,525
Other Interest Revenue (<i>refer note 27</i>)	38,922	37,347
	<u>176,737</u>	<u>218,589</u>
	<u>176,737</u>	<u>222,966</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue. Costs associated with raising of rates, collection of debts and other funding activities within this programme.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local laws, fire prevention, emergency services and animal control.
Operation of Council's Ranger (security) services.

HEALTH

Food quality and pest control, monitoring and control of environmental health.
Contract operation for health within the community.

EDUCATION AND WELFARE

Provision and maintenance of various premises in support of community services such as the Pre-school, Children's Day care and telecentre. Financial assistance on a needs arise basis for the community's education and welfare. Provision, maintenance and support for the community youth centre.

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of the cemeteries, maintenance of rest centres and storm water drainage maintenance and maintenance of sewage schemes.

RECREATION AND CULTURE

Maintenance of halls, the swimming pool, recreation and entertainment centres and various reserves; operation of libraries, TV and radio broadcasting.

TRANSPORT

Construction and maintenance of streets, roads, bridges: cleaning and lighting of streets, depot and airport operation and maintenance.

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

Private works, plant operations and recovery, overheads allocations to various programmes and functional areas.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*)	2011/12	2011/12	Balance (*)	2012/13	2012/13	Balance
		1-Jul-11	2011/12	2011/12	30-Jun-12	2012/13	2012/13	30-Jun-13
		\$	\$	\$	\$	\$	\$	\$
Department of Transport & Regional Services	Roads to Recovery Ravensthorpe	27,872	334,965	(327,376)	35,461	260,854	(296,315)	0
Royalties for Regions	Townhall Tourism	154,812	0	(154,812)	0			0
BHP Billiton	Contribution Jerdacuttup	20,000	0	(20,000)	0			0
BHP Billiton	Hall Repairs Wild Dog	81,657	0	(45,068)	36,589		(36,589)	0
Department of Conservation	Control Tourism	32,104	67,211	(58,740)	40,575	38,615	(52,545)	26,645
WA State Government	Strategy Ravensthorpe	296,851	0	(112,133)	184,718		(184,718)	0
GEDC	Townhall Jerdacuttup	(80,000)	80,000	0	0	0	0	0
Main Roads	Road Sealing Future Fund	(272,000)	272,000	0	0	0	0	0
BHP Billiton	Chairman Crime	16,422	0	(16,422)	0	0	0	0
Office of Crime Prevention	Prevention Dry Season	17,400	0	(17,400)	0	0	0	0
Department of Agriculture and Food	Assistance Grant	20,000	0	(20,000)	0	0	0	0
Royalties for Regions	Hopetoun Community Centre	0	0	0	0	721,344	0	721,344
					0	0	0	0
					0	0	0	0
					0	0	0	0
Total		<u>315,118</u>	<u>754,176</u>	<u>(771,951)</u>	<u>297,343</u>	<u>1,020,813</u>	<u>(570,167)</u>	<u>747,989</u>

Notes:

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

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	623,404	720,972
Restricted - Unspent Grants	747,989	116,354
Restricted - Reserves	<u>2,774,137</u>	<u>2,762,716</u>
	<u><u>4,145,530</u></u>	<u><u>3,600,042</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant and Vehicle Reserve	66,971	64,235
Emergency Farm Water Reserve	23,455	22,497
Waste and Sewerage Reserve	235,561	207,340
Building Reserve	1,559,818	1,629,885
Bushfire Unit Reserve	9,316	8,934
Road and Footpath Reserve	464,273	445,302
Swimming Pool Upgrade Reserve	52,892	50,731
Hopetoun Foreshore Reserve	0	14,957
UHF Radio Repeater Reserve	8,446	8,103
Airport Reserve	<u>353,405</u>	<u>310,732</u>
	<u><u>2,774,137</u></u>	<u><u>2,762,716</u></u>
4. INVESTMENTS		
Financial assets at fair value through profit or loss	<u><u>0</u></u>	<u><u>0</u></u>
Financial assets at fair value through profit or loss		
At beginning of the year	0	195,350
Revaluation to Income Statement	0	0
Additions	0	0
Disposals	0	(195,350)
At end of the year	<u><u>0</u></u>	<u><u>0</u></u>
Held for trading		
- FRNs	0	0
- CDOs	0	0
- Managed Funds	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	180,111	245,367
Sundry Debtors	458,850	516,571
GST Receivable	0	79,437
	<u>638,961</u>	<u>841,375</u>
Non-Current		
Rates Outstanding - Pensioners	16,523	20,190
	<u>16,523</u>	<u>20,190</u>
6. INVENTORIES		
Current		
Fuel and Materials	37	4,037
	<u>37</u>	<u>4,037</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	20,607,174	19,641,514
Less Accumulated Depreciation	<u>(6,816,479)</u>	<u>(6,402,973)</u>
	13,790,695	13,238,541
Furniture and Equipment - Cost	0	920,436
Furniture and Equipment - Management Valuation 2013	479,565	0
Less Accumulated Depreciation	<u>0</u>	<u>(391,680)</u>
	479,565	528,756
Plant and Equipment - Cost	0	6,999,089
Plant and Equipment - Management Valuation 2013	3,470,151	0
Less Accumulated Depreciation	<u>0</u>	<u>(3,268,739)</u>
	3,470,151	3,730,350
	 <u>17,740,411</u>	 <u>17,497,647</u>

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2013 by management valuation. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy)

The revaluation resulted in an overall increase of \$186,446 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment:

The Shire's Furniture and Equipment were revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

Given the significance of the level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

These 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.

The revaluation has resulted in increase in the net value of the Shire's Furniture and Equipment. Consequently, the increase of \$1,620 was recognised in the other comprehensive income in the Statement of Comprehensive Income.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

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 and Buildings	Plant and Equipment (Level 2)	Furniture and Equipment (Level 3)	Total
	\$	\$	\$	\$
Balance as at the beginning of the year	13,238,541	3,730,350	528,756	17,497,647
Additions	1,028,943	274,014	65,412	1,368,369
(Disposals)	(63,283)	(129,495)	0	(192,778)
Revaluation - Increments	0	186,446	1,620	188,066
- (Decrements)	0	0	0	0
Depreciation (Expense)	(413,506)	(591,164)	(116,223)	(1,120,893)
Carrying amount at the end of year	<u>13,790,695</u>	<u>3,470,151</u>	<u>479,565</u>	<u>17,740,411</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
8. INFRASTRUCTURE		
Roads - Management Valuation 2006	40,273,444	40,273,444
Roads - Cost	6,567,714	5,654,675
Less Accumulated Depreciation	<u>(20,014,461)</u>	<u>(18,261,697)</u>
	26,826,697	27,666,422
Footpaths - Cost	570,150	538,205
Less Accumulated Depreciation	<u>(212,212)</u>	<u>(186,840)</u>
	357,938	351,365
Drainage - Cost	741,940	732,640
Less Accumulated Depreciation	<u>(552,255)</u>	<u>(542,558)</u>
	189,685	190,082
Parks & Ovals - Cost	2,873,201	2,781,508
Less Accumulated Depreciation	<u>(2,054,501)</u>	<u>(1,990,166)</u>
	818,700	791,342
	<u>28,193,020</u>	<u>28,999,211</u>

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy accords with the requirements of AASB 116.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

8. INFRASTRUCTURE (Continued)

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.

	Roads	Footpaths	Drainage	Parks and Ovals	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the year	27,666,422	351,365	190,082	791,342	28,999,211
Additions	913,040	31,945	9,300	91,693	1,045,978
(Disposals)	0	0	0	0	0
Depreciation (Expense)	(1,752,765)	(25,372)	(9,697)	(64,335)	(1,852,169)
Carrying amount at the end of year	<u>26,826,697</u>	<u>357,938</u>	<u>189,685</u>	<u>818,700</u>	<u>28,193,020</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	242,616	664,643
Accrued Interest on Debentures	38,911	45,281
Accrued Salaries and Wages	0	10,994
GST Payables	40,094	0
Other ATO Liabilities	33,810	39,171
	<u>355,431</u>	<u>760,089</u>

10. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	<u>171,073</u>	<u>172,306</u>
	<u>171,073</u>	<u>172,306</u>

Non-Current

Secured by Floating Charge Debentures	<u>1,564,498</u>	<u>1,738,336</u>
	<u>1,564,498</u>	<u>1,738,336</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

Analysis of Total Provisions

Current	244,033	207,880
Non-Current	<u>41,567</u>	<u>46,654</u>
	<u>285,600</u>	<u>254,534</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	155,262	99,272	254,534
Additional provisions	14,970	16,096	31,066
Amounts used	0	0	0
Unused amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2013	<u>170,232</u>	<u>115,368</u>	<u>285,600</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
12. RESERVES - CASH BACKED			
(a) Plant and Vehicle Reserve			
Opening Balance	64,235	64,235	21,977
Amount Set Aside / Transfer to Reserve	2,736	3,212	42,258
Amount Used / Transfer from Reserve	0	-	0
	<u>66,971</u>	<u>67,447</u>	<u>64,235</u>
(b) Emergency Farm Water Reserve			
Opening Balance	22,497	22,497	21,231
Amount Set Aside / Transfer to Reserve	958	1,125	1,266
Amount Used / Transfer from Reserve	0	-	0
	<u>23,455</u>	<u>23,622</u>	<u>22,497</u>
(c) Waste and Sewerage Reserve			
Opening Balance	207,340	207,340	195,673
Amount Set Aside / Transfer to Reserve	28,221	29,755	11,667
Amount Used / Transfer from Reserve	0	-	0
	<u>235,561</u>	<u>237,095</u>	<u>207,340</u>
(d) Building Reserve			
Opening Balance	1,629,885	1,629,885	1,251,343
Amount Set Aside / Transfer to Reserve	164,933	177,422	558,542
Amount Used / Transfer from Reserve	(235,000)	-	(180,000)
	<u>1,559,818</u>	<u>1,807,307</u>	<u>1,629,885</u>
(e) Bushfire Unit Reserve			
Opening Balance	8,935	8,934	8,432
Amount Set Aside / Transfer to Reserve	381	447	502
Amount Used / Transfer from Reserve	0	-	0
	<u>9,316</u>	<u>9,381</u>	<u>8,934</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2012 \$	2012 Budget \$	2011 \$
12. RESERVES - CASH BACKED (Continued)			
(f) Road and Footpath Reserve			
Opening Balance	445,303	445,302	420,245
Amount Set Aside / Transfer to Reserve	18,970	22,265	25,057
Amount Used / Transfer from Reserve	0	-	0
	<u>464,273</u>	<u>467,567</u>	<u>445,302</u>
(g) Swimming Pool Upgrade Reserve			
Opening Balance	50,731	50,731	47,876
Amount Set Aside / Transfer to Reserve	2,161	2,537	2,855
Amount Used / Transfer from Reserve	0	-	0
	<u>52,892</u>	<u>53,268</u>	<u>50,731</u>
(h) Hopetoun Foreshore Reserve			
Opening Balance	14,957	14,957	14,115
Amount Set Aside / Transfer to Reserve	344	-	842
Amount Used / Transfer from Reserve	(15,301)	(14,957)	0
	<u>0</u>	<u>0</u>	<u>14,957</u>
(i) UHF Radio Repeater Reserve			
Opening Balance	8,101	8,103	7,646
Amount Set Aside / Transfer to Reserve	345	405	457
Amount Used / Transfer from Reserve	0	-	0
	<u>8,446</u>	<u>8,508</u>	<u>8,103</u>
(j) Airport Reserve			
Opening Balance	310,732	310,732	293,248
Amount Set Aside / Transfer to Reserve	42,673	44,973	17,484
Amount Used / Transfer from Reserve	0	-	0
	<u>353,405</u>	<u>355,705</u>	<u>310,732</u>
(k) Jerdacuttup Hall Reserve			
Opening Balance	0	0	69,862
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(69,862)
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u><u>2,774,137</u></u>	<u><u>3,029,899</u></u>	<u><u>2,762,716</u></u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

12. RESERVES - CASH BACKED (Continued)

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

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

Plant and Vehicle Reserve

To be used to assist in the purchasing of major plant and machinery.

Emergency Farm Water Reserve

To be used for the repair and/or construction of emergency farm water supplies in the Shire of Ravensthorpe.

Waste and Sewerage Reserve

To be used for the repair and/or construction of waste and sewerage facilities in the Shire of Ravensthorpe.

Building Reserve

To be used for the construction, refurbishment, modification or renovation of all buildings in the Shire of Ravensthorpe.

Bushfire Unit Reserve

To be used to offset part of the costs for the purchase of Fire Fighting Units.

Road and Footpath Reserve

To be used for the construction, rejuvenation, resealing or repair to the road and footpath network within the Shire of Ravensthorpe.

Swimming Pool Upgrade Reserve

To be used to offset part of the costs for a new liner in the Ravensthorpe swimming pool.

Hopetoun Foreshore Reserve

To be used to assist in the future development of the Hopetoun foreshore and McCulloch Park area.

UHF Radio Repeater Reserve

To be used to assist in the provision of UHF Radio Repeaters in Hopetoun and Munglinup.

Airport Reserve

To be used for the construction, reconstruction, repairs or modification of facilities including buildings, tarmac, airstrip and associated infrastructure at the Ravensthorpe Airport.

Jerdacuttup Hall Reserve

To be used to assist in the upgrading of the Jerdacuttup Hall.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

13. RESERVES - ASSET REVALUATION	2013	2012
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	11,368,254	11,368,254
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>11,368,254</u>	<u>11,368,254</u>
(b) Plant and Equipment		
Opening Balance	0	0
Revaluation Increment	186,446	0
Revaluation Decrement	0	0
	<u>186,446</u>	<u>0</u>
(c) Furniture and Equipment		
Opening Balance	0	0
Revaluation Increment	1,620	0
Revaluation Decrement	0	0
	<u>1,620</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u>11,556,320</u>	<u>11,368,254</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>4,145,530</u>	<u>3,599,957</u>	<u>3,600,042</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	132,577	(464,862)	(96,434)
Depreciation	2,973,062	2,559,947	2,882,723
(Profit)/Loss on Sale of Asset	(61,767)	29,632	(51,503)
(Profit)/Loss on Sale of Investments			(496,766)
(Increase)/Decrease in Receivables	209,748	407,079	(180,630)
(Increase)/Decrease in Inventories	4,000	(1,176)	4,546
Increase/(Decrease) in Payables	(393,665)	(348,523)	331,556
Increase/(Decrease) in Employee Provisions	20,072	0	89,245
Grants/Contributions for the Development of Assets	<u>(1,288,171)</u>	<u>(1,422,744)</u>	<u>(1,070,883)</u>
Net Cash from Operating Activities	<u>1,595,856</u>	<u>759,353</u>	<u>1,411,854</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	500,000		500,000
Bank Overdraft at Balance Date	0		0
Credit Card limit	5,000		5,000
Credit Card Balance at Balance Date	<u>(1,311)</u>		<u>(2,211)</u>
Total Amount of Credit Unused	<u>503,689</u>		<u>502,789</u>
Loan Facilities			
Loan Facilities - Current	171,073		172,306
Loan Facilities - Non-Current	<u>1,564,498</u>		<u>1,738,336</u>
Total Facilities in Use at Balance Date	<u>1,735,571</u>		<u>1,910,642</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

15. CONTINGENT LIABILITIES

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

	2013	2012
	\$	\$

16. CAPITAL AND LEASING COMMITMENTS

There are no significant capital of leasing commitments undertaken by the Shire of Ravensthorpe as at 30 June 2013.

17. JOINT VENTURE

The City of Kalgoorlie - Boulder together with the Shire of Coolgardie, Dundas, Esperance, Laverton, Leonora, Menzies, Ngaanyatjarraku, Ravensthorpe and Wiluna have a joint venture arrangement with regard to the provision of a Regional Records service. The only asset is a building. The Council's one-tenth share of this asset (estimated value \$68,000) will be included in Land and Buildings once the grant funding is recognised.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	0	0
General Purpose Funding	0	0
Law, Order, Public Safety	1,860,009	1,888,908
Health	43,649	55,942
Education and Welfare	974,981	982,806
Housing	1,275,601	860,746
Community Amenities	548,968	529,740
Recreation and Culture	5,805,339	5,450,010
Transport	31,170,284	32,262,419
Economic Services	220,445	225,029
Other Property and Services	3,882,712	4,419,469
Unallocated	4,952,494	4,287,433
	50,734,482	50,962,502

SHIRE OF RAVENSTHORPE
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FOR THE YEAR ENDED 30TH JUNE 2013

19. FINANCIAL RATIOS	2013	2012	2011
Current Ratio	2.21	1.37	0.78
Asset Sustainability Ratio	0.81	0.78	0.90
Debt Service Cover Ratio	6.73	2.41	3.74
Operating Surplus Ratio	2.16	2.15	3.79
Own Source Revenue Coverage Ratio	0.86	0.87	0.46

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

20. TRUST FUNDS

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Bitumen Tender Document Bond	487	0	0	487
Builders Registration Board Levy	763	2,749	(1,292)	2,220
Building Construction Industry Training Fund	2,359	3,782	(4,499)	1,642
Gym Swipe Card Bond	3,322	3,030	(2,440)	3,912
Hall Hire Bonds and Key Bonds	2,243	3,100	(1,560)	3,783
Hopetoun Tennis Club	9,072	0	0	9,072
Nomination Deposits	80	0	(80)	0
Pavilion Hire Bonds	834	0	0	834
Police Licencing	16,499	444,883	(459,241)	2,141
Ravensthorpe Cemetery Group	76	0	0	76
Rehabilitation Bond - Barmingo	6,866	0	0	6,866
Rural Subdivisions Shed Bonds	20,620	4,000	(2,125)	22,495
Shire Staff Housing Bonds	0	200	0	200
Stand Pipe Swipe Cards	1,250	300	(50)	1,500
Subdivision Maintenance Bonds	73,309	0	(28,598)	44,711
Sundry Overpayments	5,382	0	0	5,382
Swimming Pool Key Deposits	640	1,940	(1,660)	920
Unidentified Payments Received	1,154	80	0	1,234
	<u>144,956</u>			<u>107,475</u>

21. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Mitubishi Pajero - CEO	47,266	47,266	35,909	40,000	(11,357)	(7,266)
Mitsubishi Pajero -Engineer	41,885	41,885	30,909	35,000	(10,976)	(6,885)
Mitsubishi Pajero - Doctor	40,355	41,885	32,727	35,000	(7,628)	(6,885)
Ride on Mower	0	10,643	0	5,000	0	(5,643)
Light Commerical Utility	0	19,954	0	17,000	0	(2,954)
Residence - Lot 101 Martin Stre	63,272	0	155,000	0	91,728	0
					0	0
					0	0
					0	0
					0	0
	<u>192,778</u>	<u>161,633</u>	<u>254,545</u>	<u>132,000</u>	<u>61,767</u>	<u>(29,633)</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 131 782 Spence Street	21,498	0	8,582	5,644	12,916	13,049	152	1,373
Community Amenities								
Loan 139 Refuse Collection	13,509	0	13,509	13,509	0	0	387	1,154
Transport								
Loan 143 Town Streets	394,978	0	29,395	29,395	365,583	351,113	24,177	24,467
Loan 138C Town Streets	446,559	0	18,088	18,088	428,471	419,615	28,974	29,447
Loan 138D Town Streets	446,726	0	18,079	18,079	428,647	419,756	29,027	29,500
Loan 142 Grader No 1	142,689	0	54,579	54,578	88,110	61,221	6,836	7,690
Loan 144	444,683	0	32,839	32,839	411,844	411,844	21,609	23,946
	1,910,642	0	175,071	172,132	1,735,571	1,676,599	111,162	117,577

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Nil										

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-12 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-13 \$
Nil					0
		0	0	0	0

(d) Overdraft

Council established an overdraft facility of \$500,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2012 and 30 June 2013 was \$Nil.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV - Ravensthorpe, Munglinup and UV - Rural & Mining	12.0118	829	9,425,007	1,132,113	223,212	222	1,355,547	1,133,113	200,000	0	1,333,113
	0.9335	380	146,976,000	1,372,026	6,252	1,240	1,379,518	1,371,661	0	0	1,371,661 0
Sub-Totals		1,209	156,401,007	2,504,139	229,464	1,462	2,735,065	2,504,774	200,000	0	2,704,774
Minimum Rates	Minimum \$										
GRV - Ravensthorpe, Munglinup and UV - Rural & Mining	754	408	3,141,336	307,632	0	0	307,632	306,878	0	0	306,878
	754	248	6,570,848	186,992	0	0	186,992	186,992	0	0	186,992 0 0
Sub-Totals		656	9,712,184	494,624	0	0	494,624	493,870	0	0	493,870
Discounts (<i>refer note 26</i>)							3,229,689				3,198,644
Total Amount Raised from General Rate							(63,329)				(61,000)
Ex Gratia Rates - CBH							3,166,360				3,137,644
Total Rates							39,965				49,625
							3,206,325				3,187,269

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

23. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>1,654,960</u>	<u>922,649</u>
<u>Comprises:</u>		
Cash - Unrestricted	623,404	720,972
Cash - Unspent grants	747,989	116,354
Cash - Restricted	2,774,137	2,762,716
Investments - Restricted	0	0
Rates - Current	180,111	245,367
Sundry Debtors	458,850	516,571
GST Receivable	0	79,437
Inventories		
- Fuel and Materials	37	4,037
Less:		
Reserves - Restricted Cash	(2,774,137)	(2,762,716)
Sundry Creditors	(242,616)	(664,643)
Accrued Interest on Debentures	(38,911)	(45,281)
Accrued Salaries and Wages	0	(10,994)
GST Payable	(40,094)	0
ATO Liabilities	(33,810)	(39,171)
Current employee benefit provision	(244,033)	(207,880)
Add: Component of Leave Liability not required to be funded	244,033	207,880
Surplus/(Deficit)	<u>1,654,960</u>	<u>922,649</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

24. SPECIFIED AREA CHARGE - 2012/13 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Effluent Area Rate Ravensthorpe and Munglinup	2.1220	GRV	366,500	53,432	53,345	53,432	53,345
				53,432	53,345	53,432	53,345

The effluent area rate income services the maintenance and upgrade requirements of the Ravensthorpe and Munglinup sewerage systems.

The proceeds of the rate are applied in full to the costs of managing the effluent systems and any surplus is transferred to the reserve account.

25. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Nil		0	0	0	0

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessments	Write-Off		63,329	61,000

The Shire of Ravensthorpe provided \$61,000 in the budget for rates write-offs associated the seizure of two properties under the Local Government Act for outstanding rates. The process was finalised in May and June and the final outstanding amount on the two properties was slightly over budget due to the time it took for the property transfer process to be completed.

27. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		38,922	24,000
Interest and charges on Instalment Plan	5.50%	\$10	20,548	10,320
			59,470	34,320

Ratepayers had the option of paying rates in four equal instalments, due on 17th September 2012, 19th November 2012, 21st January 2013 and 25th March 2013. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2013 \$	2012 \$
Governance	0	(298)
General Purpose Funding	(2,802)	86,734
Law, Order, Public Safety	22,853	11,470
Health	227	2,536
Education and Welfare	0	0
Housing	32,922	28,423
Community Amenities	454,380	296,119
Recreation and Culture	93,218	68,377
Transport	565,441	236,991
Economic Services	150,294	68,044
Other Property and Services	88,710	49,945
	<u>1,405,243</u>	<u>848,341</u>

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

29. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,390,401	3,209,307
Non-Operating Grants, Subsidies and Contributions	1,288,171	1,070,883
	<u>3,678,572</u>	<u>4,280,190</u>
By Program:		
Governance	2,576	0
General Purpose Funding	1,544,279	1,759,280
Law, Order, Public Safety	94,665	83,197
Health	0	0
Education and Welfare	330	0
Housing	56,702	150,000
Community Amenities	21,200	350
Recreation and Culture	1,046,533	339,804
Transport	514,086	1,830,224
Economic Services	106,417	66,112
Other Property and Services	291,784	51,223
	<u>3,678,572</u>	<u>4,280,190</u>

30. ELECTED MEMBERS REMUNERATION

2013	2013	2012
\$	Budget	\$
	\$	

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

Meeting Fees	56,000	56,000	56,000
President's Allowance	10,000	10,000	10,000
Deputy President's Allowance	2,500	2,500	2,500
Travelling Expenses	10,788	10,000	9,456
Telecommunications Allowance	7,000	7,000	7,000
	<u>86,288</u>	<u>85,500</u>	<u>84,956</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2013	2012
<u>31</u>	<u>30</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

32. MAJOR LAND TRANSACTIONS

There were no major land transactions budgeted or undertaken during 2012/2013 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	4,145,530	3,600,042	4,145,530	3,600,042
Receivables	655,484	861,565	655,484	861,565
Investments	0	0	0	0
	<u>4,801,014</u>	<u>4,461,607</u>	<u>4,801,014</u>	<u>4,461,607</u>
Financial Liabilities				
Payables	355,431	760,089	355,431	760,089
Borrowings	1,735,571	1,910,642	1,748,644	1,565,982
	<u>2,091,002</u>	<u>2,670,731</u>	<u>2,104,075</u>	<u>2,326,071</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	41,455	36,000
- Statement of Comprehensive Income	41,455	36,000

Notes:

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

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	80%	97%
- Overdue	20%	3%

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	355,431	0	0	355,431	355,431
Borrowings	<u>275,580</u>	<u>1,304,782</u>	<u>614,824</u>	<u>2,195,186</u>	<u>1,735,571</u>
	<u><u>631,011</u></u>	<u><u>1,304,782</u></u>	<u><u>614,824</u></u>	<u><u>2,550,617</u></u>	<u><u>2,091,002</u></u>
<u>2012</u>					
Payables	760,089	0	0	760,089	760,089
Borrowings	<u>244,089</u>	<u>1,285,128</u>	<u>481,844</u>	<u>2,011,061</u>	<u>1,910,642</u>
	<u><u>1,004,178</u></u>	<u><u>1,285,128</u></u>	<u><u>481,844</u></u>	<u><u>2,771,150</u></u>	<u><u>2,670,731</u></u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

34. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2013</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	453,693	18,693	428,511	0	834,674	1,735,571	6.16%
Weighted Average Effective Interest Rate	0.00%	6.24%	6.84%	6.66%	0.00%	5.84%		
<u>Year Ended 30 June 2012</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	13,509	0	537,666	24,131	446,595	888,741	1,910,642	5.98%
Weighted Average Effective Interest Rate	5.72%	0.00%	6.21%	6.84%	6.66%	4.99%		

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**SHIRE OF RAVENSTHORPE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

	2013	2012	2011
Asset Consumption Ratio	83.50%	N/A	N/A
Asset Renewal Funding Ratio	33.40%	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.