



'Growing Our Community'

SHIRE OF RAVENSTHORPE
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUE				
Rates	8	3,432,896	3,206,324	3,187,269
Operating Grants, Subsidies and Contributions		1,422,233	2,386,957	1,549,564
Fees and Charges	11	1,362,248	1,405,242	1,209,251
Interest Earnings	2(a)	151,528	176,737	218,589
Other Revenue		22,813	30,955	66,794
		<u>6,391,718</u>	<u>7,206,215</u>	<u>6,231,467</u>
EXPENSES				
Employee Costs		(1,696,745)	(1,714,569)	(1,875,007)
Materials and Contracts		(2,718,187)	(2,963,570)	(2,799,481)
Utility Charges		(238,000)	(241,617)	(211,336)
Depreciation	2(a)	(2,840,340)	(3,046,182)	(2,559,947)
Interest Expenses	2(a)	(61,932)	(73,767)	(117,557)
Insurance Expenses		(392,018)	(362,452)	(353,905)
Other Expenditure		(191,929)	(128,688)	(172,207)
		<u>(8,139,150)</u>	<u>(8,530,845)</u>	<u>(8,089,440)</u>
		(1,747,432)	(1,324,630)	(1,857,973)
Non-Operating Grants, Subsidies and Contributions		2,254,666	1,288,171	1,422,744
Profit on Asset Disposals	4	14,270	153,000	0
Loss on Asset Disposals	4	(29,923)	(29,960)	(29,633)
		<u>2,238,973</u>	<u>1,411,211</u>	<u>1,393,111</u>
NET RESULT		491,581	86,581	(464,862)
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>491,581</u>	<u>86,581</u>	<u>(464,862)</u>

SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		0	2,576	0
General Purpose Funding		4,368,555	4,945,087	4,222,321
Law, Order, Public Safety		79,291	90,518	83,033
Health		234	227	2,536
Education and Welfare		340	330	0
Housing		17,581	89,624	56,400
Community Amenities		466,677	462,880	349,435
Recreation and Culture		156,520	221,406	122,850
Transport		1,036,490	751,486	1,153,086
Economic Services		49,930	256,711	103,300
Other Property and Services		216,094	385,371	138,506
		<u>6,391,711</u>	<u>7,206,216</u>	<u>6,231,467</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(391,137)	(345,288)	(334,193)
General Purpose Funding		(127,893)	(149,153)	(80,598)
Law, Order, Public Safety		(373,532)	(335,819)	(415,225)
Health		(181,026)	(222,591)	(193,671)
Education and Welfare		(128,161)	(101,778)	(123,650)
Housing		(143,777)	(128,002)	(96,080)
Community Amenities		(946,576)	(920,307)	(768,886)
Recreation & Culture		(1,426,094)	(1,159,407)	(1,476,043)
Transport		(3,662,977)	(3,954,054)	(4,049,437)
Economic Services		(242,703)	(399,442)	(296,714)
Other Property and Services		(453,335)	(741,237)	(77,387)
		<u>(8,077,211)</u>	<u>(8,457,078)</u>	<u>(7,911,884)</u>
FINANCE COSTS (Refer Notes 2 & 5)				
Housing		0	(152)	0
Community Amenities		0	(387)	0
Transport		(61,932)	(73,228)	0
Loan Repayment Program 16		0	0	(177,557)
		<u>(61,932)</u>	<u>(73,767)</u>	<u>(177,557)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Law Order and Public Safety		300,000	27,000	27,400
Community Amenities		0	12,700	0
Recreation & Culture		1,409,666	918,344	973,344
Transport		545,000	330,127	422,000
		<u>2,254,666</u>	<u>1,288,171</u>	<u>1,422,744</u>
PROFIT/(LOSS) ON				
DISPOSAL OF ASSETS (Refer Note 4)				
Law Order Public Safety		4,000	0	0
Housing		0	153,000	0
Other Property and Services		(9,693)	(22,333)	0
Health		0	(7,627)	0
Transport		(9,960)	0	(29,632)
		<u>(15,653)</u>	<u>123,040</u>	<u>(29,632)</u>
NET RESULT		491,581	86,582	(464,862)
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		491,581	86,582	(464,862)

**SHIRE OF RAVENSTHORPE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,432,896	3,389,166	3,187,269
Operating Grants, Subsidies and Contributions		1,422,233	2,386,957	1,753,104
Fees and Charges		1,720,781	1,405,242	1,412,791
Service Charges		0	0	0
Interest Earnings		151,528	176,737	218,589
Goods and Services Tax		260,000	384,764	115,000
Other		22,813	30,955	66,794
		<u>7,010,251</u>	<u>7,773,821</u>	<u>6,753,546</u>
Payments				
Employee Costs		(1,696,745)	(1,714,569)	(1,875,007)
Materials and Contracts		(2,714,262)	(3,374,547)	(3,149,180)
Utility Charges		(238,000)	(241,617)	(211,336)
Insurance Expenses		(392,018)	(362,452)	(353,905)
Interest Expenses		(61,932)	(73,767)	(117,557)
Goods and Services Tax		(294,527)	(527,900)	(22,000)
Other		(191,929)	(128,688)	(172,207)
		<u>(5,589,412)</u>	<u>(6,423,540)</u>	<u>(5,901,192)</u>
Net Cash Provided By Operating Activities	15(b)	<u>1,420,839</u>	<u>1,350,281</u>	<u>852,354</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	0	0	0
Payments for Purchase of Property, Plant & Equipment	3	(4,976,483)	(1,317,738)	(1,490,024)
Payments for Construction of Infrastructure	3	(1,465,539)	(857,657)	(1,165,000)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,254,666	1,288,171	1,422,744
Proceeds from Sale of Plant & Equipment	4	82,000	254,545	132,000
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(4,105,356)</u>	<u>(632,680)</u>	<u>(1,100,280)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(171,073)	(172,113)	(172,132)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	<u>333,656</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		162,583	(172,113)	(172,132)
Net Increase (Decrease) in Cash Held Cash at Beginning of Year		(2,521,934) 4,145,530	545,488 3,600,042	(420,058) 3,599,957
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>1,623,596</u></u>	<u><u>4,145,530</u></u>	<u><u>3,179,899</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 2014**

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUES	1,2			
Governance		0	2,576	0
General Purpose Funding		935,658	1,738,763	1,035,052
Law, Order, Public Safety		383,291	117,518	110,433
Health		234	227	2,536
Education and Welfare		340	330	0
Housing		17,581	242,623	56,400
Community Amenities		466,677	475,580	349,435
Recreation and Culture		1,566,186	1,139,750	1,096,194
Transport		1,591,760	1,081,613	1,575,086
Economic Services		49,930	256,710	103,300
Other Property and Services		216,094	385,371	138,506
		<u>5,227,751</u>	<u>5,441,061</u>	<u>4,466,942</u>
EXPENSES	1,2			
Governance		(391,137)	(345,288)	(334,193)
General Purpose Funding		(127,893)	(149,153)	(80,598)
Law, Order, Public Safety		(373,532)	(335,819)	(415,225)
Health		(181,026)	(230,218)	(193,671)
Education and Welfare		(128,161)	(101,778)	(123,650)
Housing		(143,777)	(128,154)	(96,080)
Community Amenities		(946,576)	(920,694)	(768,886)
Recreation & Culture		(1,426,094)	(1,159,407)	(1,476,043)
Transport		(3,745,139)	(4,027,282)	(4,079,069)
Economic Services		(242,703)	(399,443)	(296,714)
Other Property and Services		(463,033)	(763,570)	(254,944)
		<u>(8,169,070)</u>	<u>(8,560,806)</u>	<u>(8,119,073)</u>
Net Operating Result Excluding Rates		(2,941,319)	(3,119,745)	(3,652,131)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets due to change in Regulations				
- Land		0	0	0
- Easements		0	0	0
Movements in Accruals and Provisions		0	(177,654)	0
(Profit)/Loss on Asset Disposals	4	15,653	(123,040)	29,633
Depreciation on Assets	2(a)	2,840,340	3,046,182	2,559,947
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	0	0	0
Purchase Land and Buildings	3	(4,403,683)	(946,367)	(1,144,524)
Purchase Infrastructure Assets - Roads	3	(1,465,539)	(857,657)	(1,165,000)
Purchase Infrastructure Assets - Parks	3	(185,000)	(31,945)	0
Purchase Plant and Equipment	3	(306,300)	(274,014)	(338,000)
Purchase Furniture and Equipment	3	(81,500)	(65,412)	(7,500)
Proceeds from Disposal of Assets	4	82,000	254,545	132,000
Repayment of Debentures	5	(171,073)	(172,113)	(172,132)
Proceeds from New Debentures	5	333,656	0	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(188,450)	(261,378)	(282,140)
Transfers from Reserves (Restricted Assets)	6	1,509,688	249,957	14,956
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	1,650,331	922,649	842,122
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	121,700	1,650,331	4,500
Total Amount Raised from General Rate	8	<u>(3,432,896)</u>	<u>(3,206,324)</u>	<u>(3,187,269)</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government 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 budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(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 budget.

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 16 to this budget document.

(c) 2012/13 Actual Balances

Balances shown in this budget as 2012/13 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) 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.

(f) Goods and Services Tax

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.

(g) 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.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 on the statement of financial position.

(i) 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.

(j) 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 BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

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

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.

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.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

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.

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.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

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).

Land Under Roads

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

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

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

Whilst this 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 BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

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

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

Buildings	20 years
Furniture and Equipment	10 years
Leased Furniture and Equipment	3 years
Plant and Machinery	10 years
Effluent disposal infrastructure	20 years
Parks, recreation and other infrastructure	20 years
Coastal infrastructure	20 years

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

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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
- (b) 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.

(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.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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.

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.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	26,500	26,831	25,000
Other Services	3,500	12,031	0
Depreciation			
<u>By Program</u>			
Governance	0	0	35,333
General Purpose Funding	0	0	0
Law, Order, Public Safety	65,042	65,042	99,363
Health	9,886	9,886	11,474
Education and Welfare	30,133	30,133	50,772
Housing	43,705	43,705	13,508
Community Amenities	32,119	32,119	105,941
Recreation and Culture	256,029	256,029	299,954
Transport	1,934,419	1,934,419	1,856,326
Economic Services	10,187	10,187	33,707
Other Property and Services	458,819	664,661	53,569
	<u>2,840,340</u>	<u>3,046,181</u>	<u>2,559,947</u>
<u>By Class</u>			
Land and Buildings	481,341	481,341	638,045
Furniture and Equipment	116,222	116,222	48,331
Plant and Equipment	390,610	596,451	10,169
Roads	1,752,764	1,752,764	1,779,410
Footpaths	25,372	25,372	18,115
Drainage	9,696	9,696	21,105
Parks and Ovals	64,335	64,335	44,774
	<u>2,840,340</u>	<u>3,046,181</u>	<u>2,559,949</u>
Borrowing Costs (Interest)			
- Finance Lease Charges	0	0	0
- Debentures (<i>refer note 5(a)</i>)	61,932	73,767	117,557
	<u>61,932</u>	<u>73,767</u>	<u>117,557</u>
Rental Charges			
- Operating Leases	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	110,965	112,898	134,064
- Other Funds	26,162	24,916	60,525
Other Interest Revenue (<i>refer note 13</i>)	14,400	38,923	24,000
	<u>151,528</u>	<u>176,737</u>	<u>218,589</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of scarce resources.
Activities: Administration and operation of facilities and services to members of Council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.
Activities: Rates, general purpose government grants & interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community.
Activities: Supervision of various by-laws, fire prevention, emergency services & animal control.

HEALTH

Objective: To provide an operational framework for good community health.
Activities: Food quality and pest control, maintenance and contributions to health services and facilities.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas.
Activities: Operation and provision of retirement units and Aged Care Services.

HOUSING

Objective: Help ensure adequate housing for Council Staff.
Activities: Maintenance of staff and rental housing.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

Activities: Maintenance of halls, sporting complexes, resource centres, parks gardens and tv rebroadcast

TRANSPORT

Objective: To provide effective and efficient transport services to the community.
Activities: Construction and maintenance of streets, roads, bridges, cleaning, and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrips maintenance.

ECONOMIC SERVICES

Objective: To help promote the shire and improve its economic wellbeing.
Activities: The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control, and water supply including stand pipes.

OTHER PROPERTY & SERVICES

Activities: Private works operations, plant repairs, and operations costs. Also provides for Dept Transport Licensing, Westpac Banking and services to the Future Fund.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

3. ACQUISITION OF ASSETS

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

- asset acquisitions
- infrastructure construction programme

<u>Summary Acquisitions By Class</u>	2013/14 Budget \$
Land Held for Resale	0
Land and Buildings	4,403,683
Infrastructure Assets - Roads	1,465,539
Infrastructure Assets - Parks and Ovals	185,000
Plant and Equipment	306,300
Furniture and Equipment	81,500
	<u>6,442,022</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

4. DISPOSALS OF ASSETS

The following assets are budgeted to be disposed of during the year.

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Transport			
Nissan Patrol Vehicle	45,169	32,000	(13,169)
Grader Ute 1 - P645	17,061	10,000	(7,061)
Grader Ute 2 - P645	0	5,000	5,000
Dozer Ute - P575	0	5,000	5,000
Hopetoun Ride on Mower	730	1,000	270
Administration			
Mitsubishi Challenger	34,693	25,000	(9,693)
Law Order Public Safety			
CBFCO Hilux	0	4,000	4,000
	97,653	82,000	(15,653)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Plant and Equipment			
Nissan Patrol Vehicle	45,169	32,000	(13,169)
Grader Ute 1 - P645	17,061	10,000	(7,061)
Grader Ute 2 - P645	0	5,000	5,000
Dozer Ute - P575	0	5,000	5,000
Hopetoun Ride on Mower	730	1,000	270
Mitsubishi Challenger	34,693	25,000	(9,693)
CBFCO Hilux	0	4,000	4,000
	97,653	82,000	(15,653)

Summary

	2013/14 BUDGET \$
Profit on Asset Disposals	14,270
Loss on Asset Disposals	(29,923)
	<u>(15,653)</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Loan 131 782 Spence Street	13,049		6,016	8,582	7,033	13,049	781	152
Loan 139 Refuse Collection	0		0	13,508	0	0	0	387
Loan 143 Town Streets	351,113		31,279	29,394	319,835	351,113	13,467	15,351
Loan 138C Town Streets	419,615		19,313	18,088	400,302	419,615	17,028	18,253
Loan 138D Town Streets	419,756		19,305	18,079	400,451	419,756	17,059	18,285
Loan 142 Grader No 1	61,221		57,875	54,579	3,346	61,221	1,654	4,949
Loan 144 Town Streets	411,844		37,286	32,839	374,558	411,844	11,943	16,390
Loan 145 - Hopetoun Community Centre	0	333,656	0	0	333,656	0	0	0
	1,676,599	333,656	171,073	175,069	1,839,182	1,676,599	61,932	73,767

All debenture repayments are to be financed by general purpose revenue.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 145 - Hopetoun Community Centre	333,656	WATC	Debenture	10	71,452	4%	333,656	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2013 nor is it expected to have unspent debenture funds as at 30th June 2014.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$500,000 with Westpac Banking Corporation does exist. It is not anticipated that this facility will be required to be utilised during 2013/14.

SHIRE OF RAVENSTHORPE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
(b) Plant Reserve			
Opening Balance	66,970	64,234	64,234
Amount Set Aside / Transfer to Reserve	2,679	2,736	3,212
Amount Used / Transfer from Reserve	-	-	-
	<u>69,649</u>	<u>66,970</u>	<u>67,446</u>
(c) Emergency Farm Water Reserve			
Opening Balance	23,455	22,497	22,496
Amount Set Aside / Transfer to Reserve	938	958	1,125
Amount Used / Transfer from Reserve	-	-	-
	<u>24,393</u>	<u>23,455</u>	<u>23,621</u>
(d) Waste and Sewerage Reserve			
Opening Balance	235,561	207,340	207,340
Amount Set Aside / Transfer to Reserve	36,907	28,221	29,755
Amount Used / Transfer from Reserve	-	-	-
	<u>272,468</u>	<u>235,561</u>	<u>237,095</u>
(e) Building Reserve			
Opening Balance	1,559,818	1,629,885	1,629,885
Amount Set Aside / Transfer to Reserve	62,393	164,933	177,422
Amount Used / Transfer from Reserve	(1,500,000)	(235,000)	-
	<u>122,211</u>	<u>1,559,818</u>	<u>1,807,307</u>
(f) Bushfire Unit Reserve			
Opening Balance	9,315	8,934	8,934
Amount Set Aside / Transfer to Reserve	373	381	447
Amount Used / Transfer from Reserve	(9,688)	-	-
	<u>(0)</u>	<u>9,315</u>	<u>9,381</u>
(g) Road and Footpath Reserve			
Opening Balance	464,273	445,303	445,302
Amount Set Aside / Transfer to Reserve	18,571	18,970	22,265
Amount Used / Transfer from Reserve	-	-	-
	<u>482,844</u>	<u>464,273</u>	<u>467,567</u>

SHIRE OF RAVENSTHORPE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

(h) Swimming Pool Upgrade Reserve			
Opening Balance	52,891	50,730	50,731
Amount Set Aside / Transfer to Reserve	2,116	2,161	2,537
Amount Used / Transfer from Reserve	-	-	-
	<u>55,007</u>	<u>52,891</u>	<u>53,268</u>
(i) Hopetoun Foreshore Reserve			
Opening Balance	-	14,957	14,956
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	(14,957)	(14,956)
	<u>-</u>	<u>-</u>	<u>-</u>
(j) UHF Radio Repeater Reserve			
Opening Balance	8,446	8,101	8,101
Amount Set Aside / Transfer to Reserve	338	345	405
Amount Used / Transfer from Reserve	-	-	-
	<u>8,784</u>	<u>8,446</u>	<u>8,506</u>
(k) Airport Reserve			
Opening Balance	353,404	310,731	310,736
Amount Set Aside / Transfer to Reserve	64,136	42,673	44,973
Amount Used / Transfer from Reserve	-	-	-
	<u>417,540</u>	<u>353,404</u>	<u>355,709</u>
Total Reserves	<u>1,452,895</u>	<u>2,774,133</u>	<u>3,029,899</u>

All of the above reserve accounts are to be supported by money held in financial institutions.

Council have a policy of annual revaluation of road infrastructure. The amount of any revaluation adjustment at 30 June 2014 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction (treated as Other Comprehensive Income) and as such, has no impact on this budget document.

SHIRE OF RAVENSTHORPE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

6. RESERVES (Continued)	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Leave Reserve	-	-	-
Plant and Vehicle Reserve	2,679	42,258	1,129
Emergency Farm Water Reserve	938	1,265	1,090
Waste and Sewerage Reserve	36,907	11,667	10,049
Building Reserve	62,393	164,933	177,422
Bushfire Unit Reserve	373	381	447
Road and Footpath Reserve	18,571	18,970	22,265
Swimming Pool Upgrade Reserve	2,116	2,161	2,537
UHF Radio Repeater Reserve	338	345	405
Airport Reserve	64,136	42,673	44,973
	<u>188,450</u>	<u>284,653</u>	<u>260,316</u>
Transfers from Reserves			
Leave Reserve	-	-	-
Plant and Vehicle Reserve	-	-	-
Emergency Farm Water Reserve	-	-	-
Waste and Sewerage Reserve	-	-	-
Building Reserve	(1,500,000)	(235,000)	-
Bushfire Unit Reserve	(9,688)	-	-
Road and Footpath Reserve	-	-	-
Swimming Pool Upgrade Reserve	-	-	-
Hopetoun Foreshore Reserve	-	(14,957)	(14,956)
UHF Radio Repeater Reserve	-	-	-
Airport Reserve	-	-	-
	<u>(1,509,688)</u>	<u>(249,957)</u>	<u>(14,956)</u>
Total Transfer to/(from) Reserves	<u>(1,321,238)</u>	<u>34,696</u>	<u>245,360</u>

SHIRE OF RAVENSTHORPE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

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

Leave Reserve

To be used to fund long service leave and non-current annual leave requirements.

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.

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

The Building Reserve and Bushfire Unit Reserve is expected to be utilised in 2013/14.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2013/14 Budget \$	2012/13 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
 CURRENT ASSETS			
Cash - Unrestricted	15(a)	170,700	1,371,397
Cash - Restricted Reserves	15(a)	1,452,895	2,774,132
Receivables		300,000	658,533
Inventories		1,000	37
		1,924,595	4,804,099
 LESS: CURRENT LIABILITIES			
Payables and Provisions		(350,000)	(345,112)
NET CURRENT ASSET POSITION		1,574,595	4,458,987
Less: Cash - Restricted Reserves	15(a)	(1,452,895)	(2,774,132)
Less: Cash - Restricted Municipal		0	(34,524)
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		121,700	1,650,331

The estimated surplus/(deficiency) c/fwd in the 2012/13 actual column represents the surplus (deficit) brought forward as at 1 July 2013.

The estimated surplus/(deficiency) c/fwd in the 2013/14 budget column represents the surplus (deficit) carried forward as at 30 June 2014.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

8. RATING INFORMATION - 2013/14 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2013/14 Budgeted Rate Revenue \$	2013/14 Budgeted Interim Rates \$	2013/14 Budgeted Back Rates \$	2013/14 Budgeted Total Revenue \$	2012/13 Actual \$
Differential General Rate								
GRV Properties	12.6124	835	11,290,315	1,423,980	0	1,535	1,425,515	1,351,459
UV Properties	0.9850	375	146,868,568	1,446,655	0	0	1,446,655	1,379,518
							0	
Sub-Totals		1,210	158,158,882	2,870,635	0	1,535	2,872,170	2,730,977
Minimum Rates	Minimum \$							
GRV Properties	792	401	1,259,538	317,592	0	0	317,592	307,632
UV Properties	792	254	6,468,280	201,168	0	0	201,168	186,992
							0	
Sub-Totals		655	7,727,818	518,760	0	0	518,760	494,624
Discounts (Note 12)							0	(59,242)
Total Amount of General Rates							3,390,930	3,166,359
CBH Rates Contribution							41,966	39,965
Total Rates							3,432,896	3,206,324

All land except exempt land in the Shire of Ravensthorpe is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2013/14 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

9. EFFLUENT AREA RATE - 2013/14 FINANCIAL YEAR

	Rate in \$	Minimum Rate	Rateable Value	2013/14 Budgeted Revenue \$	Budget Applied to Costs \$	2012/13 Actual \$
Effluent Area Rates Ravensthorpe and Munglinup Effluent System	2.2281	162.75	1,695,802 577,614	37,784 18,553	37,784 18,553	53,346
				56,337	56,337	53,346

The effluent area rate income services the maintenance and upgrade requirements of the Ravensthorpe and Munglinup sewerage systems. Any unutilised funds are transferred to the Waste and Sewerage Reserve.

10. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

	Amount of Charge \$	2013/14 Budgeted Revenue \$	Budget Applied to Costs \$	2012/13 Actual \$
Nil	0	0	0	0
		0	0	0

There are no service charges in place in the Shire of Ravensthorpe

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

11. FEES & CHARGES REVENUE	2013/14 Budget \$	2012/13 Actual \$
Governance	0	0
General Purpose Funding	20,000	(2,802)
Law, Order, Public Safety	20,041	22,853
Health	234	227
Education and Welfare	0	0
Housing	17,581	32,922
Community Amenities	466,677	454,380
Recreation & Culture	153,520	93,217
Transport	600,611	565,441
Economic Services	49,930	150,294
Other Property & Services	33,654	88,710
	<u>1,362,248</u>	<u>1,405,242</u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

There are no discounts, incentives or projected significant writeoffs included in the 2013/2014 budget.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

13. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

The Local Government Act 1995 provides ratepayers with the option of paying by instalments.

Payment must be made in full by 23rd September 2013 or by an instalment plan:

Instalment Plan	
Instalment 1	23rd September 2013
Instalment 2	25th November 2013
Instalment 3	28th January 2014
Final instalment	31st March 2014

An administration charge of \$10.00 per instalment after the first payment will be charged by Council. 5.5% simple interest is also charged on the instalment plan if taken up by ratepayers.

To be eligible for the instalment option, any outstanding rates and charges (including penalty interest) must be paid in full with the first instalment. If the outstanding charges are not paid in full, the instalment option is not available

14. ELECTED MEMBERS REMUNERATION	2013/14 Budget \$	2012/13 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.		
Meeting Fees	90,000	56,000
President's Allowance	12,000	10,000
Deputy President's Allowance	3,000	2,500
Travelling Expenses	11,112	10,788
Telecommunications Allowance	7,000	7,000
	<u>123,112</u>	<u>86,288</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

15. 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. Estimated cash at the end of the reporting period is as follows:

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Cash - Unrestricted	170,700	1,371,397	150,000
Cash - Restricted	1,452,895	2,774,133	3,029,899
	<u>1,623,595</u>	<u>4,145,530</u>	<u>3,179,899</u>

The following restrictions have been imposed by regulation or other externally imposed requirements:

Leave Reserve	-	-	-
Plant and Vehicle Reserve	2,679	-	67,446
Emergency Farm Water Reserve	69,649	66,970	23,621
Waste and Sewerage Reserve	24,393	23,455	237,095
Building Reserve	272,468	235,561	1,807,307
Recreation Reserve	122,211	1,559,818	-
Bushfire Unit Reserve	-	-	9,381
Road and Footpath Reserve	(0)	9,315	467,567
Swimming Pool Upgrade Reserve	482,844	464,273	53,268
Hopetoun Foreshore Reserve	55,007	52,891	-
UHF Radio Repeater Reserve	-	-	8,506
Munglinup Hall Reserve	8,784	8,446	355,709
Airport Reserve	417,540	353,404	-
Jerdacuttup Hall Reserve	-	-	-
	<u>1,455,574</u>	<u>2,774,133</u>	<u>3,029,899</u>

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

Net Result	491,581	86,582	(464,862)
Depreciation	2,840,340	3,046,182	2,559,947
(Profit)/Loss on Sale of Asset	15,653	(123,040)	29,632
(Increase)/Decrease in Receivables	358,533	182,842	407,079
(Increase)/Decrease in Inventories	(963)	4,000	(1,176)
Increase/(Decrease) in Payables	4,888	(558,114)	(348,523)
Increase/(Decrease) in Employee Provisions	(34,527)	-	0
Grants/Contributions for the Development of Assets	(2,254,666)	(1,288,171)	(1,422,744)
Non-Current Assets recognised due to change in Legislative Requirements	0	0	0
Net Cash from Operating Activities	<u>1,420,839</u>	<u>1,350,281</u>	<u>759,353</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	500,000	500,000	500,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	4,000	4,000	4,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>504,000</u>	<u>504,000</u>	<u>504,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Bitumen Tender Document Bond	487			487
Hopetoun Tennis Club	9,072			9,072
Standpipe Swipe Card Bond	1,500			1,500
Unknown Rates Payments	1,234		(1,234)	(0)
BCITF - Payments	1,642	1,800	(2,500)	942
Pavillion Hire Bonds	833			833
Gym Swipe Card Bond	3,912	300	(300)	3,912
Ravensthorpe Cemetery Group	76			76
Hall Hire and Key Bonds	3,783	500	(500)	3,783
Rehabilitation Bond - Barminco	6,866			6,866
Sundry Overpayments	5,382		(5,000)	382
Swimming Pool Key Deposits	920			920
Rural Subdivisions Shed Bonds	22,494			22,494
Subdivision Maintenance Bonds	44,711		(40,000)	4,711
Nomination Deposits	0	400	(400)	0
Licensing Receipts	2,142	400,000	(400,000)	2,142
Builders Registration Board	2,220	1,500	(3,000)	720
	<u>107,274</u>			<u>58,840</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

17. MAJOR LAND TRANSACTIONS

There are no proposed major land transactions in the 2013/2014 budget.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2013/14.



Shire of Ravensthorpe Asset Acquisitions 2013/2014



Asset Name	Cost	Trade / Funding	Net Cost	Comments
Buildings				
Construction / Renovation of Administration Centre - SES Shed Ravensthorpe	\$330,000	\$300,000	\$30,000	
Complete renovation works - 41 Kingsmill Street	\$43,150	\$0	\$43,150	
Hopetoun Community Centre Construction	\$4,000,000	\$2,166,344	\$1,833,656	Final costs subject to tender process and funding streams
Complete Jerdacuttup Hall Renovations	\$9,000	\$0	\$9,000	
Replacement of Recreation Centre Skylights	\$9,000	\$0	\$9,000	
Contribution to Energy Efficiency Project - High Efficiency Heat Pumps	\$12,533	\$0	\$12,533	
Furniture and Equipment				
Purchase new Telephone System for Doctors Surgeries	\$5,500	\$0	\$5,500	
Purchase new ECG Machine for Doctors Surgeries	\$3,000	\$0	\$3,000	
Purchase Audio Visual Systems Ravensthorpe Recreation Centre	\$4,000	\$0	\$4,000	
New crockery and cutlery at Ravensthorpe Hall and Rec Centre	\$5,000	\$0	\$5,000	
New Tables and Chairs - Hall and Rec Centre - \$7500 each	\$15,000	\$0	\$15,000	
Complete Rec Admin office fitout	\$3,000	\$0	\$3,000	
New Photocopier	\$16,500	\$0	\$16,500	
Smart Board / Projector for Council Chambers	\$5,500	\$0	\$5,500	
Computer Replacement Program	\$2,500	0	\$2,500	
Parks				
Complete Hopetoun Skatepark	\$160,000	\$160,000	\$0	
Contingency Provision on Hopetoun Skate Park	\$25,000	\$0	\$25,000	



Shire of Ravensthorpe Asset Acquisitions 2013/2014



Asset Name	Cost	Trade / Funding	Net Cost	Comments
Plant and Equipment				
Purchase new Ranger Vehicle	\$42,000	\$4,000	\$38,000	Trading CBFCO vehicle
Changeover MES Vehicle	\$55,000	\$32,000	\$23,000	
Changeover Grader Ute 1 - P645	\$40,000	\$5,000	\$35,000	
Changeover Grader Ute 2 - P645	\$40,000	\$10,000	\$30,000	
Changeover Dozer Ute - P575	\$40,000	\$5,000	\$35,000	
Changeover Hopetoun Ride on Mower	\$6,500	\$1,000	\$5,500	
High Pressure Cleaner - Heavy Duty	\$4,000	\$0	\$4,000	
Sundry Small Plant and Equipment, Chainsaws etc	\$18,300	\$0	\$18,300	
14x6 HD Tandem Flat Top Trailer	\$9,000	\$0	\$9,000	
New Portable Traffic Lights	\$30,000	\$0	\$30,000	
Changeover Airport / Compliance Vehicle	\$43,000	\$25,000	\$18,000	
Total All Assets	\$4,976,483	\$2,708,344	\$2,268,139	

2013 / 2014 Budget Infrastructure Construction Program

Job	Project	Proposed Works	Total Budget	Materials / Contracts	Wages / Plant
C023	Melaleuca Road Construction	Melaluca SLK 0.0 to 13.0 resheet existing formation	\$134,586	\$16,995	\$117,591
C008	Aerodrome Road - Council Construction	Aerodrome SLK 26.0 to 30.0 Form Drain and Resheet	\$101,656	\$3,323	\$98,333
C112	Koornong Road	Koornong SLK 6.0 to 11.0 Form Drain and Resheet	\$123,926	\$19,858	\$104,068
C006	West River Road	West River re-alignment of deviation SLK 5.0 Drain, Lift Formation, and Resheet	\$85,876	\$10,064	\$75,812
C156	Laneways Upgrade Ravensthorpe	ROW Sealing, kerbing and drainage	\$50,728	\$34,162	\$16,566
ASB395	Depot Upgrade	Install roadbase to existing area	\$31,104	\$9,885	\$21,219
C117	Floater Road	Form Drain and Sheet SLK 10.0 - 13.5	\$89,436	\$1,132	\$88,304
C143	Tubada Street	Install 2 coat seal and kerbing at BBQ area Tubada Street	\$34,608	\$22,791	\$11,817
G100	Gravel Pit Rehabilitation	Rehabilitation of Old Gravel Pits	\$62,803	\$1,471	\$61,332
G101	Gravel Pit Development	Establishment of new pits for future projects	\$46,264	\$576	\$45,688
ASI501	Hopetoun Waste Site Fencing	Clear verges, earthworks, import 100mm limestone base	\$17,918	\$11,595	\$6,323
ASE330	Munglinup Drought Relief Dam	Expansion of catchment area	\$63,704	\$43,316	\$20,388
	Total Council Funded Construction		\$842,609	\$175,169	\$667,440
FP3	Hopetoun Ravensthorpe Road Footpath	Clear verges, earthworks, import 100mm limestone base	\$57,269	\$32,730	\$24,539
FP4	Esplanade Pathway	Repair and upgrade of existing path	\$35,298	\$8,264	\$27,034
	Total Council Footpath Construction		\$92,567	\$40,994	\$51,573
RG2	Ravensthorpe Heavy Haulage Route Expenses	Provision for works associated within townsite relating to Heavy Haulage Route - including street tree assessment	\$47,363	\$47,363	\$0
	Total MRWA Funded Projects		\$47,363	\$47,363	\$0
RR3	Springdale Road - R2R Funded	Springdale SLKs 49.0-55.0 - Form Drain and Resheet	\$200,000	\$10,798	\$189,202
RR8	Fitzgerald Road Construction R2R Funded	Fitzgerald SLK 50.6 to 55.6 Form, Drain, and Resheet	\$150,000	\$3,525	\$146,475
RR9	Veal Street Streetscape Improvements	Streetscape improvements - RDAF Round 5 Funding Project	\$133,000	\$133,000	\$0
	Total Roads to Recovery Funded Projects		\$483,000	\$14,323	\$335,677
	Total Road Construction Program		\$1,465,539		