



Shire of Ravensthorpe

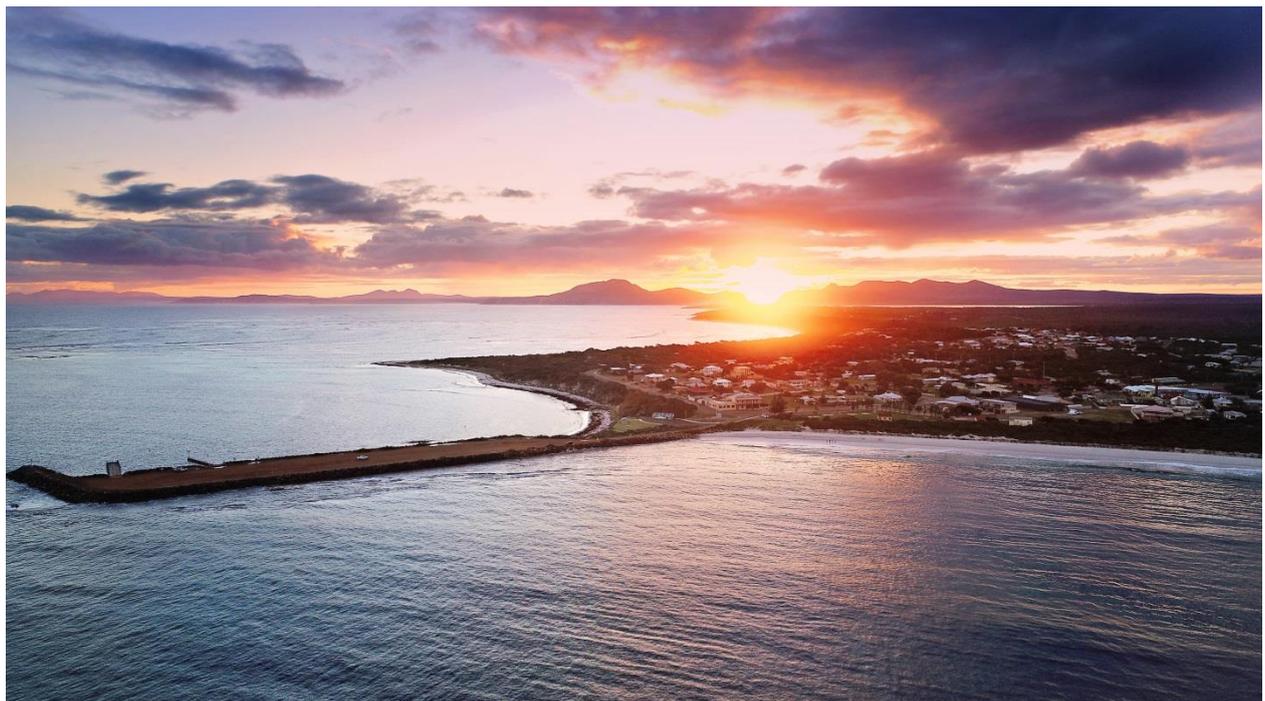
Growing our Community

Annual Financial Report for 2016/2017



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Regional Profile

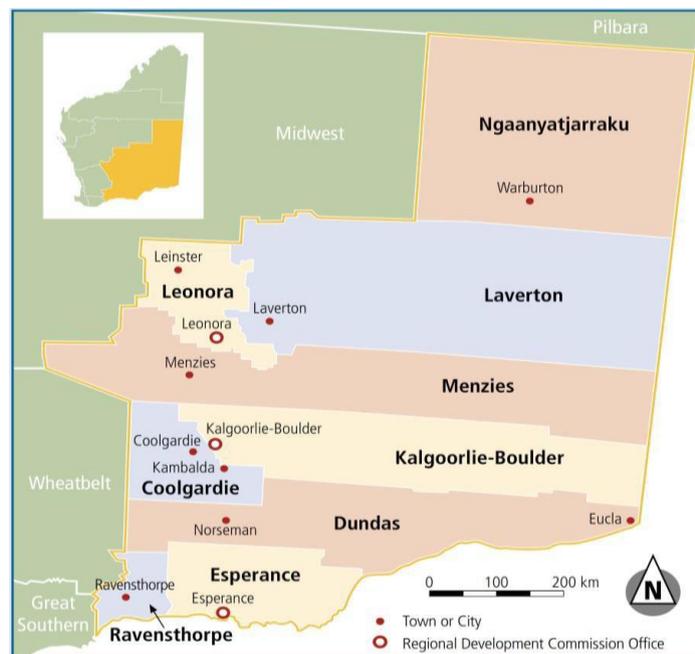
The Shire of Ravensthorpe is a Local Government Area in the southern Goldfields- Esperance region of Western Australia, about halfway between the City of Albany and the town of Esperance and about 530km southeast of Perth. The Shire covers an area of 13,551km², and its seat of government is the town 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 stabilized the district ever since. Cereal growing is becoming the main focus, with sheep and cattle farming also occurring in the Shire. The Shire is experiencing growth with the mining of nickel. Mining operations are generating activity and new business to the town.

The Shire's main town sites are Hopetoun (population 1398, ABS 2011), Munglinup (population 100, ABS 2011) and Ravensthorpe (population 391, ABS 2011). Hopetoun is on the south coast and it was established in 1900 as a coastal town servicing the Phillips River Mining District, and named after the 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.



Shire President Report

It is my pleasure to present my 2016/17 report to the community.

2016/17 was definitely a year of challenges – the major one being the flooding event of February 2017. This caused widespread devastation to the shire road network, the access into the Fitzgerald River National Park (Culham Inlet causeway), Ravensthorpe tennis courts and to farming properties across the entire shire.

In true community spirit everyone has banded together and worked to begin what will be a long and expensive recovery process. For this I thank you.

The wet winter of 2016 followed by the February floods severely limited the amount of capital / improvement works that were able to be completed in 2016/17. Following the flooding Council staff concentrated on opening up roads to provide basic access without jeopardizing disaster relief funding.

Council was able to install a solar power scheme on the Hopetoun Community Centre courtesy of a grant and improved the access into the Hopetoun Sports Ground.

In Ravensthorpe the major project was the long-awaited streetscape improvements in Morgans Street funded by a grant from Main Roads WA and the national Roads to Recovery Program.

Thank you to all the Councilors for their input during the year and the time they devote to our community and thanks must go to their families who support them in meeting the obligations of being a Shire Councilor.

To the staff of the shire thank you for all your efforts during the year and a particular thanks for the extra efforts put in during and following the February 2017 floods.

The next 12-24 months will see a major emphasis placed on rebuilding the infrastructure that was damaged or destroyed during the February 2017 event whilst also working to provide a quality service and quality facilities to our community and many visitors.

Kind Regards



Keith Dunlop
Shire President



Chief Executive Officer

It is my pleasure to present my report for the 2016/2017 financial year.

There is no doubting it has been a very different year especially with the wet winter of 2016 followed by the summer flood event of February 2017.

Through all of this the Shire of Ravensthorpe remains in a strong financial position with strong cash holdings in both operating and reserves.

Staff Leave Reserve	\$ 68,248
Plant Reserve	\$ 226,855
Building Reserve	\$ 1,492,299
Emergency Farm Water Reserve	\$ 26,259
Road and Footpath Reserve	\$ 415,353
Airport Reserve	\$ 688,899
Waste and Sewerage Reserve	\$ 292,901
State Barrier Fence Reserve	\$ 141,539
Unspent Grants	\$ 200,849
Swimming Pool Upgrade Reserve	\$ 43,249
Total Reserves	\$ 3,596,451

The annual financial statements show a write-down of \$21,006,436 in the shire's infrastructure asset valuation. This is due to the amount of the damage incurred as a result of the February 2017 floods. This is not a financial loss, a change in valuation only. As the roads are repaired to their previous condition, or improved condition, the value will slowly be returned to the previous value if not a higher valuation. It is anticipated the return to the previous valuation will occur over the next 2 financial years.

Loans

Council had 7 outstanding loans as at June 2017 with principal of \$2,089,958 owing. No new loans were taken out during the year.



Financial Ratios

As a part of our annual reporting process, we are required to report on a series of financial ratios which helped give an indication of the Council's financial position.

As at 30th June 2017 the following:

Ratio	Description	Result	Prescribed Standard
Current Ratio	Indicate the Shire's ability to meet short term debt obligations.	2.54	The standard is met if the ration is greater than 1
Asset Sustainability Ratio	Indicates that the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	0.407	The standard is met if the ratio is 0.9 or higher
Debt Service Cover Ratio	Indicates the Shire's ability to repay its debt including lease payments.	10.48	A basic standard is met if the ratio is greater than or equal to 2. And advanced standard is met if the ratio is greater than 5
Operating Surplus Ratio	Indicates the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes.	(0.02)	As basic standard is met between 0.01 and 0.15 An advanced standard is met if the ratio is greater than 0.15
Own Source Revenue Coverage Ratio	Indicates the Shire's ability to cover it costs through its own revenue efforts.	0.56	A basic standard is met if the ratio is between 0.4 and 1.6 Intermediate standard is between 0.6 and 0.9 An advanced standard is met if the ratio is greater than 0.9
Asset Consumption Ratio	Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	0.26	The standard is met if the ratio is 0.5 or greater. The standard is improving if the ratio is between 0.6 and 0.75
Asset Renewal Funding Ratio	Measures the ability of the Shire to fund its projected asset renewal/replacements in the future.	0.69	The standard is met if the ratio is between 0.75 and 0.95 The standard is improving if the ratio is between 0.95 and 1.05

February 2017 Floods

The flood of February 2017 had a devastating impact on the shire and has dominated the demands on staff time and resources up to the end of the financial year and will continue to be a major draw on resources for some time to come.

All shire staff did a fantastic job through the initial stages by getting roads open and helping to keep people informed as best we could.



The natural disaster recovery process is not an easy one to maneuver and there have been many meetings with the various agencies trying to get things progressed for our community.

It took a long time, a lot longer than was needed, but at least progress is being made and next financial year should see major road repairs completed. On a positive note all but some \$160,000 of moneys expended will be reimbursed to the shire.

The flooding also delayed the completion of the new regional landfill site which will now be completed in the first half of 2017/18.

The Morgans Street streetscape project was all but completed with roadworks and drainage upgrades done and new garden areas planted. There was some minor damage during the floods but were repaired easily.

During the year Council worked with a number of other organisations that have seen, or will see, improvements throughout the community including the bouncy pillow in Hopetoun, upgraded tourist information bays and the new street furniture in Ravensthorpe.



What's Next

The next 12 months will see an emphasis on repairing roads, building replacement tennis courts in Ravensthorpe, the design and hopefully construction of a new permanent access into Fitzgerald River National Park.

An event of international significance will be the official launch in March 2018 of the Fitzgerald Biosphere following its successful re nomination by UNESCO

Conclusion

I particularly wish to acknowledge the efforts of all my staff this year noting in particular the fantastic effort they put in during and in the early days of the floods – thank you.

Thank you to the Shire President Keith Dunlop and Councilors for their support during a difficult year for our community.

Local Government continues to face challenges but 2016/17 has been a particularly challenging year for the Shire of Ravensthorpe but working together as a team and with the support of the community we will continue to move forward.

Thank you.



Ian Fitzgerald
Chief Executive Officer



Manager of Engineering Services

Road Re-sheeting

Works and Services completed the following re-sheeting projects in the 2016-2017 period. The gravel re-sheeting programme for the year was suspended for most of the period due to wet ground conditions, with all Shire resources redeployed to carry out road repairs prior to and after the February 2017 flood event.

- Springdale Road 3km \$75,000
- West River Road 7km \$150,000

Sealed Road Projects

The Works and Services team with contractors carried out the following projects to the sealed road network during the year:

- Hamersley Drive drainage works / reseal \$90,000
- Jerdacuttup Road pavement stabilisation \$150,000

Ravensthorpe

Construction of the Ravensthorpe Streetscape Project stages 1 and 2 to the value of \$2.08million funded by Council, Main Roads Western Australia and the Federal Government through Roads to Recovery funding. Council has allocated funding in the 2017 /2018 Budget to finalise landscaping of Stage 2 and carry out an upgrade of Rangeview Park.

Munglinup

The Works team with the assistance of contractors carried out a number of kerbing, drainage and pavement repair projects in the Munglinup town site to the value of \$75,000.

Hopetoun

Construction of a concrete shared use pathway providing Veal St linkage to the front beach carpark was completed.

A new shared use pathway was constructed linking Veal St to the CWA Building along with the installation 5 new concrete pram ramps.

The carpark area at Hopetoun Men in Sheds was bitumen sealed and had kerbing installed.

Coastal Reserves

One mile beach access and carpark track was re-sheeted and fencing constructed by a combined Shire and Work for the Dole team.

Maintenance

A large portion of Council's budget is expended on the maintenance of existing facilities such as:

Recreation Grounds	\$118,000
Public Toilets	\$131,000
Parks and Gardens	\$55,000
Cemeteries	\$45,000
Effluent Scheme	\$70,000
Street Lighting	\$46,000
Waste Management	\$429,000
Airport	\$175,000
Road Maintenance	\$2,100,000

Street sweeping and stormwater drains were cleaned in Hopetoun, Munglinup and Ravensthorpe during the period.

Environmental Health

All access chambers in the Ravensthorpe Effluent Scheme were inspected and cleaned during this period in accordance with the licence conditions. Two access chambers were replaced. Compliance reports were submitted to the Department of Health and the Department of Water and Environmental Regulation as per conditions of licence.

After years in the planning the Ravensthorpe Regional Waste Management Facility has been constructed to DWER and EPA environmental best practice standards. This is a joint project between the Shires of Ravensthorpe and Jerramungup and once operational will service the waste disposal needs of both shires for decades to come.

The Hopetoun Transfer Station was subject to audit during the course of the year and achieved a high level of compliance with its licence conditions.

Drainage

Extensive maintenance works to the road network were undertaken with culvert clearing and in some cases replacement during the course of the year.

Parks and Gardens / Town Maintenance

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

Plant Replacement

The 16/17 period saw the replacement of a prime mover, 6 wheel tip truck, wheel loader, backhoe and a number of light vehicles.

Additional plant added to Council's fleet was an additional side tipper trailer allowing the re-sheeting crew to run 2 road train configurations to facilitate increased amounts of re-sheeting. The nett cost of replacement for all vehicles was approximately \$900,000.

Flood Damage

As we all know February 2017 saw the worst flooding ever recorded in the Shire with the rainfall event been classified as a 1 in 300 year event. All shire resources were deployed for months with the opening up of roads to enable access not only to the South Coast Highway but local roads as well.

Preliminary works were undertaken with local contractors to carry out basic road pavement repairs to improve road safety prior to harvest. Opening up costs and preliminary works are costed in the region \$1.1 million dollars.

Approvals for reinstatement works have now been received and will commence in the 17/18 financial year.

Darryn Watkins
Manager of Engineering Services

Manager of Corporate and Community Services

Hopetoun Community Centre

Following completion of the new Hopetoun Community Centre in November 2015, the 2015/16 financial year saw the first full year of operation of the new centre which has provided additional services to the community in several ways.

The shire of Ravensthorpe opened up a satellite office at the centre in April 2015 with a customer service officer working 4 days a week. This allows residents to access things such as paying shire bills, rates and dog and cat licencing as well as vehicle and drivers licencing service. The take up of these services continued to expand throughout the year with more and more people taking up the opportunity to visit the shire without having to travel to Ravensthorpe.

The Hopetoun CRC, Library and Tourist Information centre has also been able to expand their services with a larger library, training rooms and public internet access. There is a touch screen tourist information hub accessible through the front window 24/7 providing additional services to tourists, along with a larger tourist information section within the CRC itself. Being able to service tourists to the region is of paramount importance to a shire that depends heavily on attracting and retaining visitors to the area.

The Hopetoun Progress Association also has an office and meeting room within the centre and this has enabled them to make the most of their organisation with modern facilities in their purpose built office. They have been instrumental in organising many activities and events, such as the summer school holiday programme for local children, Australia Day Breakfast and Biggest Morning Tea Fund Raising. Having a dedicated base has allowed them to expand and formalise a lot of their activities.

The centre also has two meeting rooms that can be hired by local community groups or visiting specialists that previously had no dedicated meeting rooms to use.

Groups that have utilised the facility include:-

- Annual Electors Meeting
- Hopetoun Primary School end of year concert
- Qualup choir
- Southern Scribes
- BOIC
- Lions Club
- Fitzgerald Coast Tourism Association
- Ravensthorpe Regional Arts council
- Spectacle Hut
- Ravensthorpe Historical Society
- Hopetoun Dance Group
- Windspray Arts
- Shire – Bushfire threat meeting
- Shire – Flood update meeting
- WA Electoral Commission

The shire has worked with the local art gallery and they maintain an art exhibition along the corridor walls – giving local artists a further opportunity to display and sell their works.

There have also been many events organised that have utilised the large main hall and kitchen areas. The local Ravensthorpe Regional Arts Council have been able to attract funding to bring some of the Country Arts WA performers to the centre.

Events held since opening include:-

- Quiz Nights
- Thai Cooking Classes
- Weddings
- Trash Test Dummies
- Trash & Treasure
- Coffee with a Cop
- Movie Nights
- St Johns Training
- Ravensthorpe Wildflower Show Annual Dinner
- Fringe World Event
- P&C Bush Dance

The complex is being well used and has given a sense of pride to the community. To be able to have a large, purpose built centre in a small regional town has given inspiration to many groups to take on and organise events that previously would have been impossible.

As with all major projects there have been some teething problems following completion – some leaks and design issues and the need to remove a lift and install a ramp to access the CRC. The shire continues to work through these with the builder to ensure all problems are rectified.



New ramp during construction

Sporting Clubs and Facilities

2016/17 continued to bring challenges to many of the sporting and community groups within the shire with overall declining memberships putting a strain on most of the committees. Sporting clubs have been finding it harder to attract members and maintain full season fixtures. This is unfortunately a reflection of a down turn in population and is happening throughout many rural towns in the region.

Kidsport funding was successfully promoted again with a good take-up rate. Kidsport helps with money towards sports equipment and uniforms for kids that might otherwise not be able to afford to participate. Kidsport administration became fully online this year and was handled by our Hopetoun officer.

In general community facility hire in 2016/17 (other than at the Hopetoun Community centre), including the REC, outdoor cinema, town hall and multiuse ovals has remained similar to the previous year. Ravensthorpe gym membership has remained steady and we have seen a good take-up of memberships continue at the Hopetoun gym.

Most sporting and community groups are struggling but they are the necessary links in keeping the Community together and the shire is committed to assisting where ever possible. There are many dedicated people within the community working together to ensure that the clubs and groups keep going so they can continue to offer opportunities to the community for localised sporting and recreational activities.



The Cub House

The Shire had successfully taken over as the service provider and licence holder for the Cub House Long Day Care centre in October 2015. The 2016/2017 financial year saw the understanding of the operation of the centre continue to grow and ongoing reviews and updates of policies and procedures to maintain compliance with the National Quality Framework and National Quality Standards.

There were several staff changes during the year with one member of staff going on maternity leave and a new coordinator of the service being appointed. Numbers fluctuated in the first half of the year but then steadied and grew in the second half with some days approaching full capacity which is 19 children.

The centre is continuing to operate on a break-even basis and the shire is happy to assist to ensure a continuity of service to the community and provision of child care facilities within the shire which is one of the essential services required, especially when trying to attract and retain people to the area.

Herbarium

The shire was successful in obtaining some \$167,000 of Lottery West grant monies to assist with building a new herbarium to be utilized by the Ravensthorpe Wild Flower Committee. Additional funding to complete the building was provided by the Ravensthorpe Hopetoun Future Fund and the Shire of Ravensthorpe.

Building and site works began in October 2016 with completion and hand over to the shire in May 2017. The wild flower show committee and their helpers then worked tirelessly to transfer all their Herbarium materials and equipment into the new premises ready for the 2017 wildflower show and spring festival which is held annually in September.

The herbarium has been built adjoining the Ravensthorpe town hall and contains a purpose built store room, herbarium room and office. By building the herbarium as an annex to the existing town hall it is able to utilise existing facilities within the hall such as commercial kitchen and toilets without having to duplicate these services. The annex is connected through the existing hall doors which can be opened up during the annual wild flower show to allow access into the main building where the annual show will be staged. The annex is an addition that compliments the existing building and will lead to a greater use of the hall itself.

The Annual show is growing every year attracting people from interstate and internationally. The herbarium currently houses some 2,792 identified specimens with a value of around \$139,600. The Western Australian Herbarium houses a collection of almost 750,000 species with an average 10,000 new specimens being added each year from throughout the state. Many of these new specimens come from regional centres such as Ravensthorpe and improvements in the herbarium facilities will allow this important work to continue and grow. The diverse range of flora and fauna in the Ravensthorpe area provides many

specimens found nowhere else in the state. Having a dedicated facility will allow not only the annual festival to grow but provide a base for visiting botanists and interested individuals to inspect the collection and become involved in further species collection and identification.



Flood Damage

The devastating floods suffered throughout the shire in February 2017 have caused massive infrastructure loss and the reinstatement of roads will take at least two financial years to complete with losses in excess of \$21million. More specific details have been included in other sections of the annual report and the shire continues to work with main Roads and other stakeholders to obtain WANDRRA funding and implement the repairs.

Another casualty of the floods was the Ravensthorpe Tennis Courts, the courts were inundated by waters from the adjoining creek and the integrity of the playing surface was undermined to the point that a subsequent structural report of the courts recommended that they would no longer be fit to use and would need to be totally replaced.

Quotes were obtained but due to the amounts involved the shire will have to call for tenders for the reinstatement works to be carried out.



Jenny Goodbourn
Manager Corporate & Community Services

Manager of Airport and Compliance

Ravensthorpe Airport – Passenger figures 2016/2017

2016/2017	Total Passengers
July	445
August	660
September	570
October	680
November	573
December	735
January	951
February	712
March	914
April	849
May	997
June	868
TOTAL	8954



Ravensthorpe Airport – Passenger figures 2015/2016

2015/2016	Total Passengers
July	797
August	749
September	593
October	725
November	635
December	609
January	520
February	659
March	387
April	419
May	531
June	445
TOTAL	7069

There has been an increase in passenger numbers this financial year with the introduction of flights with Skippers Aviation. This is in support of the Galaxy Resources mine but also provides regular passenger flights for the general community.

Planning Officer

Planning & Development Services dealt with a total of 27 development applications during the 2016/2017 financial year. The applications considered covered a wide variety of developments including:

Oversize sheds and sea containers	10
Signs	2
Single Houses	2
Commercial Development	1
Holiday Accommodation	1
Telecommunications Tower	1
Club House/Civic Use	3
Grouped Dwelling	3
Granny Flat	1
Airplane Hangar	1
Change of Use – Commercial & Private	2
TOTAL	27

2016/2017 Development Applications

Oversize sheds and sea containers	6
Signs	5
Single Houses	6
Commercial Development	6
Subdivisions & Strata	5
Building Envelope Relocation	1
Holiday Accommodation	3
Markets & Public Events	5
Telecommunications Tower	1
Club House/Civic Use	3
Grouped Dwelling	1
TOTAL	42

There was a considerable drop in development applications this year including in the area of single houses and commercial development areas. Unfortunately this is a sign of the subdued economy in Australia at present.

Council continued the development for Local Planning Scheme No6 (LPS6) and it is anticipated it will be approved by the State Planning Commission early in the 2017/18 year. Once the scheme is adopted Council will review all their planning policies.



Building Licenses

Number of Licenses Issued during the 2016/17 financial period:

Single Houses	6
Additions to Single Houses (Inc. Carports)	6
Outbuildings (Town sites)	5
Outbuildings (Rural Conservation & Rural Small Holding Zones)	2
Commercial, Industrial & Mining	3
Patios	3
Other (Retaining Walls, Renovations etc)	1
Demolition	2
Sea Container	1
Ancillary Accommodation	1
TOTAL	30

Number of Licenses Issued during the 2015/2016 financial period:

Single Houses	7
Additions to Single Houses (Inc. Carports)	5
Outbuildings (Town sites)	3
Outbuildings (Rural Conservation & Rural Small Holding Zones)	2
Commercial, Industrial & Mining	1
Patios	2
Other (Retaining Walls, Renovations etc)	0
Public Building New	1
Wind turbine	0
Demolition	2
Pool - renovations	0
Sea Container	0
Ancillary Accommodation	1
TOTAL	24

There was a slight increase in the number of building licences issued this financial year. Council is reviewing the provision of building licence services at present and may look to engage a new contractor in 2017/18.

Additional

Information National

Competition Policy

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

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

The Shire of Ravensthorpe during 2016/2017 did not engage in any significant business activities which generated in excess of \$200,000 annual income. Therefore, the introduction of competitive neutrality under Clause 7 of the policy was not required.

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

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

Employee Remuneration

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

110,000 – 119,999	1
120,000 – 129,999	1
130,000 – 139,999	0
150,000 – 159,999	0
160,000 – 169,999	0
170,000 – 179,999	1

Complaints Register

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

There was 1 minor complaint lodged with the Local Government Standards Panel against an elected members in the year under review.

Adoption of Local Laws

Council adopted a Local Government Property Law in 2016/17.

Freedom of Information

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

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

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

Nil enquiries were received during the 2016/2017 period.

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

State Records Act 2000

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

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

Synergy Soft is the Shire's record keeping system.

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

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

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

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

Council utilizes the Goldfields Record Storage facility (which it owns in partnership with other local governments in the region) for the storage of archived records.

Disability Services Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Planning For the Future of the Shire of Ravensthorpe

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

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

OUR IPR PROCESS

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

This will:

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

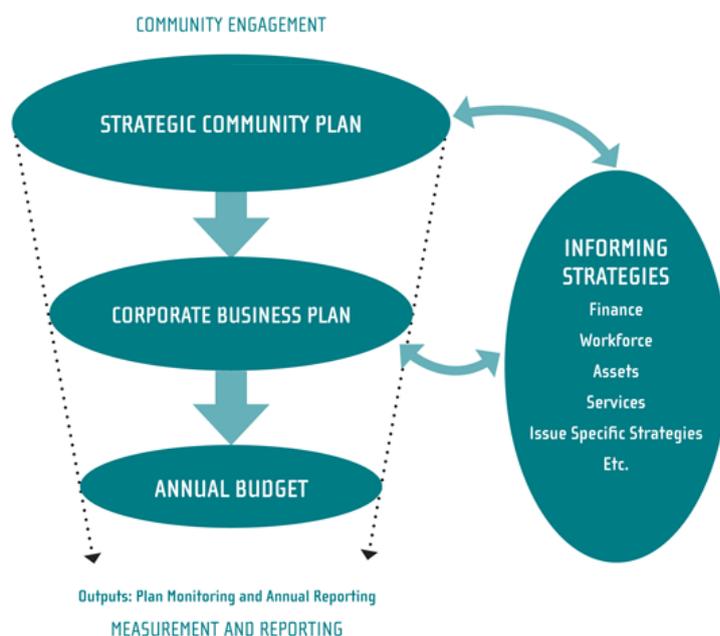
GOVERNANCE

This Strategic Community Plan which was reviewed in 2015/2016, which represents the needs and aspirations of the community, has been developed by the Shire's Councilors and sets out the vision for the next 10 years.

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

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

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



Vision, Values and Stakeholders

VISION

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

“Growing our Community”

VALUES

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

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

STAKEHOLDERS

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

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

Key Themes and Strategies

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

The four themes formed from the community engagement process include:

A vibrant, supportive and socially connected community

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

A thriving business and industry including tourism

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

Adequate services and infrastructure to cater for the community

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

Civic Leadership

The provision of responsible, accountable, representative and efficient governance

THEME 1 – A VIBRANT, SUPPORTIVE AND SOCIALLY CONNECTED COMMUNITY

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

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

THEME 2 – A THRIVING BUSINESS AND INDUSTRY INCLUDING TOURISM

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

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

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

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

Outcome No.	Desired Outcome	Goal/Strategy No.	Goal/Strategy	Outcome Key Indicators	Current Status
3.1	Effective transport networks	3.1.1	Transport networks which meet the needs of all users.	Level of implementation of Asset Management Plans	Asset Management Plan review commenced.
		3.1.2	Transport networks which meet the needs of Agriculture, Tourism and Mining industries	Level of implementation of Asset Management Plans	As above.
3.2	Provision of basic services, power and water	3.2.1	Basic services, infrastructure, power and water supply, meet the community service level expectations now and into the future	Amount of waste delivered to regional waste facility	New regional facility planned to open 2016/2017
				Availability of potable water	Working with Water Corporation to deliver
				No. of power interruptions	Working with Western Power to improve power reliability.
3.3	Reliable communication services	3.3.1	Reliable phone and internet connectivity	Phone and internet access	3 new mobile towers planned
		3.3.2	Access to broadband	Phone and internet access	As above
		3.3.3	Adequate capacity for future needs	Phone and internet access	As above
3.4	Provision of public transport	3.4.1	Regular affordable public transport between Hopetoun and Ravensthorpe and major regional centres.	No. of public transport options available	No Changes
3.5	Provision and maintenance of recreation and community recourses	3.5.1	Maintaining and improving recreational and community resource facilities in the Shire	Level of implementation of Asset Management Plans	On-going improvement of recreation facilities
		3.5.2	Increased utilisation of facilities	Level of implementation of Asset Management Plans	Drop in population has made increase usage difficult to achieve

THEME 4 – CIVIC LEADERSHIP

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

Outcome No.	Desired Outcome	Goal/Strategy No.	Goal/Strategy	Outcome Key Indicators	Current Status
4.1	Financial Sustainability	4.1.1	A financially sustainable local government	Level of integrated planning	Continued monitoring of financial trends
4.2	Corporate Governance and Accountability	4.2.1	High quality corporate governance, accountability and compliance.	Community satisfaction	Survey conducted during 2015/2016 and fed into Strategic Community Plan
				No. of staff and elected members in training	On-going Training made available
4.3	Responsible and responsive leadership	4.3.1	Quality, effective and responsive representation	Community satisfaction	As above
				No. of staff and elected members in training	

Your Elected Members

(As of October 2015)

Cr Keith Dunlop
President



Cr Peter Smith
Deputy President



Cr Kerry Dickinson



Cr Sharyn Gairen



Cr Ian Goldfinch



Cr Ken Norman

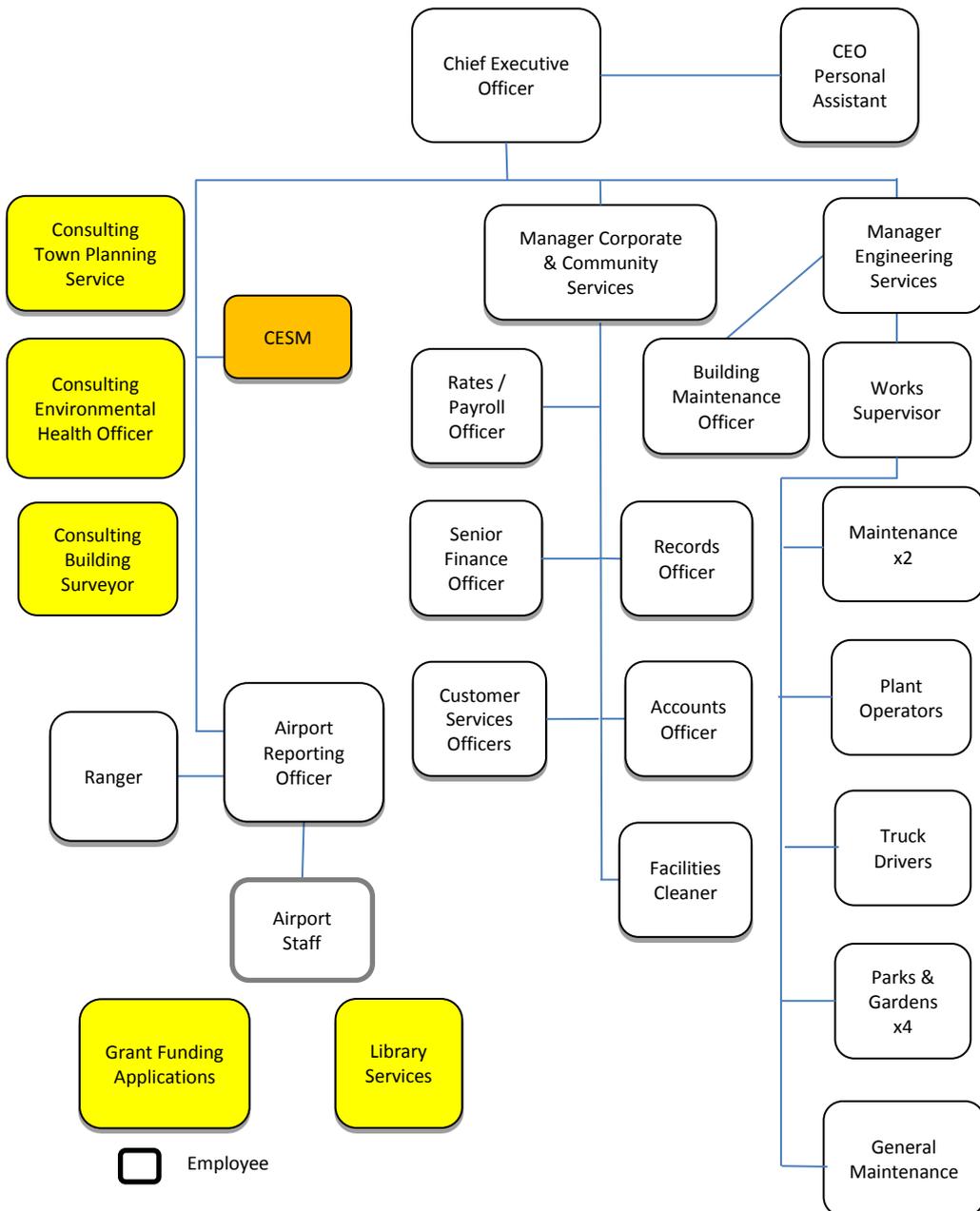


Cr Graham Richardson





Organisational Structure



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

Manager Corporate & Community Services Team

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

Planning and Development

- 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

- Employee
- Outsourced
- Shared Resource

Current as at June 2017

Annual Financial Statements 2016/17

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

Opinion

We have audited the accompanying financial report of the Shire of Ravensthorpe, which comprises the statement of financial position as at 30 June 2017, 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.

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

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Report section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (the "Code")* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

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

- (a) We refer to our management letter in relation to financial ratios. Other than as disclosed, 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, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Supplementary Ratio Information presented at page 59 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council 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 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud and error.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at <http://www.ausb.gov.au/auditors/files/ar3.pdf>. This description forms part of our audit report.



Russell Harrison, Partner

Lincolns Accountants and Business Advisers

70 - 74 Frederick Street, Albany WA

Dated this 13th day of December 2017.

13 December 2017

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

Dear Council,

Audit for the year ended 30 June 2017

We are pleased to report that our audit of the Shire of Ravensthorpe's financial statements and records for the year ended 30 June 2017 is now complete.

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

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

Our responsibilities as auditors are outlined in our audit report. Significantly our objectives are to obtain reasonable assurance that the financial report is free from material misstatement and to provide our opinion to that effect. Reasonable assurance, whilst being high level, is not a guarantee that a material misstatement has occurred.

We obtain reasonable assurance by;

- Identifying the risks of material misstatement, design and perform audit procedures in response and obtain audit evidence to support our opinion;
- gain an understanding of internal controls to assist in the design of our audit procedures;
- evaluate accounting policies and confirm the design, structure and content of the financial report.

The nature of our audit is influenced by factors such as the use of professional judgement, selective testing, inherent limitations in internal control, persuasive rather than conclusive evidence.

Comment on Adverse Ratios

Local Government guidelines provide 'standards' applicable to financial reporting ratios as detailed in the financial report.

Annexure 1 contains details and discussion of ratios below the established standard.

Audit Misstatements

Audit misstatements are presented as;

- 1) Uncorrected Misstatements
- 2) Corrected Misstatements

Refer to Annexure 2

Findings and Recommendations

During our audit we noted the matters referred to in Annexure 3 which we wish to bring to Council's attention.

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

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

Kind Regards



.....
Russell Harrison
Partner

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ANNEXURE 1
SHIRE OF RAVENSTHORPE
COMMENT ON ADVERSE RATIOS
FOR THE YEAR ENDED 30 JUNE 2017

RATIO	ACTUAL			TARGET	COMMENT
	2017	2016	2015		
Current Ratio	2.54	2.15	2.25	≥ 1	
Asset Sustainability Ratio	0.407	1.33	1.34	≥ 0.9	This ratio has averaged 1.026, in excess of the standard over the past 3 years. The current year needs to be viewed in trend terms. The Long Term Financial Plan (LTFP) forecasts a downward trend until a reversal in 2019/20. Indications are that the standard will be met over the medium/long term . Ongoing review of the LTFP is essential as strategic responses will be required in the event of depreciation continuing to exceed replacements.
Debt Service Cover Ratio	10.48	3.23	4.22	≥2	
Operating Surplus Ratio	(0.02)	(0.25)	(0.30)	≥0.1	The current year ratio is (0.19) after the prepayment of 2017/18 FAGS is adjusted as outlined in the Financial Statements. The LTFP shows this ratio trending to meet the minimum standard by 2028/29. We understand that the LTFP is being reviewed which is recommended. The LTFP projected this ratio as (0.29) for the current year which when extrapolated over the LTFP would result in meeting target by 2023/24.
Own Source Revenue Coverage Ratio	0.56	0.58	0.54	≥0.4	

**ANNEXURE 1
SHIRE OF RAVENSTHORPE
COMMENT ON ADVERSE RATIOS
FOR THE YEAR ENDED 30 JUNE 2017**

RATIO	ACTUAL			TARGET	COMMENT
	2017	2016	2015		
Asset Consumption Ratio	0.26	n/a	n/a	≥0.5	This ratio is actually 0.35 after the impairment of flood damage to roads is added back. This will be fully funded by WANDRRA grant funds. The LTFP shows a downward trend to 2024/25 when the trend reverses. We recommend that depreciation rates for infrastructure are fully reviewed when revaluing assets in the 2017/18 year. If the ratio remains in trend below target, then this indicates a strategic review of operations and funding sources is required to maintain the Shires condition of its assets.
Asset Renewal Funding Ratio	0.69	0.66	0.64	≥0.75	This is showing an improving trend which is reflected in the LTFP. Projections do not continue beyond 2018/19 which we understand will form part of the LTFP review.

**ANNEXURE 2
SHIRE OF RAVENSTHORPE
CORRECTED MISSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	FINANCIAL STATEMENTS ACCOUNTS IMPACTED	STATEMENT OF FINANCIAL POSITION ADJUSTMENT	EFFECT ON OPERATING SURPLUS	EFFECT ON OTHER COMPREHENSIVE INCOME	COMMENT
1.	Receivables Operating Grants, Subsidies and Contributions	\$486,145	\$486,145		This recognises WANDRRA contribution committed for emergency works following 2016/17 flood event
2.	Other Revenue Non-Operating Grants, Subsidies and Contributions		(\$1,956,628)	\$1,956,628	Correction of grant income for regional landfill project moved from operating income to capital income
3.	Cash – Unrestricted Cash - Restricted	\$993,802 (\$993,802)			FAGS grant removed from restricted cash as non-reciprocal grant and recognised as available for unrestricted use on receipt

ANNEXURE 3
SHIRE OF RAVENSTHORPE
AUDIT FINDINGS
FOR THE YEAR ENDED 30 JUNE 2017

Matter	Present Procedure Finding	Recommendation	MCCS Comment
Uncleared Municipal Bank Items	Audit procedures determined that 3 minor payments in the Shire Municipal account remain uncleared after 12 months. In addition, a deposit of \$40 made on 14 June 2016 remained uncleared as at the date of audit.	We recommend these items are followed up and cancelled and reissued if necessary.	These items will be actioned as a matter of priority.
Ravensthorpe Community Childcare Centre	Extensive research has confirmed that the Shire legally took over operations and assets of the Incorporated Association in 2015/16. As at 30 June 2017, the major asset being the Westpac Operating and Reserve accounts had not been incorporated into the Shires ledger and financial statements. We are unable to determine the exact balance of assets and liabilities however the bank account balance was confirmed at \$85,919 as at 30 June 2017. Given expected levels of liabilities, this falls below our determined materiality threshold and did not require adjustment.	A review of assets and liabilities should immediately be undertaken. All transactions since 1 July 2017 and current bank balances will need to be recorded in the Shires ledger.	This is currently being done and the assets and liabilities will be included with the shires from 2017/18.
Related Parties	At the time of audit, a Related Parties Disclosure Declaration had not been received from Councillor Ian Goldfinch.	Related Parties disclosures are an essential element of the established internal control system managing the risks associated with related party transactions. We recommend the declaration is followed up as soon as possible.	Declaration is being followed up and should be completed by the end of December.

SHIRE OF RAVENSTHORPE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
65 Morgans Street
RAVENSTHORPE WA 6346

**SHIRE OF RAVENSTHORPE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 13th day of December 2017



Ian Fitzgerald
Chief Executive Officer

SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	3,928,415	3,954,175	3,799,960
Operating grants, subsidies and contributions	30	3,723,369	2,321,697	1,921,360
Fees and charges	29	1,151,052	1,114,135	1,229,714
Interest earnings	2(a)	135,268	120,700	135,742
Other revenue	2(a)	809,373	578,900	883,651
		<u>9,747,477</u>	<u>8,089,607</u>	<u>7,970,427</u>
Expenses				
Employee costs		(3,010,976)	(3,093,177)	(2,984,398)
Materials and contracts		(3,062,706)	(2,111,135)	(2,356,077)
Utility charges		(191,707)	(176,474)	(155,690)
Depreciation on non-current assets	2(a)	(3,044,259)	(3,352,401)	(3,357,721)
Interest expenses	2(a)	(100,126)	(102,999)	(107,618)
Insurance expenses		(303,662)	(291,963)	(268,398)
Other expenditure		(162,120)	(283,461)	(192,220)
		<u>(9,875,556)</u>	<u>(9,411,610)</u>	<u>(9,422,122)</u>
		(128,079)	(1,322,003)	(1,451,695)
Non-operating grants, subsidies and contributions	30	4,375,273	4,298,597	1,310,281
Profit on asset disposals	21	54,552	55,691	75,959
(Loss) on asset disposals	21	(67,392)	(51,982)	(35,369)
(Loss) on revaluation of furniture & equipment	6(b)	0	0	(45,822)
Net result		4,234,354	2,980,303	(146,646)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets - L&B	13	969,309	0	(1,619)
Changes on revaluation of non-current assets - Roads	13	(21,006,436)	0	191,024
Total other comprehensive income		(20,037,127)	0	189,405
Total comprehensive income		(15,802,773)	2,980,303	42,759

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 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		3,825	0	2,633
General purpose funding		7,160,281	6,336,514	5,199,232
Law, order, public safety		221,337	178,668	214,142
Health		1,397	6,000	66,139
Education and welfare		186,036	150,787	97,461
Housing		10,400	10,400	12,593
Community amenities		494,153	468,260	446,275
Recreation and culture		200,075	160,500	404,865
Transport		1,083,455	475,978	904,719
Economic services		122,504	138,500	144,667
Other property and services		264,013	164,000	477,704
		<u>9,747,476</u>	<u>8,089,607</u>	<u>7,970,430</u>
Expenses	2(a)			
Governance		(481,876)	(537,660)	(484,590)
General purpose funding		(142,997)	(166,147)	(166,461)
Law, order, public safety		(545,127)	(576,551)	(538,467)
Health		(253,850)	(251,600)	(364,984)
Education and welfare		(328,666)	(317,624)	(240,730)
Housing		(182,838)	(175,770)	(107,942)
Community amenities		(1,101,750)	(1,131,735)	(992,687)
Recreation and culture		(1,495,898)	(1,621,292)	(1,663,019)
Transport		(4,688,711)	(3,951,060)	(3,993,958)
Economic services		(307,242)	(349,634)	(275,315)
Other property and services		(246,476)	(229,539)	(486,353)
		<u>(9,775,431)</u>	<u>(9,308,612)</u>	<u>(9,314,506)</u>
Finance costs	2(a)			
Housing		(22,024)	(22,444)	(13,554)
Recreation and culture		(14,678)	(14,851)	(5,930)
Transport		(63,423)	(65,704)	(88,135)
		<u>(100,125)</u>	<u>(102,999)</u>	<u>(107,619)</u>
		<u>(128,080)</u>	<u>(1,322,004)</u>	<u>(1,451,695)</u>
Non-operating grants, subsidies and contributions	30	4,375,273	4,298,597	1,310,281
Profit on disposal of assets	21	54,552	55,691	75,959
(Loss) on disposal of assets	21	(67,392)	(51,981)	(35,369)
Fair value adjustments to financial assets at fair value through profit or loss	3.	0	0	0
(Loss) on revaluation of land and buildings	6(b)	0	0	0
(Loss) on revaluation of furniture & equipment	6(b)	0	0	(45,822)
Net result		<u>4,234,355</u>	<u>2,980,303</u>	<u>(146,646)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets - L&B	13	969,309	0	(1,619)
Changes on revaluation of non-current assets - Roads	13	(21,006,436)	0	191,024
Total other comprehensive income		<u>(20,037,127)</u>	<u>0</u>	<u>189,405</u>
Total comprehensive income		<u><u>(15,802,773)</u></u>	<u><u>2,980,303</u></u>	<u><u>42,759</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 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,997,076	4,358,377
Trade and other receivables	4	966,843	419,739
Inventories	5	14,700	17,895
TOTAL CURRENT ASSETS		<u>5,978,619</u>	<u>4,796,011</u>
NON-CURRENT ASSETS			
Other receivables	4	23,206	25,706
Property, plant and equipment	6	34,146,758	32,906,691
Infrastructure	7	25,269,140	43,455,590
TOTAL NON-CURRENT ASSETS		<u>59,439,104</u>	<u>76,387,987</u>
TOTAL ASSETS		<u>65,417,723</u>	<u>81,183,998</u>
CURRENT LIABILITIES			
Trade and other payables	8	376,047	184,699
Current portion of long term borrowings	9	193,909	186,469
Provisions	10	436,224	407,412
TOTAL CURRENT LIABILITIES		<u>1,006,180</u>	<u>778,580</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,896,049	2,089,958
Provisions	10	85,140	82,335
TOTAL NON-CURRENT LIABILITIES		<u>1,981,189</u>	<u>2,172,293</u>
TOTAL LIABILITIES		<u>2,987,369</u>	<u>2,950,873</u>
NET ASSETS		<u>62,430,354</u>	<u>78,233,125</u>
EQUITY			
Retained surplus		38,384,304	34,488,793
Reserves - cash backed	12	3,395,602	3,056,758
Revaluation surplus	13	20,650,447	40,687,574
TOTAL EQUITY		<u>62,430,354</u>	<u>78,233,125</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 2017

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		33,738,369	3,953,828	40,689,193	78,381,390
Comprehensive income					
Net result		(146,646)	0	0	(146,646)
Changes on revaluation of assets P&E	13	0	0	(1,619)	(1,619)
Total comprehensive income		(146,646)	0	(1,619)	(148,265)
Transfers from/(to) reserves		897,070	(897,070)	0	0
Balance as at 30 June 2016		34,488,793	3,056,758	40,687,574	78,233,125
Comprehensive income					
Net result		4,234,355	0	0	4,234,355
Changes on revaluation of assets L&B		0	0	969,309	969,309
Changes on revaluation of assets - Roads	13	0	0	(21,006,436)	(21,006,436)
Total comprehensive income		4,234,355	0	(20,037,127)	(15,802,773)
Transfers from/(to) reserves		(338,844)	338,844	0	0
Balance as at 30 June 2017		38,384,304	3,395,602	20,650,447	62,430,352

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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,867,982	3,989,196	3,789,334
Operating grants, subsidies and contributions		3,241,805	2,462,697	1,863,452
Fees and charges		1,151,052	1,114,135	1,229,714
Interest earnings		129,136	120,700	135,742
Goods and services tax		0	300,000	0
Other revenue		809,373	578,900	883,651
		<u>9,199,348</u>	<u>8,565,628</u>	<u>7,901,893</u>
Payments				
Employee costs		(2,970,870)	(3,084,955)	(2,992,161)
Materials and contracts		(2,874,137)	(1,917,827)	(2,568,757)
Utility charges		(191,707)	(176,474)	(155,690)
Interest expenses		(102,641)	(102,744)	(107,156)
Insurance expenses		(303,662)	(291,963)	(268,398)
Goods and services tax		3,525	(300,000)	78,932
Other expenditure		(162,120)	(283,461)	(192,220)
		<u>(6,601,612)</u>	<u>(6,157,424)</u>	<u>(6,205,450)</u>
Net cash provided by (used in) operating activities	14(b)	<u>2,597,736</u>	<u>2,408,204</u>	<u>1,696,443</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,918,399)	(1,761,088)	(3,349,597)
Payments for construction of infrastructure		(4,506,522)	(6,242,243)	(1,683,016)
Non-operating grants, subsidies and contributions		4,375,274	4,298,597	1,310,281
Proceeds from sale of fixed assets		277,077	262,727	291,682
Net cash provided by (used in) investment activities		<u>(1,772,570)</u>	<u>(3,442,007)</u>	<u>(3,430,650)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(186,470)	(186,469)	(514,448)
Proceeds from new debentures		0	0	1,001,561
Net cash provided by (used in) financing activities		<u>(186,470)</u>	<u>(186,469)</u>	<u>487,113</u>
Net increase (decrease) in cash held		638,695	(1,220,272)	(1,247,094)
Cash at beginning of year		4,358,377	4,359,027	5,605,470
Cash and cash equivalents at the end of the year	14(a)	<u><u>4,997,077</u></u>	<u><u>3,138,755</u></u>	<u><u>4,358,376</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 2017**

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>1,554,554</u>	<u>1,640,840</u>	<u>1,658,472</u>
Revenue from operating activities (excluding rates)			
Governance	3,825	0	2,633
General purpose funding	3,269,250	2,421,802	144,239
Law, order, public safety	238,734	178,668	214,142
Health	1,397	6,000	66,139
Education and welfare	186,036	150,787	97,461
Housing	10,400	10,400	12,593
Community amenities	298,954	468,260	446,275
Recreation and culture	395,274	160,500	404,865
Transport	1,120,611	531,669	977,618
Economic services	122,502	138,500	144,667
Other property and services	264,013	164,000	480,764
	<u>5,910,996</u>	<u>4,230,586</u>	<u>4,288,396</u>
Expenditure from operating activities			
Governance	(481,876)	(537,660)	(484,590)
General purpose funding	(142,997)	(166,147)	(166,461)
Law, order, public safety	(545,127)	(576,551)	(538,467)
Health	(253,850)	(251,600)	(367,711)
Education and welfare	(328,666)	(317,624)	(240,730)
Housing	(204,862)	(198,214)	(121,496)
Community amenities	(1,101,750)	(1,131,735)	(992,687)
Recreation and culture	(1,510,576)	(1,636,143)	(1,668,949)
Transport	(4,811,193)	(4,056,911)	(4,087,986)
Economic services	(307,242)	(349,634)	(275,315)
Other property and services	(254,809)	(241,373)	(513,102)
	<u>(9,942,948)</u>	<u>(9,463,592)</u>	<u>(9,457,494)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	21	(54,552)	(75,959)
Loss on disposal of assets	21	67,392	35,369
Movement in deferred pensioner rates (non-current)		2,500	0
Movement in employee benefit provisions (non-current)		31,616	0
Depreciation and amortisation on assets	2(a)	3,044,259	3,352,401
Amount attributable to operating activities		<u>613,817</u>	<u>(156,972)</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions		4,375,273	4,298,597
Proceeds from disposal of assets	21	277,077	262,727
Purchase of property, plant and equipment	6(b)	(1,918,399)	(1,761,088)
Purchase and construction of infrastructure	7(b)	(4,506,522)	(6,242,243)
Amount attributable to investing activities		<u>(1,772,571)</u>	<u>(3,430,650)</u>
FINANCING ACTIVITIES			
Repayment of debentures	22(a)	(186,470)	(186,469)
Proceeds from new debentures	22(a)	0	0
Transfers to reserves (restricted assets)	12	(343,233)	(240,000)
Transfers from reserves (restricted assets)	12	4,389	204,408
Amount attributable to financing activities		<u>(525,314)</u>	<u>1,384,183</u>
Surplus(deficiency) before general rates		<u>(1,684,068)</u>	<u>(2,203,439)</u>
Total amount raised from general rates	23	<u>3,891,033</u>	<u>3,914,712</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>2,206,970</u></u>	<u><u>1,554,556</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 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

(a) Goods and Services Tax (GST)

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

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

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

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

(b) Cash and Cash Equivalents

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

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

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

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) Borrowing Costs

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

(l) Provisions

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

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

(m) Leases

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

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

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

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

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

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

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

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

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

(o) Interests in Joint Arrangements

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

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

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

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(q) Superannuation

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) 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 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- [AASB 10, 124 & 1049]
- The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.
- The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	14,400	18,650
- Other Services		3,100
Depreciation		
Buildings - non-specialised	34,656	29,793
Buildings - specialised	638,884	646,496
Furniture and equipment	43,729	145,125
Plant and equipment	640,456	552,593
Infrastructure - Roads	1,116,515	1,449,323
Infrastructure - Footpaths	82,869	82,758
Infrastructure - Drainage	92,461	92,461
Infrastructure - Parks & Ovals	156,556	127,695
Infrastructure - Other	32,112	25,456
Infrastructure -Airports	<u>206,022</u>	<u>206,021</u>
	<u>3,044,259</u>	<u>3,357,721</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	<u>100,126</u>	<u>107,618</u>
	<u>100,126</u>	<u>107,618</u>
Rental charges		
- Operating leases	<u>0</u>	<u>5,795</u>
	<u>0</u>	<u>5,795</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	278,044	389,224
Other	<u>531,329</u>	<u>494,427</u>
	<u>809,373</u>	<u>883,651</u>
	2017	2017
	Actual	Budget
	\$	\$
Interest earnings		2016
- Reserve funds	71,975	Actual
- Other funds	14,412	69,546
Other interest revenue (refer note 28)	<u>48,881</u>	18,185
	<u>135,268</u>	<u>48,011</u>
	<u>120,700</u>	<u>135,742</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To meet the needs of the community in these areas.

Activities:

Operation and provision of retirement units and Aged Care services. Operation of the Cub House Long Dare Care facility in Ravensthorpe.

HOUSING

Objective:

Help ensure adequate housing for Council staff.

Activities:

Maintenance of staff and rental housing.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

To provide effective and efficient transport services to the community

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operations, plant repairs and operations costs. Also provides for Department of Transport licensing and services to the Future Fund. Costs associated with operation of the Bankwest ATM

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾ 1/07/15	2015/16	2015/16	Balance ⁽¹⁾ 30/06/16	2016/17	2016/17	Balance 30/06/17
Grant/Contribution	\$	\$	\$	\$	\$	\$	\$
Governance							
FQM - Seniors Lunch	0	0	0	0	3,825	(3,825)	0
General purpose funding							
FAG - Bridges	0	0	0	0	100,000	0	100,000
Law, order, public safety							
DFES - Grant operating	0	8,768	(8,768)	0	52,006	(52,006)	0
DFES - Grant Capital	0	0	0	0	363,636	(363,636)	0
DFES - Contributions CESO	0	0	0	0	79,908	(79,908)	0
Jerramungup - Contribution	0	0	0	0	15,396	(15,396)	0
DFES - Grant SES	0	0	0	0	23,387	(23,387)	0
Community amenities							
Lotterywest Herbarium	0	0	0	0	167,926	(167,926)	0
RHFF - Herbarium	0	0	0	0	27,273	(27,273)	0
Regional Landfill Grant	0	0	0	0	1,956,628	(1,956,628)	0
Recreation and culture							
Department of Sport & Recreation	30,000	0	(30,000)	0	35,200	(24,087)	11,113
Department of Sport & Recreation	0	16,000	(16,000)	0	0	0	0
Department of Sport & Recreation	0	4,000	(4,000)	0	0	0	0
Hopetoun CRC -Hopetoun Community Centre	0	144,000	(144,000)	0	0	0	0
City of Albany - WA Tourism Project Plan	0	129,000	(129,000)	0	89,345	(89,345)	0
Department of Sport & Recreation	0	3,500	(3,500)	0	0	0	0
Department of Sport & Recreation	0	1,000	(1,000)	0	0	0	0
Lottery West - McCulloch Park	0	40,000	(40,000)	0	0	0	0

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2 REVENUE AND EXPENSES (Continued)

	(c) Conditions Over Grants/Contributions (Continued)				Closing Balance 30/06/17
	Opening Balance (1) 1/07/15	Received (2) 2015/16	Expended (3) 2015/16	Closing Balance (1) 30/06/16	
Departemnt of Infrastructure - Roads to Recovery	0	975,211	(786,578)	188,633	57,191
MRWA - Direct Grant	0	0	0	0	0
MRWA - Streetscape project	0	0	0	0	32,545
Ravensthorpe progress	0	0	0	0	0
MRWA - Project	0	0	0	0	0
Other property and services					
Workers Comp - Reimburse	0	0	0	0	0
Ray White	0	0	0	0	0
Total	30,000	1,321,479	(1,162,846)	188,633	200,849

Notes:

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

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

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,400,625	1,112,986
Restricted		<u>3,596,451</u>	<u>3,245,391</u>
		<u>4,997,076</u>	<u>4,358,377</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	12	68,248	56,995
Reserves cash backed -Plant reserve	12	226,855	173,051
Reserves cash backed -Building reserve	12	1,492,299	1,460,199
Reserves cash backed -Emergency Farm Water Rese	12	26,259	25,694
Reserves cash backed -Road and Footpath Reserve	12	415,353	406,419
Reserves cash backed -Swimming Pool Upgrade Res	12	43,249	42,319
Reserves cash backed -UHF Repeater Reserve	12	0	4,322
Reserves cash backed -Airport Reserve	12	688,899	531,159
Reserves cash backed -Waste and Sewerage Reserv	12	292,901	286,600
Reserves cash backed -State Barrier Fence Reserve	12	141,539	70,000
Unspent grants	2(c)	<u>200,849</u>	<u>188,633</u>
		<u>3,596,451</u>	<u>3,245,391</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	194,228	131,295
Sundry debtors	280,338	284,919
GST receivable	0	3,525
Accrued Income - WANDRRA	486,145	0
Accrued Interest on bank Accounts	6,132	0
	<u>966,843</u>	<u>419,739</u>
Non-current		
Rates outstanding - pensioners	23,206	25,706
	<u>23,206</u>	<u>25,706</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	<u>194,228</u>	<u>131,295</u>
Includes:		
Past due and not impaired	194,228	131,295
Impaired	<u>0</u>	<u>0</u>
Sundry debtors	<u>280,338</u>	<u>284,919</u>
Includes:		
Past due and not impaired	280,338	284,921
Impaired	<u>0</u>	<u>0</u>
5. INVENTORIES		
Current		
Fuel & materials	14,700	17,895
	<u>14,700</u>	<u>17,895</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Freehold Land		
- Independent valuation 2014 - level 2	0	1,510,733
- Independent valuation 2017 - level 2	1,818,500	0
- Additions after valuation - cost	0	115,550
	<u>1,818,500</u>	<u>1,626,283</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	0	1,662,849
- Independent valuation 2017 - level 2	2,906,500	0
- Additions after valuation - cost	0	740,182
Buildings - non-specialised - Less: accumulated depreciation	0	(79,416)
	<u>2,906,500</u>	<u>2,323,615</u>
Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	21,641,265
- Independent valuation 2017 - level 3	24,596,364	0
- Additions after valuation - cost	0	4,468,915
Buildings - specialised - Less: accumulated depreciation	0	(1,315,689)
	<u>24,596,364</u>	<u>24,794,491</u>
Total Buildings	<u><u>27,502,864</u></u>	<u><u>27,118,106</u></u>
Total Land and Buildings	<u><u>29,321,364</u></u>	<u><u>28,744,389</u></u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	217,202	217,202
- Additions after valuation - cost	61,542	0
Furniture and equipment - Less: accumulated depreciation	(34,581)	0
	<u>244,163</u>	<u>217,202</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	3,987,226	3,987,226
- Additions after valuation - cost	1,198,940	0
Plant and equipment - Less: accumulated depreciation	(604,933)	(42,126)
	<u>4,581,233</u>	<u>3,945,100</u>
TOTAL	<u><u>34,146,760</u></u>	<u><u>32,906,691</u></u>

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	1,626,283	0	0	192,217	0	0	0	0	1,818,500
Total land	1,626,283	0	0	192,217	0	0	0	0	1,818,500
Buildings - non-specialised	2,323,615	0	0	617,540	0	0	(34,656)	0	2,906,500
Buildings - specialised	24,794,491	281,204	0	159,552	0	0	(638,884)	0	24,596,364
Total buildings	27,118,106	281,204	0	777,092	0	0	(673,539)	0	27,502,864
Total land and buildings	28,744,389	281,204	0	969,309	0	0	(673,539)	0	29,321,364
Furniture and equipment	217,202	110,102	(39,412)	0	0	0	(43,729)	0	244,163
Plant and equipment	3,945,100	1,527,094	(250,504)	0	0	0	(640,456)	0	4,581,233
Total property, plant and equipment	32,906,691	1,918,399	(289,916)	969,309	0	0	(1,357,724)	0	34,146,760

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Freehold Land					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre/market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre/market borrowing rate
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment					
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

SHIRE OF RAVENSTHORPE
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	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	35,250,776	35,250,776
- Valuation Reduction - Flood Damage 2017	(21,006,436)	0
- Additions after valuation - cost	3,830,339	1,330,459
Infrastructure - Roads - Less: accumulated depreciation	<u>(2,565,838)</u>	<u>(1,449,323)</u>
	15,508,841	35,131,912
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	2,485,240	2,485,240
- Additions after valuation - cost	66,719	13,098
Infrastructure - User defined 2 - Less: accumulated depreciation	<u>(165,627)</u>	<u>(82,758)</u>
	2,386,332	2,415,580
Infrastructure - Drainage		
- Management valuation 2015 - level 3	1,286,713	1,286,713
- Additions after valuation - cost	0	0
Infrastructure - User defined 3 - Less: accumulated depreciation	<u>(184,922)</u>	<u>(92,461)</u>
	1,101,791	1,194,252
Infrastructure - Parks & Ovals		
- Management valuation 2015 - level 3	2,462,911	2,462,911
- Additions after valuation - cost	334,352	334,352
Infrastructure - User defined 4 - Less: accumulated depreciation	<u>(284,252)</u>	<u>(127,695)</u>
	2,513,011	2,669,568
Infrastructure - Other		
- Management valuation 2015 - level 3	637,125	637,125
- Additions after valuation - cost	1,958,128	5,108
Infrastructure - User defined 5 - Less: accumulated depreciation	<u>(57,568)</u>	<u>(25,456)</u>
	2,537,685	616,777
Infrastructure -Airports		
- Management valuation 2015 - level 3	1,633,523	1,633,523
- Additions after valuation - cost	0	0
Infrastructure - User defined 6 - Less: accumulated depreciation	<u>(412,043)</u>	<u>(206,022)</u>
	1,221,480	1,427,501
	<u>25,269,140</u>	<u>43,455,590</u>

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

SHIRE OF RAVENSTHORPE
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7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/(Decrements) Transferred to Revaluation	Revaluation (Loss)/Reversal Transferred to Profit or Loss	Impairment (Losses)/Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	35,131,912	2,499,880	0	(21,006,436)	0	0	(1,116,515)	0	15,508,841
Infrastructure - Footpaths	2,415,580	53,621	0	0	0	0	(82,869)	0	2,386,332
Infrastructure - Drainage	1,194,252	0	0	0	0	0	(92,461)	0	1,101,791
Infrastructure - Parks & Ovals	2,669,568	0	0	0	0	0	(156,556)	0	2,513,011
Infrastructure - Other	616,777	1,953,020	0	0	0	0	(32,112)	0	2,537,685
Infrastructure -Airports	1,427,501	0	0	0	0	0	(206,022)	0	1,221,480
Total infrastructure	43,455,590	4,506,522	0	(21,006,436)	0	0	(1,686,535)	0	25,269,140

(c) Flood Damage Adjustment

During early February 2017 the shire suffered a catastrophic flood event. This has caused great damage to the road infrastructure within the shire. The damage estimate amounts to \$21,006,436. The shire's contribution to this amount is capped at \$153,400. The rest of the works will be covered by WANDRRA funding. It is expected the re-instatement works will be spread over the next two financial years:- 17/18 & 18/19. As at the 30/6/2017 some \$639,545 had been expended on Counter Disaster Operations and opening up costs. Reimbursement of these costs will be in 2017/18

**SHIRE OF RAVENSTHORPE
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7. INFRASTRUCTURE (Continued)

(d) Fair Value Measurements

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

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

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	303,238	137,785
Accrued interest on debentures	29,027	31,542
Accrued salaries and wages	23,861	15,372
Paid Parental Leave Liability	3,305	0
Accrued Expenses	16,616	0
	376,047	184,699

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	193,909	186,469
	193,909	186,469
Non-current		
Secured by floating charge		
Debentures	1,896,049	2,089,958
	1,896,049	2,089,958

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	232,107	175,305	407,412
Non-current provisions	0	82,335	82,335
	232,107	257,640	489,747
Additional provision	34,556	(2,939)	31,617
Balance at 30 June 2017	266,663	254,701	521,364
Comprises			
Current	266,663	169,561	436,224
Non-current	0	85,140	85,140
	266,663	254,701	521,364

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance	Actual 2017 Transfer to	Actual 2017 Transfer (from)	Actual 2017 Closing Balance	Budget 2017 Opening Balance	Budget 2017 Transfer to	Budget 2017 Transfer (from)	Budget 2017 Closing Balance	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance
Reserves cash backed - Leave Reserve	\$ 56,996	\$ 11,253	\$ 0	\$ 68,249	\$ 56,996	\$ 10,002	\$ 0	\$ 66,998	\$ 36,919	\$ 20,077	\$ 0	\$ 56,996
Reserves cash backed -Plant reserve	173,051	53,804	0	226,855	173,051	53,461	0	226,512	71,527	101,524	0	173,051
Reserves cash backed -Building reserve	1,460,199	32,100	0	1,492,299	1,460,199	29,206	0	1,489,405	1,478,702	31,497	(50,000)	1,460,199
Reserves cash backed -Emergency Farm Water Reserve	25,694	565	0	26,259	25,694	514	0	26,208	25,158	536	0	25,694
Reserves cash backed -Road and Footpath Reserve	406,419	8,934	0	415,353	406,419	8,129	(200,000)	214,548	496,857	10,562	(100,000)	406,419
Reserves cash backed -Swimming Pool Upgrade Reserve	42,318	930	0	43,248	42,318	846	0	43,164	56,490	1,203	(15,375)	42,318
Reserves cash backed -UHF Repeater Reserve	4,322	67	(4,389)	(0)	4,322	86	(4,408)	0	9,021	192	(4,891)	4,322
Reserves cash backed -Airport Reserve	531,159	157,740	0	688,899	531,159	60,624	0	591,783	471,124	60,035	0	531,159
Reserves cash backed -Waste and Sewerage Reserve	286,600	6,300	0	292,900	286,600	5,732	0	292,332	280,623	5,977	0	286,600
Reserves cash backed -Hopetoun Community Centre Reserve	0	0	0	0	0	0	0	0	1,028,408	7,234	(1,035,641)	0
Reserves cash backed -State Barrier Fence Reserve	70,000	71,539	0	141,539	70,000	71,400	0	141,400	0	70,000	0	70,000
	3,056,758	343,233	(4,389)	3,395,602	3,056,758	240,000	(204,408)	3,092,350	3,953,829	308,837	(1,205,907)	3,056,758

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

12. RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Leave Reserve	Ongoing	To be used to fund long service leave and non-current annual leave requirements
Reserves cash backed -Plant reserve	Ongoing	To be used to assist in the purchasing of major plant and machinery.
Reserves cash backed -Building reserve	Ongoing	To be used for the construction, refurbishment, modification or renovation of all buildings in the Shire of Ravensthorpe
Reserves cash backed -Emergency Farm Water Reserve	Ongoing	To be used for the repair and/or construction of emergency farm water supplies in the Shire of Ravensthorpe
Reserves cash backed -Road and Footpath Reserve	Ongoing	To be used for the repair and/or construction of emergency farm water supplies in the Shire of Ravensthorpe
Reserves cash backed -Swimming Pool Upgrade Reserve	Ongoing	To be used for the construction, renewal, resealing or repair of the road and footpath network.
Reserves cash backed -UHF Repeater Reserve	Ongoing	To be used towards any major repairs or improvements for the Ravensthorpe swimming pool.
Reserves cash backed -UHF Repeater Reserve	Used	Used in 2016/2017 for the upgrade of diplexer unit on the UHF Radio Repeaters in Hopetoun and Munglinup
Reserves cash backed -Airport Reserve	Ongoing	To be used for the construction, reconstruction, repairs or modification of facilities including buildings, tarmac, airstrip and associated infrastructure at the Ravensthorpe Airport.
Reserves cash backed -Waste and Sewerage Reserve	Ongoing	To be used for the repair and/or construction of waste and sewerage facilities in the Shire of Ravensthorpe.
Reserves cash backed -Hopetoun Community Centre Reserve	Used	Was used to assist in the construction of the new Hopetoun Community Centre. Fully utilised 2015/2016
Reserves cash backed -State Barrier Fence Reserve	Ongoing	To be used for the extension of the State Barrier Fence from Ravensthorpe to Esperance

SHIRE OF RAVENSTHORPE
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FOR THE YEAR ENDED 30TH JUNE 2017

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:

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>4,997,076</u>	<u>3,138,755</u>	<u>4,358,377</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	4,234,354	2,980,303	(146,646)
Non-cash flows in Net result:			
Depreciation	3,044,259	3,352,401	3,357,721
(Profit)/Loss on sale of asset	12,839	(3,709)	(40,590)
Loss on revaluation of fixed assets	0	0	45,822
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(544,604)	176,022	10,398
(Increase)/Decrease in inventories	3,195	8,224	(6,763)
Increase/(Decrease) in payables	191,348	193,562	(251,283)
Increase/(Decrease) in provisions	31,617	0	38,065
Grants contributions for the development of assets	<u>(4,375,274)</u>	<u>(4,298,597)</u>	<u>(1,310,281)</u>
Net cash from operating activities	<u>2,597,734</u>	<u>2,408,206</u>	<u>1,696,443</u>
(c) Undrawn Borrowing Facilities			
	2017		2016
	\$		\$
Credit Standby Arrangements			
Bank overdraft limit	250,000		500,000
Bank overdraft at balance date	0		0
Credit card limit	22,000		20,000
Credit card balance at balance date	<u>(5,482)</u>		<u>(6,596)</u>
Total amount of credit unused	<u>266,518</u>		<u>513,404</u>
Loan facilities			
Loan facilities - current	193,909		186,469
Loan facilities - non-current	<u>1,896,049</u>		<u>2,089,958</u>
Total facilities in use at balance date	<u>2,089,958</u>		<u>2,276,427</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

**SHIRE OF RAVENSTHORPE
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FOR THE YEAR ENDED 30TH JUNE 2017**

15. CONTINGENT LIABILITIES

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

16. CAPITAL AND LEASING COMMITMENTS	2017	2016
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	5,795
- later than one year but not later than five years	0	0
- later than five years	0	0
	0	0
	0	5,795

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

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

	2017	2016
	\$	\$
Non-current assets		
Land and buildings	72,500	74,478
Less: accumulated depreciation	0	(6,709)
	<u>72,500</u>	<u>67,769</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	217,434	157,001
Law, order, public safety	1,770,949	1,727,730
Health	400,095	438,283
Education and welfare	2,713,159	2,803,588
Housing	3,825,799	3,811,654
Community amenities	4,198,865	2,391,637
Recreation and culture	19,975,381	20,178,148
Transport	22,804,372	41,724,304
Economic services	1,161,418	1,105,197
Other property and services	6,594,909	5,388,031
Unallocated	1,755,342	1,458,426
	<u>65,417,723</u>	<u>81,183,999</u>

SHIRE OF RAVENSTHORPE
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	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	2.54	2.15	2.25
Asset sustainability ratio	0.41	1.33	1.34
Debt service cover ratio	10.48	3.23	4.22
Operating surplus ratio	(0.02)	(0.25)	(0.30)
Own source revenue coverage ratio	0.56	0.58	0.54

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 60 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$918,802

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$871,113

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.56	3.36	1.30
Operating surplus ratio	(0.19)	(0.10)	(0.45)
Debt service cover ratio	7.27	4.63	2.62

SHIRE OF RAVENSTHORPE
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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:

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Bitumen Tender Document Bond	487	0	0	487
Hopetoun Tennis Club	9,072	0	0	9,072
Standpipe Swipecard Bond	2,100	350	(50)	2,400
BCITF	3,225	4,275	(7,525)	(25)
Pavillion Hire Bonds	1,233	0	0	1,233
Gym Card Bonds	6,132	3,200	(1,130)	8,202
Hall hire & key bonds	4,273	5,160	(5,210)	4,223
Sundry Overpayments	5,393	0	0	5,393
Swimming Key Bonds	2,360	1,460	(800)	3,020
Rural Subdivision Shed Bonds	28,494	5,000	0	33,494
Trust Nomination Deposits	240	0	(240)	0
Licensing	2,704	306,496	(307,542)	1,658
Builders Registration Board	2,642	3,708	(6,350)	0
Unknown Rates	1,720	0	0	1,720
Ravensthorpe Cemetery Group	76	0	0	76
Rehabilitation Bond - Barminco	6,866	0	0	6,866
Subdivision Maintenance Bonds	14,375	0	0	14,375
Flood Damage Donations	0	400	0	400
	<u>91,392</u>			<u>92,594</u>

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Law, order, public safety								
Munglinup Fire Truck	0	17,397	17,397	0	0	0	0	0
Transport								
2009 Ford Ranger	10,333	7,273	0	(3,061)	10,505	7,273	0	(3,232)
2013 Ford Ranger	22,839	29,091	6,252	0	24,302	29,091	4,789	0
2013 Triton	12,276	11,453	0	(823)	15,192	18,182	2,990	0
2008 DAF	85,766	48,939	0	(36,827)	86,915	50,000	0	(36,915)
2003 Volvo L50D	6,233	35,079	28,846	0	0	40,000	40,000	0
2006 Venieri	6,542	7,873	1,330	0	12,088	20,000	7,912	0
Polmac Plant Trailer	0	728	728	0	0	0	0	0
Passenger Screenign System	39,412	21,064	0	(18,348)	0	0	0	0
Other property and services								
Toyota Prado MES	47,868	44,545	0	(3,323)	49,544	44,545	0	(4,999)
Touota Prado CEO	58,647	53,636	0	(5,010)	60,471	53,636	0	(6,835)
	<u>289,916</u>	<u>277,077</u>	<u>54,552</u>	<u>(67,392)</u>	<u>259,017</u>	<u>262,727</u>	<u>55,691</u>	<u>(51,981)</u>

SHIRE OF RAVENSTHORPE
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22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 145 Staff Housing	323,862	0	32,035	32,035	291,827	291,827	10,742	11,049
Loan 147 Other Housing	285,000	0	14,892	14,892	270,108	270,108	11,282	11,395
Community amenities								
Loan 146 Hopetoun Community Centre	350,000	0	12,222	12,222	337,778	337,778	14,678	14,851
Transport								
Loan 138D Town Street	366,716	0	23,505	23,505	343,211	343,211	25,561	26,539
Loan 144 Town Street	294,253	0	43,215	43,215	251,038	251,038	15,476	16,017
Loan 143B Refinance	290,036	0	28,689	28,689	261,347	261,347	9,648	9,895
Loan 138E Refinance	366,561	0	31,912	31,912	334,649	334,649	12,739	13,254
	2,276,428	0	186,470	186,470	2,089,958	2,089,958	100,126	103,000
Self Supporting Loans								
	0	0	0	0	0	0	0	0
	2,276,428	0	186,470	186,470	2,089,958	2,089,958	100,126	103,000

NIL

All loan repayments were financed by general purpose revenue.

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

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire established an overdraft facility of \$250,000 in 2016 to assist with short term liquidity requirements
The balance of the bank overdraft at 1 July 2016 and 30 June 2017 was \$nil.

SHIRE OF RAVENSTHORPE
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23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

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 / general rate											
Gross rental value valuations											
GRV Residential	0.1068	712	10,363,890	1,106,511	3,080	(20,628)	1,088,963	1,106,511	8,000	(1,000)	1,113,511
GRV Commercial	0.1199	34	1,415,788	169,739	(1,086)	0	168,653	169,739	0	0	169,739
GRV Industrial	0.1414	32	493,532	69,771	0	0	69,771	69,771	0	0	69,771
GRV Transient Workforce Accommodation	0.2954	1	780,000	230,412	0	0	230,412	230,412	0	0	230,412
GRV Short Stay Accommodation	0.2954	1	72,800	21,505	0	0	21,505	21,505	0	0	21,505
Unimproved value valuations											
UV Properties	0.0107	343	158,532,409	1,692,492	1,984	(66)	1,694,409	1,692,454	0	0	1,692,454
Sub-Total		1,123	171,658,419	3,290,430	3,978	(20,694)	3,273,713	3,290,392	8,000	(1,000)	3,297,392
Minimum payment											
Gross rental value valuations											
GRV Residential	920	441	1,587,337	405,720	0	0	405,720	405,720	0	0	405,720
GRV Commercial	920	9	45,960	8,280	0	0	8,280	8,280	0	0	8,280
GRV Industrial	920	15	64,508	13,800	0	0	13,800	13,800	0	0	13,800
GRV Transient Workforce Accommodation	920	0	0	0	0	0	0	0	0	0	0
GRV Short Stay Accommodation	920	0	0	0	0	0	0	0	0	0	0
Unimproved value valuations											
UV Properties	920	206	6,440,948	189,520	0	0	189,520	189,520	0	0	189,520
Sub-Total		671	8,138,753	617,320	0	0	617,320	617,320	0	0	617,320
Totals		1,794	179,797,172	3,907,750	3,978	(20,694)	3,891,033	3,907,712	8,000	(1,000)	3,914,712
Discounts/concessions (refer note 27)							0				0
Total amount raised from general rate							3,891,033				3,914,712
Ex-gratia rates							44,463				44,463
Rates written off							(7,081)				(5,000)
Totals							3,928,415				3,954,175

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets -

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	2,206,970	1,554,554	1,554,554
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,400,625	1,112,986	1,112,986
Restricted	3,596,451	3,245,391	3,245,391
Receivables			
Rates outstanding	194,228	131,295	131,295
Sundry debtors	280,338	284,919	284,919
Accrued Income - WANDRRA	486,145		
GST receivable	0	3,525	3,525
Accrued Interest on bank Accounts	6,132	0	0
Inventories			
Fuel & materials	14,700	17,895	17,895
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(303,238)	(137,785)	(137,785)
Accrued interest on debentures	(29,027)	(31,542)	(31,542)
Accrued salaries and wages	(23,861)	(15,372)	(15,372)
Paid Parental Leave Liability	(3,305)	0	0
Accrued Expenses	(16,616)	0	0
Current portion of long term borrowings			
Secured by floating charge	(193,909)	(186,469)	(186,469)
Provisions			
Provision for annual leave	(266,663)	(232,107)	(232,107)
Provision for long service leave	(169,561)	(175,305)	(175,305)
Unadjusted net current assets	4,972,439	4,017,431	4,017,431
Adjustments			
Less: Reserves - restricted cash	(3,395,602)	(3,056,758)	(3,056,758)
Add: Secured by floating charge	193,909	186,469	186,469
Leave Provision	436,224	407,412	407,412
Adjusted net current assets - surplus/(deficit)	2,206,970	1,554,554	1,554,554

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

25. EFFLUENT RATE - 2016/17 FINANCIAL YEAR

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Back Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Rate Revenue \$	Budget Interim Rate Revenue \$
Ravensthorpe	GRV	0.0217	2,183,168	47,375	0	0	47,375	47,375	0	0
Ravensthorpe	Minimum	184.0000	343,801	13,064	0	0	0	13,064	0	0
Munglinup	GRV	0.2479	58,968	1,462	0	0	0	1,462	0	0
Munglinup	Minimum	184.0000	27,872	736	0	0	0	736	0	0
Sewerage - 1st Fixture	Minimum	184.0000	x5	920	0	0	0	920	0	0
Sewerage - Additional Fixture	Minimum	120.0000	x40	4,800	0	0	0	4,800	0	0
				68,357	0	0	47,375	68,357	0	0

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

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %	
Instalment Options					
Option One					
Single full payment	10-Oct-16			11.00%	
Option Two					
First Instalment	10-Oct-16	10	5.50%	11.00%	
Second Instalment	12-Dec-16	10	5.50%	11.00%	
Third Instalment	13-Feb-17	10	5.50%	11.00%	
Fourth Instalment	13-Apr-17	10	5.50%	11.00%	
					Budgeted
					Revenue
					\$
					33,725 20,700
					15,156 20,000
					10,820 16,750
					<u>59,701 57,450</u>

Interest on unpaid rates
Interest on instalment plan
Charges on instalment plan

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

29. FEES & CHARGES	2017	2016
	\$	\$
General purpose funding	18,914	25,663
Law, order, public safety	19,238	19,247
Health	612	65,509
Housing	10,400	7,043
Community amenities	493,321	441,168
Recreation and culture	75,544	111,471
Transport	375,438	358,816
Economic services	122,386	144,667
Other property and services	35,200	56,130
	<u>1,151,052</u>	<u>1,229,714</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	3,825	2,633
General purpose funding	2,634,849	839,985
Law, order, public safety	170,697	184,053
Recreation and culture	124,545	283,928
Transport	729,672	610,461
Other property and services	59,781	300
	<u>3,723,369</u>	<u>1,921,360</u>
Non-operating grants, subsidies and contributions		
General purpose funding	100,000	0
Law, order, public safety	363,636	8,768
Community amenities	1,956,628	0
Recreation and culture	195,199	184,000
Transport	1,759,810	1,117,513
	<u>4,375,273</u>	<u>1,310,281</u>
	<u>8,098,642</u>	<u>3,231,641</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>39</u>	<u>37</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	98,854	97,500	93,307
President's allowance	13,000	13,000	13,001
Deputy President's allowance	3,250	3,250	3,107
Travelling expenses	4,725	15,000	10,071
Telecommunications allowance	7,407	7,588	8,614
	<u>127,237</u>	<u>136,338</u>	<u>128,100</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	518,600
Post-employment benefits	56,668
Other long-term benefits	10,923
Termination benefits	0
	586,190

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the equity method

The Shire has a one-tenth interest in the provision of a Regional Records service.

The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details on interest held in joint venture entities, refer to Note 17.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

Associated companies/individuals:

	2017
	\$
Sale of goods and services	8,660
Purchase of goods and services	110,887

Joint venture entities:

Amounts outstanding from related parties:

Trade and other receivables	0
Loans to associated entities	0
Loans to key management personnel	0

Amounts payable to related parties:

Trade and other payables	0
Loans from associated entities	0

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	4,997,076	4,358,377	4,997,076	4,358,377
Receivables	990,049	445,445	990,049	445,445
	<u>5,987,125</u>	<u>4,803,822</u>	<u>5,987,125</u>	<u>4,803,822</u>
Financial liabilities				
Payables	376,047	184,699	376,047	184,699
Borrowings	2,089,958	2,276,427	1,705,601	1,833,120
	<u>2,466,005</u>	<u>2,461,126</u>	<u>2,081,648</u>	<u>2,017,819</u>

Fair value is determined as follows:

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	49,971	43,584
- Statement of Comprehensive Income	49,971	43,584

Notes:

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	99.50%	89.00%
- Overdue	0.5%	11%

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

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

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

	<u>2017</u>					
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$	
Payables	376,047	0	0	376,047	376,047	
Borrowings	274,195	1,296,555	969,114	2,539,864	2,089,958	
	<u>650,242</u>	<u>1,296,555</u>	<u>969,114</u>	<u>2,915,911</u>	<u>2,466,005</u>	
Payables	184,699	0	0	184,699	184,699	
Borrowings	274,171	1,096,938	1,442,926	2,814,035	2,276,427	
	<u>458,870</u>	<u>1,096,938</u>	<u>1,442,926</u>	<u>2,998,734</u>	<u>2,461,126</u>	

2016

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
	\$	\$	\$	\$	\$	\$	\$	%
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	594,249	1,495,710	2,089,959	3.93%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	5.90%	3.15%		
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	2,276,427	2,276,427	3.93%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	3.93%		

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



Opinion

We have audited the accompanying financial report of the Shire of Ravensthorpe, which comprises the statement of financial position as at 30 June 2017, 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.

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

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Report section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (the "Code")* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

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

- (a) We refer to our management letter in relation to financial ratios. Other than as disclosed, 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, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Supplementary Ratio Information presented at page 59 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council 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 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud and error.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at <http://www.ausb.gov.au/auditors/files/ar3.pdf>. This description forms part of our audit report.



Russell Harrison, Partner

Lincolns Accountants and Business Advisers

70 - 74 Frederick Street, Albany WA

Dated this 13th day of December 2017.

**SHIRE OF RAVENSTHORPE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

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

	2017	2016	2015
Asset consumption ratio	0.261	N/A	N/A
Asset renewal funding ratio	0.69	0.66	0.64

The above ratios are calculated as follows:

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

Asset consumption ratio has been affected by flood event, with depreciated replacement cost reduced by impairment figure of \$21,006,436. Once the impaired assets have been reinstated with WANDRRA funding the ratio would be as follows: 0.353

13 December 2017



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

Dear Council,

Audit for the year ended 30 June 2017

We are pleased to report that our audit of the Shire of Ravensthorpe's financial statements and records for the year ended 30 June 2017 is now complete.

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

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

Our responsibilities as auditors are outlined in our audit report. Significantly our objectives are to obtain reasonable assurance that the financial report is free from material misstatement and to provide our opinion to that effect. Reasonable assurance, whilst being high level, is not a guarantee that a material misstatement has occurred.

We obtain reasonable assurance by;

- Identifying the risks of material misstatement, design and perform audit procedures in response and obtain audit evidence to support our opinion;
- gain an understanding of internal controls to assist in the design of our audit procedures;
- evaluate accounting policies and confirm the design, structure and content of the financial report.

The nature of our audit is influenced by factors such as the use of professional judgement, selective testing, inherent limitations in internal control, persuasive rather than conclusive evidence.

Comment on Adverse Ratios

Local Government guidelines provide 'standards' applicable to financial reporting ratios as detailed in the financial report.

Annexure 1 contains details and discussion of ratios below the established standard.

Audit Misstatements

Audit misstatements are presented as;

- 1) Uncorrected Misstatements
- 2) Corrected Misstatements

Refer to Annexure 2

Findings and Recommendations

During our audit we noted the matters referred to in Annexure 3 which we wish to bring to Council's attention.

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

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

Kind Regards



Russell Harrison
Partner

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ANNEXURE 1
SHIRE OF RAVENSTHORPE
COMMENT ON ADVERSE RATIOS
FOR THE YEAR ENDED 30 JUNE 2017

RATIO	ACTUAL			TARGET	COMMENT
	2017	2016	2015		
Current Ratio	2.54	2.15	2.25	≥ 1	
Asset Sustainability Ratio	0.407	1.33	1.34	≥ 0.9	This ratio has averaged 1.026, in excess of the standard over the past 3 years. The current year needs to be viewed in trend terms. The Long Term Financial Plan (LTFP) forecasts a downward trend until a reversal in 2019/20. Indications are that the standard will be met over the medium/long term . Ongoing review of the LTFP is essential as strategic responses will be required in the event of depreciation continuing to exceed replacements.
Debt Service Cover Ratio	10.48	3.23	4.22	≥ 2	
Operating Surplus Ratio	(0.02)	(0.25)	(0.30)	≥ 0.1	The current year ratio is (0.19) after the prepayment of 2017/18 FAGS is adjusted as outlined in the Financial Statements. The LTFP shows this ratio trending to meet the minimum standard by 2028/29. We understand that the LTFP is being reviewed which is recommended. The LTFP projected this ratio as (0.29) for the current year which when extrapolated over the LTFP would result in meeting target by 2023/24.
Own Source Revenue Coverage Ratio	0.56	0.58	0.54	≥ 0.4	

**ANNEXURE 1
SHIRE OF RAVENSTHORPE
COMMENT ON ADVERSE RATIOS
FOR THE YEAR ENDED 30 JUNE 2017**

RATIO	ACTUAL			TARGET	COMMENT
	2017	2016	2015		
Asset Consumption Ratio	0.26	n/a	n/a	≥0.5	This ratio is actually 0.35 after the impairment of flood damage to roads is added back. This will be fully funded by WANDRRA grant funds. The LTFP shows a downward trend to 2024/25 when the trend reverses. We recommend that depreciation rates for infrastructure are fully reviewed when revaluing assets in the 2017/18 year. If the ratio remains in trend below target, then this indicates a strategic review of operations and funding sources is required to maintain the Shires condition of its assets.
Asset Renewal Funding Ratio	0.69	0.66	0.64	≥0.75	This is showing an improving trend which is reflected in the LTFP. Projections do not continue beyond 2018/19 which we understand will form part of the LTFP review.

**ANNEXURE 2
SHIRE OF RAVENSTHORPE
CORRECTED MISSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	FINANCIAL STATEMENTS ACCOUNTS IMPACTED	STATEMENT OF FINANCIAL POSITION ADJUSTMENT	EFFECT ON OPERATING SURPLUS	EFFECT ON OTHER COMPREHENSIVE INCOME	COMMENT
1.	Receivables Operating Grants, Subsidies and Contributions	\$486,145	\$486,145		This recognises WANDRRA contribution committed for emergency works following 2016/17 flood event
2.	Other Revenue Non-Operating Grants, Subsidies and Contributions		(\$1,956,628)	\$1,956,628	Correction of grant income for regional landfill project moved from operating income to capital income
3.	Cash - Unrestricted Cash - Restricted	\$993,802 (\$993,802)			FAGS grant removed from restricted cash as non-reciprocal grant and recognised as available for unrestricted use on receipt

**ANNEXURE 3
SHIRE OF RAVENSTHORPE
AUDIT FINDINGS
FOR THE YEAR ENDED 30 JUNE 2017**

Matter	Present Procedure Finding	Recommendation	MCCS Comment
Uncleared Municipal Bank Items	Audit procedures determined that 3 minor payments in the Shire Municipal account remain uncleared after 12 months. In addition, a deposit of \$40 made on 14 June 2016 remained uncleared as at the date of audit.	We recommend these items are followed up and cancelled and reissued if necessary.	These items will be actioned as a matter of priority.
Ravensthorpe Community Childcare Centre	Extensive research has confirmed that the Shire legally took over operations and assets of the Incorporated Association in 2015/16. As at 30 June 2017, the major asset being the Westpac Operating and Reserve accounts had not been incorporated into the Shires ledger and financial statements. We are unable to determine the exact balance of assets and liabilities however the bank account balance was confirmed at \$85,919 as at 30 June 2017. Given expected levels of liabilities, this falls below our determined materiality threshold and did not require adjustment.	A review of assets and liabilities should immediately be undertaken. All transactions since 1 July 2017 and current bank balances will need to be recorded in the Shires ledger.	This is currently being done and the assets and liabilities will be included with the shires from 2017/18.
Related Parties	At the time of audit, a Related Parties Disclosure Declaration had not been received from Councillor Ian Goldfinch.	Related Parties disclosures are an essential element of the established internal control system managing the risks associated with related party transactions. We recommend the declaration is followed up as soon as possible.	Declaration is being followed up and should be completed by the end of December.