

SHIRE OF RAVENSTHORPE

ANNUAL FINANCIAL REPORT FOR 2015/2016

ADOPTED BY COUNCIL 16TH FEBRUARY 2017



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Regional Profile

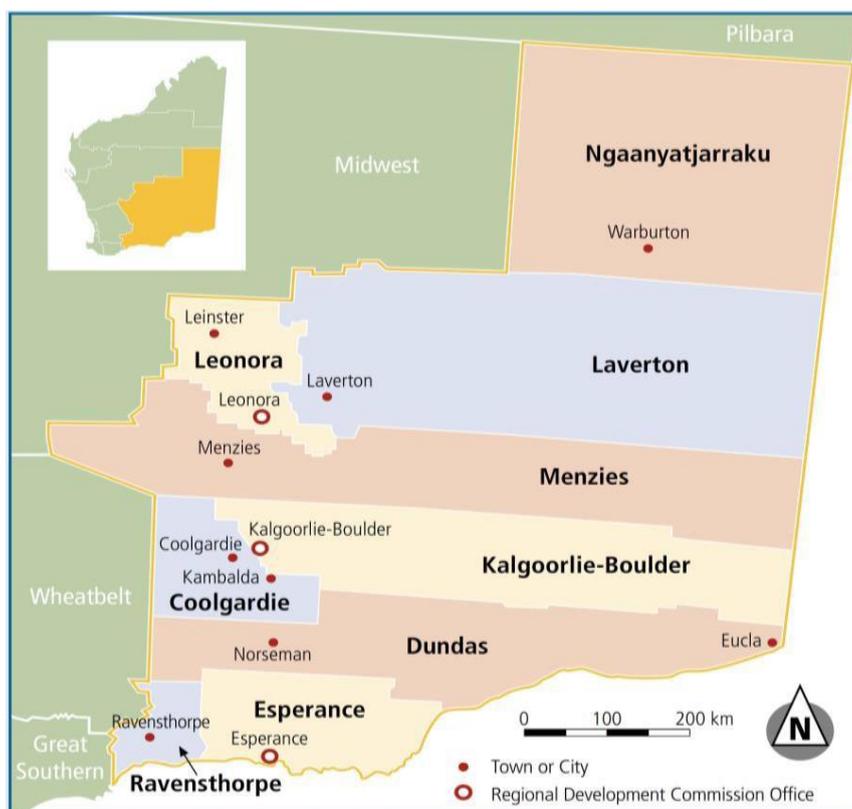
The Shire of Ravensthorpe is a Local Government Area in the southern Goldfields- Esperance region of Western Australia, about halfway between the City of Albany and the town of Esperance and about 530km southeast of Perth. The Shire covers an area of 13,551km², and its seat of government is the town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

I am pleased to present my annual report to the community.

During the year Deputy President Angela Kelton resigned from Council and moved to Albany for family reasons. I thank Angela for her input whilst on council and take the opportunity to welcome Graham Richardson to Council – elected to fill the vacancy.

I would also like to acknowledge the commitment shown by all the councilors in representing the community and working to provide leadership and good governance.

To our Chief Executive Officer and his team of managers and staff, I pass on Council's appreciation for the dedication to providing quality services and facilities and high standard of financial and general governance of the Shire.

There are many volunteers, both individuals and community groups who help to provide services, facilities and activities for residents and visitors – thank you for all your efforts as without your assistance we would not be able to meet all the demands placed upon us.

During the year we saw the completion of the long awaited Hopetoun Community Centre – a facility that will serve the community for many years to come. And how proud were our senior citizens to be the first to hold a function in the new facility – the 2015 Seniors Christmas Lunch. We were fortunate to obtain funding through the Goldfields Voluntary Regional Organization of Councils to install a solar power system on the new building. Once completed we should have little or no on-going power expense to meet in running the building.

As a Council we work together to try and improve the outcomes for all residents of and visitors to our wonderful Shire. Our challenge going forward will be to overcome any hurdles or additional compliance issues thrown at us in such a way as to continue to meet the expectations of the community.

Best wishes



Keith Dunlop Shire
President



Chief Executive Officer

I am pleased to submit my report for the 2015/2016 financial year.

Financial Performance

The Shire of Ravensthorpe continues to maintain a strong financial position:

As at 30th June 2016 the following fully cash backed reserves were held:

Staff Leave Reserve	\$56,995
Plant Reserve	\$173,051
Building Reserve	\$1,460,199
Emergency Farm Water Reserve	\$25,694
Road & Footpath Reserve	\$406,419
Swimming Pool Upgrade Reserve	\$42,319
UHF Repeater Reserve	\$4,322
Airport Reserve	\$531,159
Waste & Sewerage Reserve	\$286,600
State Barrier Fence Reserve	\$70,000
Unspent Grants	\$188,633
TOTAL Reserves	\$3,245,391

Council had 7 outstanding loans as at 30th June 2016 with principal of \$2,276,428 owing.

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 2016 the following:

Ratio	Description	Result	Prescribed Standard
Current Ratio	Indicate the Shire's ability to meet short term debt obligations.	2.15	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.	1.34	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.	3.23	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.	(0.25)	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.	0.58	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.	N/A	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.	0.66	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

We comment that operation ratios have been adversely affected by the receipt in advance of Financial Assistance Grant program first quarter payment in the prior year and increased depreciation on non-current assets due to the Fair Value reporting requirements.

New Building

During the year we saw the completion of the new Hopetoun Community Centre – a \$4 million asset for the community. The new building includes an expanded and refurbished area for the Hopetoun Community Resource Centre, large hall, offices for Shire staff and Hopetoun Progress Association and meeting rooms. The Shire now has a presence in Hopetoun 4 half days per week. The first function held in the facility was the annual Senior Christmas Luncheon.



Official opening of the Hopetoun Community Centre 13 April 2016
Left to right: CEO Ian Fitzgerald, Shire President Keith Dunlop,
Hon Terry Redman and Dr Graham Jacobs MLA

Future Projects

The two major projects that will be commence and hopefully completed in 2016/2017 is the Morgan Street Ravensthorpe Streetscape upgrade and construction of a new regional landfill site to be used by the Shires of Ravensthorpe and Jerramungup.



Ravensthorpe Landfill Project





Morgan Street



Streetscape Project



Conclusion

I would like to acknowledge and thank Shire President, Keith Dunlop and all the Council for their support and contribution to the governing of the Shire for the benefit of all residents and visitors.

To my staff, I pass on my sincere appreciation for all the work you do to support Council and myself and also to provide quality services and facilities for our community.

Local government too has always new challenges and compliance to respond to and working together we will survive and prosper.

Ian Fitzgerald
Chief Executive Officer



Manager of Engineering Services

Road Re-sheeting

Works and Services completed the following renewal projects during the 2015/2016 financial year including re-sheeting, formation works and drainage works to unsealed roads of the rural road network:

• Southern Ocean Road	\$424,360
• Aerodrome Road	\$161,562
• Beatty Road	\$151,899
• Springdale Road	\$75,000

The projects listed above equate to 27 kilometres of unsealed road re-sheeting for the 12 month period.

Sealed Road Projects

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

• Dunn Street island removal and reseal	\$115,096
• Jerdacuttup Road pavement stabilisation	\$140,405
• Cambewarra Drive pavement stabilisation	\$ 89,000

Hopetoun

Stage 2 works to the front beach foreshore were completed during the year. Works included the installation of stormwater drainage, asphalt treatment and kerbing to the car park. The cost of these works totalled \$101, 035

Works were also undertaken at the new Hopetoun Community Centre and Medical Clinic surrounds which entailed drainage, kerbing, sealing and landscape works totalling \$90,000

New reticulation was also installed to the skate park turf area.

Coastal Reserves

Major upgrade works were undertaken to the coastal campsites at Starvation Bay and Masons Bay. Total expenditure on these projects was in the vicinity of \$300,000 with the majority of the funds being a grant from Tourism WA. This project saw the capacity at both sites increased with additional bays and access roads constructed, new toilets installed, information bays, caravan dump points and pay stations installed. Berth definition and coastal rehabilitation works were carried out by the Work for the Dole program.

The West Beach car park was also upgraded with gravel sheeting, fencing and the installation of a new picnic setting.

Canoe Trails

Access to the Phillip's River Boat Ramp was vastly improved with the area now more aligned to a day use recreation area. Access works were carried out by the road crew to facilitate 2wd vehicle access whilst the Work for the Dole team carried out the fencing and installation of bollards.

Maintenance

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

Recreation Grounds	\$75,000
Parks and Gardens	\$64,000
Cemeteries	\$50,000
Effluent Scheme	\$60,000
Street Lighting	\$49,000
Waste Management	\$350,000
Airport	\$265,000
Road Maintenance	\$1,600,000

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

Environmental Health

All access chambers in the Ravensthorpe Effluent Scheme were inspected and cleaned during this period in accordance with the licence conditions. 3 access chambers were replaced due to concrete degradation.

Drainage

New stormwater drainage infrastructure was installed to the intersection of Queen and Carlisle Street to alleviate flooding during periods of rain.

Parks and Gardens / Town Maintenance

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

Plant Replacement

The 15/16 period saw the replacement of an 8 wheel tip truck, smooth drum vibratory roller, and a number of light vehicles.

Additional plant added to councils fleet were a new tri axle water cart and pre owned tracked loader. The nett cost of all vehicles was approximately \$850,000.

Manager of Corporate and Community Services

The long awaited and highly anticipated Hopetoun Community Centre was completed with handover to the Shire in November 2015.

Right: Shire President Keith Dunlop and Hon Terry Redman



The Seniors Christmas lunch on the 9th December 2015 was one of the first functions to be held there. The dinner was very well attended with a lot of people taking the opportunity to check out the new building. The complex also houses the Hopetoun Community Resource Centre and Tourist Information Centre, Hopetoun Progress Association and Shire offices and reception.



Senior Christmas Lunch 2015

Overall the Centre has been very well appreciated and provides a first class venue with large performance hall and stage, grade A kitchen and meeting rooms. The complex has been well utilised with lots of different concerts and performances being held there as well as many groups booking the venue for meetings and training.



Inside the Centre with the art work from Windspray Arts

The walls have been adorned with local works of Art from Windspray Arts, which adds to the overall ambience of the building and gives further interest to tourists visiting the Centre.

It has also allowed the shire to have a presence in Hopetoun with an office at the Centre that is currently manned 4 days a week from 9am – 2pm. This has enabled Hopetoun locals to do their licensing, pay shire bills and make general enquiries without having to travel to Ravensthorpe.

The Ravensthorpe Entertainment Centre was having ongoing compliance issues with the Tavern License which the shire held. License conditions meant that whenever the function room was hired there had to be an approved manager on site, regardless of whether or not the bar was being utilised. Following discussion with the Department of Racing Gaming and Liquor and the REC Management Committee it was decided to surrender the license.

This happened in February and in some ways has made usage of the facility a lot easier. The sporting clubs can either operate on a byo basis with approval from the shire or can apply for an occasional license for their home games if they wish to operate a bar – with all proceeds going to the club.

2015/16 saw challenges to many of the sporting and community groups within the shire with overall declining memberships putting a strain on some of the committees. The shire worked pro-actively to promote co-operation between the groups and the shire and to assist with grant applications and projects.

Some of the larger grant applications that were successful:-

- | | |
|--|-----------|
| • Lottery West grant to develop the Phillips River Canoe Trail | \$42,974 |
| • Lottery West Grant to build Herbarium Addition to the Town Hall | \$167,000 |
| • Lottery West Grant to Ravensthorpe Equestrian Club for construction of ablution and kitchen facilities at its club grounds | \$19,190 |

Assistance from the Department of Sport and Recreation and Lotterywest has been much appreciated, and grants from the Community Development Fund and Hopetoun and Ravensthorpe Futures Fund have also assisted various organisations throughout the shire with projects during the year.

The Shire Youth Network has continued on a very informal basis with the shire assisting community groups to run a couple of activities throughout the year. Hopetoun Progress Association took the lead in organising a Skateboard Clinic and Competition at the Hopetoun Skate Park in November. The shire successfully obtained a \$3,500 grant towards the event through the Department of Sport & Receptions Active Regional Communities Grant program. Skateboarding WA ran the day's event with a strong turn out and a fun day for all.

There was also a Sports Fun Day held as part of the National Youth Week – with a grant of \$1,000 from the Department of Local Government & Communities. The day was held in May and was organised by the Ravensthorpe school leadership team, teachers, parents, MCCS and Youthcare chaplain. It provided a fun day of games and prizes and gave an opportunity to some of the local youth to learn leadership skills by participating in the organising and running of the program.

The Club Development Officer position which commenced in August 2014 - in conjunction with funding from the Department of Sport and Recreation (DSR) was a two year position. However when the incumbent CDO left in March it was decided not to seek funding for a further period or recruit another officer. The position was aimed at working with local sporting and community groups to assist them with club administration and development but was not really relevant to the size of clubs we have within our shire. 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.

Following on from a decision made in June 2015 the shire became the service provider and took over the licence and administration of the Cub House Child Care centre in October 2015. The policy manual has been reviewed and operations streamlined with the staff at the centre being able to concentrate on care and education provision whilst the administration side such as payroll, accounts and insurance has come under the shire administration team. Attendance numbers have fluctuated throughout the year as families come and go but 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.

In October the shire had the opportunity to take over the operation of the Hopetoun gym, this had been a privately operated business and the operator was leaving town and looking to sell the equipment. Following a request from the community council reviewed the options and decided to purchase the equipment. Subsequently council negotiated with the owner of the buildings where the gym was located and decided to rent a larger unit and relocate the gym to the larger premises. The relocation and set up took a bit longer than hoped but the gym was operational from early April and has seen a good number of people taking up membership.

In general community facility hire in 2015/16 including the REC, outdoor cinema, town hall and multiuse ovals has remained similar to the previous year. Ravensthorpe gym membership has remained steady. 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. 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.

Manager of Airport and Compliance

In the reporting period the following actions were taken:

Dog Fines	8
Dog Verbal Warnings	7
Livestock Verbal Warnings	2
Livestock Wandering	6
Off Road Vehicles Verbal Warnings	0
Illegal Camping Verbal Warnings	9
Camping Inquiries	6
Fire Break non - compliance fines	11
Littering	0
Snake Reports (Residential Properties)	2
Snake Removal (Residential Properties)	3
Dog Impound	12
Cat Impound	6
Rooster Complaints (Residential)	5

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



Skippers Plane

Note: Virgin Charter and Skippers Aviation RPT service for December 2016 totaled 653 passengers. For the Month of January 2017, Virgin/Skippers passengers totaled 951. This indicates significant increase in passenger movements through Ravensthorpe Airport. Trending this through for a sixth month period (Jan-Jun 2017) could see passenger numbers exceed 5700 – equivalent to 80% of the total number for full 2015/2016 year.

Planning Officer

Planning & Development Services dealt with a total of 42 development applications during the 2015/2016 financial year. The applications considered covered a wide variety of developments including:

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

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

- Following the gazettal of the Local Planning Strategy Council commenced the preparation of the new Local Planning Scheme No.6 (LPS 6). LPS 6 seeks to guide the use of land within the Shire of Ravensthorpe by zoning and reserving land and establishing the controls that apply to each of these zones and reservations

LPS 6 was adopted by Council for the purpose of advertising for public comment and progressed successfully through a review by the Environmental Protection Authority and the Western Australian Planning Commission.

- A rezoning proposal for the corner of Steeredale Road and Hopetoun-Ravensthorpe Road received final approval from Council and subsequently the Minister for Planning. This rezoning proposes to allow for up to sixty (60) 1 - 3 ha rural living/composite light industry lots. This would allow for a range of different land uses ranging from exclusively rural conservation lots in vegetated areas, lots where people can live and work on the same semi-rural property, to a core of more industrial orientated lots located in the north western corner of the site.
- A policy on Holiday Homes was adopted for final approval by Council establishing a minimum standard for this aspect of the tourism industry and reinforcing the need to obtain planning approval for this activity.

- The state government released a new Planning for Bushfire Risk Management Framework that has changed the minimum standard for developing in areas considered to be 'bushfire prone'. Information packs and a review of existing Shire policies in the space was commenced with the intention of helping applicant's, gain a more consistent approach to fire management issues and improve town sites safety.
- A Local Law on Fencing was adopted that established minimum standards for dividing fences and fencing in industrial and commercial areas.

Building Licenses

Number of Licenses Issued during the 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

Additional Information

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 2015/2016 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	0
120,000 – 129,999	1
130,000 – 139,999	0
150,000 – 159,999	0
160,000 – 169,999	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 member in the year under review.

Adoption of Local Laws

No Local Laws were adopted during 2015/16.

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 2015-2016 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 from 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 of 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.

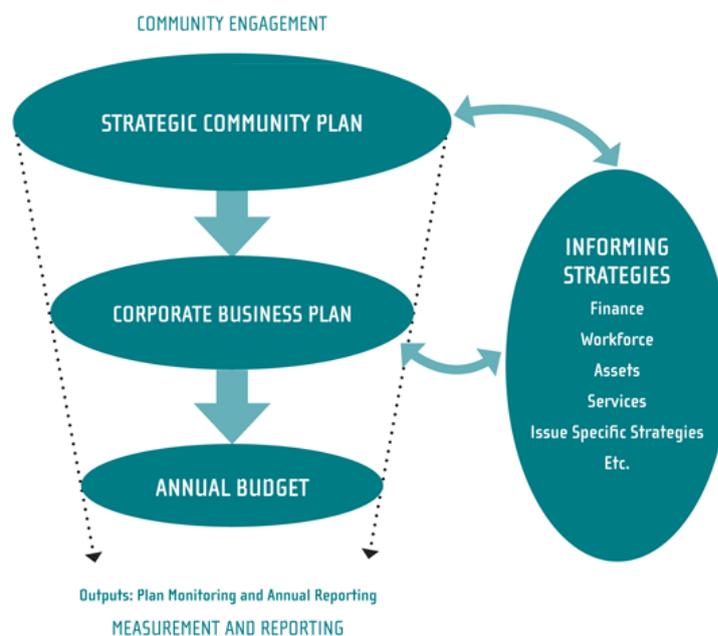
GOVERNANCE

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 organisations

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



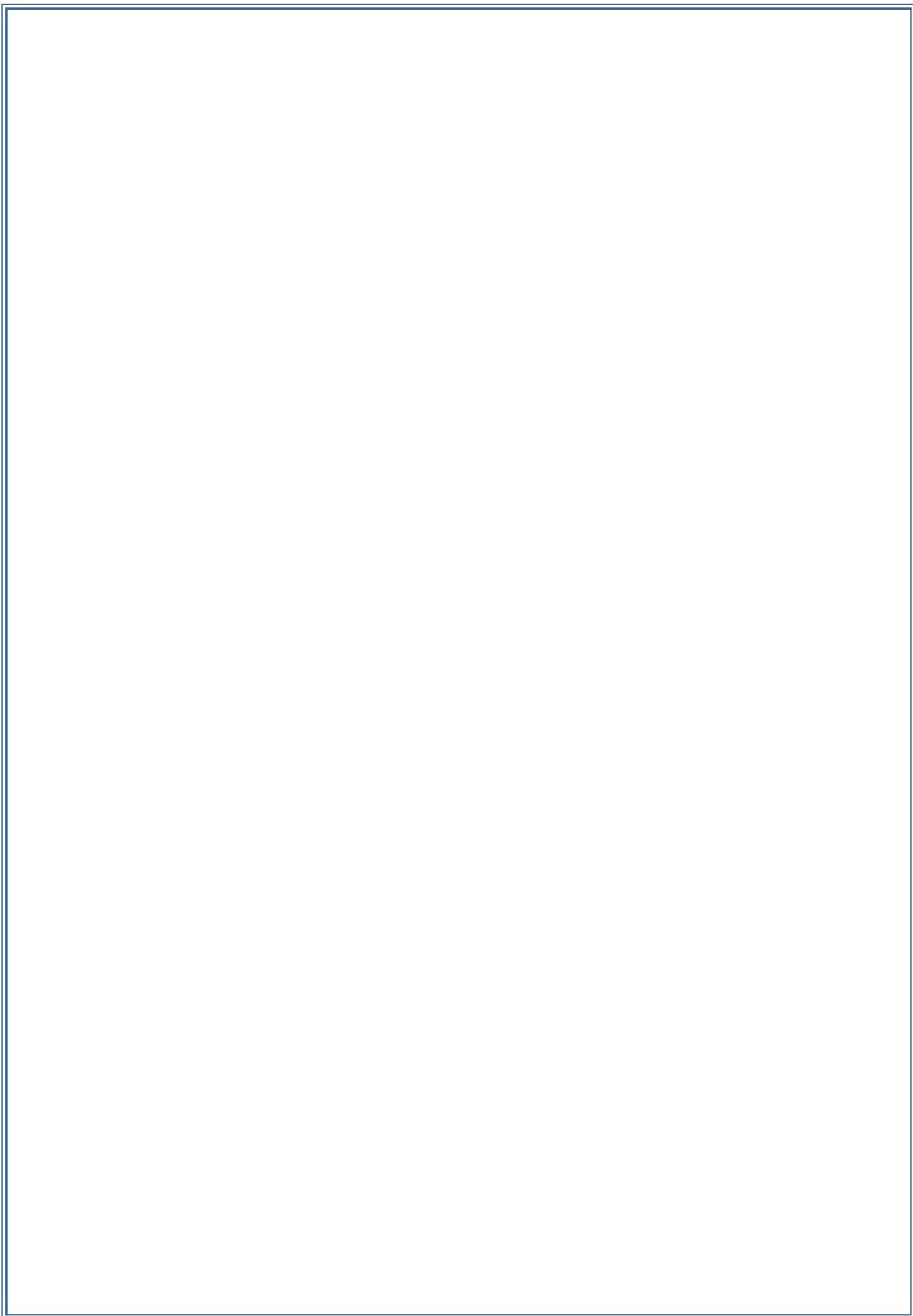
Cr Ken Norman



Cr Graham Richardson
Elected June 2016



Audited Annual Financial Statements 2015/16



SHIRE OF RAVENSTHORPE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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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 2016**

**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 other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 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 16th day of December 2016



Ian Fitzgerald
Chief Executive Officer

SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	22	3,799,960	3,782,847	3,618,372
Operating grants, subsidies and contributions	29	1,921,360	1,720,603	2,900,840
Fees and charges	28	1,229,714	1,145,977	1,432,788
Service charges	25	0	0	0
Interest earnings	2(a)	135,742	124,200	219,224
Other revenue	2(a)	883,651	532,929	323,160
		<u>7,970,427</u>	<u>7,306,556</u>	<u>8,494,384</u>
Expenses				
Employee costs		(2,984,398)	(2,922,897)	(2,643,957)
Materials and contracts		(2,356,077)	(2,819,429)	(2,170,538)
Utility charges		(155,690)	(219,162)	(169,001)
Depreciation on non-current assets	2(a)	(3,357,721)	(3,395,590)	(3,842,513)
Interest expenses	2(a)	(107,618)	(103,519)	(91,585)
Insurance expenses		(268,398)	(272,627)	(395,535)
Other expenditure		(192,220)	(240,113)	(141,823)
		<u>(9,422,122)</u>	<u>(9,973,337)</u>	<u>(9,454,952)</u>
		(1,451,695)	(2,666,781)	(960,568)
Non-operating grants, subsidies and contributions				
Non-operating grants, subsidies and contributions	29	1,310,281	4,701,338	1,379,109
Profit on asset disposals	20	75,959	69,895	17,577
(Loss) on asset disposals	20	(35,369)	(68,324)	(38,197)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(662,153)
(Loss) on revaluation of furniture and equipment	7(b)	(45,822)	0	0
Net result		<u>(146,646)</u>	<u>2,036,128</u>	<u>(264,232)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets P&E	12	191,024	0	14,810,464
Changes on revaluation of non-current assets F&E	12	(1,619)	0	0
Total other comprehensive income		<u>189,405</u>	<u>0</u>	<u>14,810,464</u>
Total comprehensive income		<u><u>42,759</u></u>	<u><u>2,036,128</u></u>	<u><u>14,546,232</u></u>

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

SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		2,633	0	6,949
General purpose funding		5,199,232	5,041,282	6,488,993
Law, order, public safety		214,142	186,208	114,613
Signed as authorisation of issue on the 16th day of December		66,139	37,250	108
Education and welfare		97,461	121,210	1,050
Housing		12,593	12,043	19,414
Community amenities		446,275	427,500	412,109
Recreation and culture		404,865	593,350	270,501
Transport		904,719	463,800	765,350
Economic services		144,667	135,135	112,895
Other property and services		477,704	288,778	302,400
		<u>7,970,430</u>	<u>7,306,556</u>	<u>8,494,382</u>
Expenses	2(a)			
Governance		(484,590)	(535,177)	(386,017)
General purpose funding		(166,461)	(170,750)	(206,835)
Law, order, public safety		(538,467)	(537,912)	(372,737)
Health		(364,984)	(292,033)	(203,259)
Education and welfare		(240,730)	(267,838)	(172,568)
Housing		(107,942)	(113,727)	(133,317)
Community amenities		(992,687)	(1,057,914)	(997,733)
Recreation and culture		(1,663,019)	(1,908,401)	(1,665,120)
Transport		(3,993,958)	(4,365,618)	(4,317,397)
Economic services		(275,315)	(300,977)	(259,078)
Other property and services		(486,353)	(319,471)	(649,305)
		<u>(9,314,506)</u>	<u>(9,869,818)</u>	<u>(9,363,366)</u>
Finance costs	2(a)			
Education and welfare		0	0	0
Housing		(13,554)	(12,402)	(4,981)
Community amenities		0	0	0
Recreation and culture		(5,930)	(8,628)	0
Transport		(88,135)	(82,490)	(86,604)
Economic services		0	0	0
Other property and services		0	0	0
		<u>(107,619)</u>	<u>(103,520)</u>	<u>(91,585)</u>
		<u>(1,451,695)</u>	<u>(2,666,782)</u>	<u>(960,569)</u>
Non-operating grants, subsidies and contributions	29	1,310,281	4,701,338	1,379,109
Profit on disposal of assets	20	75,959	69,895	17,577
(Loss) on disposal of assets	20	(35,369)	(68,323)	(38,197)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(662,153)
(Loss) on revaluation of furniture and equipment	7(b)	(45,822)	0	0
		<u>(45,822)</u>	<u>0</u>	<u>0</u>
Net result		<u>(146,646)</u>	<u>2,036,128</u>	<u>(264,233)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets P&E	12	191,024	0	14,810,464
Changes on revaluation of non-current assets F&E	12	(1,619)		
Total other comprehensive income		<u>189,405</u>	<u>0</u>	<u>14,810,464</u>
Total comprehensive income		<u>42,759</u>	<u>2,036,128</u>	<u>14,546,231</u>

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

SHIRE OF RAVENSTHORPE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,358,377	5,605,470
Trade and other receivables	5	419,739	431,680
Inventories	6	17,895	11,132
TOTAL CURRENT ASSETS		<u>4,796,011</u>	<u>6,048,282</u>
NON-CURRENT ASSETS			
Other receivables	5	25,706	24,163
Property, plant and equipment	7	32,906,691	31,038,610
Infrastructure	8	43,455,590	43,756,288
TOTAL NON-CURRENT ASSETS		<u>76,387,987</u>	<u>74,819,061</u>
TOTAL ASSETS		<u>81,183,998</u>	<u>80,867,343</u>
CURRENT LIABILITIES			
Trade and other payables	9	184,698	435,981
Current portion of long term borrowings	10	186,469	147,888
Provisions	11	407,412	371,569
TOTAL CURRENT LIABILITIES		<u>778,579</u>	<u>955,438</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	2,089,958	1,641,427
Provisions	11	82,335	80,113
TOTAL NON-CURRENT LIABILITIES		<u>2,172,293</u>	<u>1,721,540</u>
TOTAL LIABILITIES		<u>2,950,872</u>	<u>2,676,978</u>
NET ASSETS		<u>78,233,126</u>	<u>78,190,365</u>
EQUITY			
Retained surplus		34,488,792	33,738,368
Reserves - cash backed	12	3,056,759	3,953,829
Revaluation surplus	12	40,687,575	40,498,170
TOTAL EQUITY		<u>78,233,126</u>	<u>78,190,367</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 2016

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		35,031,993	2,924,437	25,687,706	63,644,136
Comprehensive income					
Net result		(264,233)	0	0	(264,233)
Changes on revaluation of assets					
Total comprehensive income	12	0	0	14,810,464	14,810,464
		(264,233)	0	14,810,464	14,546,231
Transfers from/(to) reserves		(1,029,392)	1,029,392	0	0
Balance as at 30 June 2015		33,738,368	3,953,829	40,498,170	78,190,367
Comprehensive income					
Net result		(146,646)	0	0	(146,646)
Changes on revaluation of assets F& E		0	0	(1,619)	(1,619)
Changes on revaluation of assets P & E		0	0	191,024	191,024
Total comprehensive income	12	(146,646)	0	189,405	42,759
Transfers from/(to) reserves		897,070	(897,070)	0	0
Balance as at 30 June 2016		34,488,792	3,056,759	40,687,575	78,233,126

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,789,334	3,812,847	3,704,163
Operating grants, subsidies and contributions		1,863,452	1,624,692	2,950,528
Fees and charges		1,229,714	1,145,977	1,432,788
Interest earnings		135,742	124,200	219,223
Goods and services tax		0	30,000	0
Other revenue		883,651	532,929	323,159
		<u>7,901,893</u>	<u>7,270,645</u>	<u>8,629,861</u>
Payments				
Employee costs		(2,992,161)	(2,697,897)	(2,564,037)
Materials and contracts		(2,568,757)	(2,664,480)	(2,211,257)
Utility charges		(155,690)	(219,162)	(169,001)
Interest expenses		(107,156)	(103,519)	(95,722)
Insurance expenses		(268,398)	(272,627)	(395,535)
Goods and services tax		78,932	0	(82,457)
Other expenditure		(192,220)	(240,113)	(141,823)
		<u>(6,205,450)</u>	<u>(6,197,798)</u>	<u>(5,659,832)</u>
Net cash provided by (used in) operating activities	13(b)	<u>1,696,443</u>	<u>1,072,847</u>	<u>2,970,029</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(3,349,597)	(3,528,302)	(3,705,796)
Payments for construction of infrastructure		(1,683,016)	(5,477,920)	(1,592,524)
Non-operating grants, subsidies and contributions		1,310,281	4,701,338	1,379,109
Proceeds from sale of fixed assets		291,682	281,364	200,766
Net cash provided by (used in) investment activities		<u>(3,430,650)</u>	<u>(4,023,520)</u>	<u>(3,718,445)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(514,448)	(520,100)	(451,061)
Proceeds from new debentures		1,001,561	1,001,561	672,921
Net cash provided by (used in) financing activities		<u>487,113</u>	<u>481,461</u>	<u>221,860</u>
Net increase (decrease) in cash held		(1,247,094)	(2,469,212)	(526,556)
Cash at beginning of year		5,605,470	5,605,469	6,132,026
Cash and cash equivalents at the end of the year	13(a)	<u>4,358,376</u>	<u>3,136,257</u>	<u>5,605,470</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 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>1,658,472</u> 1,658,472	<u>1,658,472</u> 1,658,472	<u>3,245,904</u> 3,245,904
Revenue from operating activities (excluding rates)			
Governance	2,633	0	6,949
General purpose funding	1,441,239	1,310,205	2,870,621
Law, order, public safety	214,142	186,208	114,613
Health	66,139	37,250	108
Education and welfare	97,461	121,210	1,050
Housing	12,593	12,043	19,414
Community amenities	446,275	427,500	412,109
Recreation and culture	404,865	593,350	270,501
Transport	977,618	532,300	765,350
Economic services	144,667	135,135	112,895
Other property and services	480,764	290,173	319,977
	<u>4,288,396</u>	<u>3,645,374</u>	<u>4,893,587</u>
Expenditure from operating activities			
Governance	(484,590)	(535,177)	(386,017)
General purpose funding	(166,461)	(170,750)	(868,988)
Law, order, public safety	(538,467)	(537,912)	(372,737)
Health	(367,711)	(300,222)	(206,757)
Education and welfare	(240,730)	(267,838)	(172,568)
Housing	(121,496)	(126,129)	(138,298)
Community amenities	(992,687)	(1,057,914)	(997,733)
Recreation and culture	(1,668,949)	(1,917,029)	(1,665,120)
Transport	(4,087,986)	(4,481,493)	(4,438,700)
Economic services	(275,315)	(300,977)	(259,078)
Other property and services	(513,102)	(346,220)	(649,305)
	<u>(9,457,494)</u>	<u>(10,041,661)</u>	<u>(10,155,301)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	20 (75,959)	(69,895)	(17,577)
Loss on disposal of assets	20 35,369	68,324	38,197
Movement in deferred pensioner rates (non-current)	(1,543)	0	(4,001)
Movement in employee benefit provisions (non-current)	38,066	0	60,603
Depreciation and amortisation on assets	2(a) 3,357,721	3,395,590	3,842,513
Amount attributable to operating activities	<u>(156,972)</u>	<u>(1,343,796)</u>	<u>1,903,925</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	1,310,281	4,701,338	1,379,109
fair Value Adjustment in Non-Current Assets	7(b) 0	0	662,153
Proceeds from disposal of assets	20 291,682	281,364	200,766
Purchase of property, plant and equipment	7(b) (3,349,597)	(3,528,302)	(3,705,796)
Purchase and construction of infrastructure	8(b) (1,683,016)	(5,477,920)	(1,592,524)
Amount attributable to investing activities	<u>(3,430,650)</u>	<u>(4,023,520)</u>	<u>(3,056,292)</u>
FINANCING ACTIVITIES			
Repayment of debentures	21(a) (514,448)	(520,100)	(451,061)
Proceeds from new debentures	21(a) 1,001,561	1,001,561	672,921
Transfers to reserves (restricted assets)	12 (308,837)	(240,000)	(2,225,643)
Transfers from reserves (restricted assets)	12 1,205,907	1,414,426	1,196,251
Amount attributable to financing activities	<u>1,384,183</u>	<u>1,655,887</u>	<u>(807,532)</u>
Surplus(deficiency) before general rates	<u>(2,203,439)</u>	<u>(3,711,429)</u>	<u>(1,959,899)</u>
Total amount raised from general rates	22 <u>3,757,993</u>	<u>3,731,077</u>	<u>3,618,372</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	23 <u><u>1,554,556</u></u>	<u><u>19,648</u></u>	<u><u>1,658,473</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 2016

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 19 to these financial statements.

(b) 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.

(c) 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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

(e) Inventories

Signed as authorisation of issue on the 16th day of December 2016

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.

(f) 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 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), 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 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

-0.297619505

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.

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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.

(i) 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.

(j) 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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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.

(p) 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 16.

(q) 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.

(r) 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 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Rounding Off Figures

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

(u) 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.

(v) 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 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 2017	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 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138] Signed as authorisation of issue on the 16th day of December 2016	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements. This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation. The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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.

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	18,650	22,788
- Assistance with the finalisation of the annual financial report		3,640
-Other Services	3,100	2,950
Depreciation		
Buildings - non-specialised	29,793	49,623
Buildings - specialised	646,496	669,193
Furniture and equipment	145,125	114,106
Plant and equipment	552,593	854,124
Infrastructure - roads	1,449,323	1,839,660
Infrastructure - footpaths	82,758	27,479
Infrastructure - drainage	92,461	9,853
Infrastructure - parks and ovals	127,695	72,691
Infrastructure - other	25,456	15,564
Infrastructure - Airports	206,021	190,220
	<u>3,357,721</u>	<u>3,842,513</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	107,618	91,585
	<u>107,618</u>	<u>91,585</u>
Rental charges		
- Operating leases	5,795	18,740
	<u>5,795</u>	<u>18,740</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	389,224	233,664
Other	494,427	89,496
	<u>883,651</u>	<u>323,160</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		2015
- Reserve funds	69,546	138,725
- Other funds	18,185	51,976
Other interest revenue (refer note 27)	48,011	28,523
	<u>135,742</u>	<u>219,224</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

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.

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 2016**

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.

-0

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.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (1)	Received (2)	Expended (3)	Closing Balance (1)	Received (2)	Expended (3)	Closing Balance
Grant/Contribution	Function/Activity	1/07/14	2014/15	2014/15	30/06/15	2015/16	2015/16	30/06/16
		\$	\$	\$	\$	\$	\$	\$
Department of Conservation	Economic Services	24,166	0	(24,166)	0	0	0	0
Royalties for Regions - Hopetoun Community Centre	Recreation & Culture	512,665	0	(512,665)	0	0	0	0
Department of Regional Development - Hopetoun Community Centre	Recreation & Culture	2,000,000	28,407	(2,028,407)	0	0	0	0
Lottery West - Hopetoun Community Centre	Recreation & Culture	0	600,000	(600,000)	0	0	0	0
Ravenshorpe - Hopetoun Future Fund - Hopetoun Community Centre	Recreation & Culture	0	168,182	(168,182)	0	0	0	0
South Coast Natural Resource Management	Recreation & Culture	0	37,400	(37,400)	0	0	0	0
Department of Sport & Recreation	Recreation & Culture	0	30,000	0	30,000	(30,000)	0	0
Department of Sport & Recreation	Recreation & Culture	0	16,000	(16,000)	0	16,000	(16,000)	0
Department of Sport & Recreation	Recreation & Culture	0	5,000	(5,000)	0	4,000	(4,000)	0
FQM Australia	Transport	0	152,000	(152,000)	0	0	0	0
Department of Infrastructure - Roads to Recovery	Transport	0	298,927	(298,927)	0	975,211	(786,578)	188,633
Department of Fire & Emergency Services	Law, Order & Public Safety	0	0	0	0	8,768	(8,768)	0
Hopetoun CRC - Hopetoun Community Centre	Recreation & Culture	0	0	0	0	144,000	(144,000)	0
City of Albany - WA Tourism Project Plan	Recreation & Culture	0	0	0	0	129,000	(129,000)	0
Department of Sport & Recreation	Recreation & Culture	0	0	0	0	3,500	(3,500)	0
Department of Sport & Recreation	Recreation & Culture	0	0	0	0	1,000	(1,000)	0
Lottery West - McCulloch Park	Recreation & Culture	0	0	0	0	40,000	(40,000)	0
Total		2,536,831	1,335,916	(3,842,747)	30,000	1,321,479	(1,162,846)	188,633

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 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,112,986	1,651,641
Restricted		3,245,391	3,953,829
		<u>4,358,377</u>	<u>5,605,470</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	12	56,995	36,919
Plant reserve	12	173,051	71,527
Building reserve	12	1,460,199	1,478,702
Emergency Farm Water Reserve	12	25,694	25,158
Road and Footpath Reserve	12	406,419	495,857
Swimming Pool Upgrade Reserve	12	42,319	56,490
UHF Repeater Reserve	12	4,322	9,021
Airport Reserve	12	531,159	471,124
Waste and Sewerage Reserve	12	286,600	280,623
Hopetoun Community Centre Reserve	12	0	1,028,407
State Barrier Fence Reserve	12	70,000	0
Unspent grants	2(c)	188,633	30,000
Unspent loans	21(c)	0	0
		<u>3,245,391</u>	<u>3,983,828</u>
4. INVESTMENTS			
Financial assets at fair value		<u>0</u>	<u>0</u>
		2016 \$	2015 \$
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		131,295	122,212
Sundry debtors		284,919	211,100
GST receivable		3,525	82,457
Prepayments		0	15,911
		<u>419,739</u>	<u>431,680</u>
Non-current			
Rates outstanding - pensioners		<u>25,706</u>	<u>24,163</u>
		<u>25,706</u>	<u>24,163</u>
6. INVENTORIES			
Current			
Fuel and materials		<u>17,895</u>	<u>11,132</u>
		<u>17,895</u>	<u>11,132</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	1,510,733	1,510,733
- Additions after valuation - cost	115,550	115,550
	1,626,283	1,626,283
	1,626,283	1,626,283
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	1,662,849	1,662,849
- Additions after valuation - cost	740,182	447,985
Less: accumulated depreciation	(79,416)	(49,623)
	2,323,615	2,061,211
Buildings - specialised at:		
- Independent valuation 2014 - level 3	21,641,265	21,641,265
- Additions after valuation - cost	4,468,915	33,031
Less: accumulated depreciation	(1,315,689)	(669,193)
	24,794,491	21,005,103
	27,118,106	23,066,314
Total land and buildings	28,744,389	24,692,597
Furniture and equipment at:		
- Management valuation 2013 - level 3	0	479,565
- Management valuation 2016 - Level 3	217,202	0
- Additions after valuation - cost	0	84,270
Less accumulated depreciation	0	(234,363)
	217,202	329,472
Plant and equipment at:		
- Management valuation 2013 - level 2	0	3,342,566
- Management valuation 2016 - level 2	3,987,226	0
- Additions after valuation - cost	0	1,636,832
Less accumulated depreciation	(42,126)	(1,481,835)
	3,945,100	3,497,563
Work in Progress at:		
- Additions after valuation - cost	0	2,518,978
Less accumulated amortisation	0	0
	0	2,518,978
	32,906,691	31,038,610

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 2016

7. 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)/ Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	1,626,283	0	0	0	0	0	0	0	1,626,283
Total land	1,626,283	0	0	0	0	0	0	0	1,626,283
Buildings - non-specialised	2,061,211	292,200	0	0	0	0	(29,793)	0	2,323,618
Buildings - specialised	21,005,103	1,916,903	0	0	0	0	(646,496)	2,518,978	24,794,488
Total buildings	23,066,314	2,209,103	0	0	0	0	(676,289)	2,518,978	27,118,106
Total land and buildings	24,692,597	2,209,103	0	0	0	0	(676,289)	2,518,978	28,744,389
Furniture and equipment	329,472	80,296	0	(1,619)	(45,822)	0	(145,125)	0	217,202
Plant and equipment	3,497,563	1,060,198	(251,092)	191,024	0	0	(552,593)	0	3,945,100
Work in Progress	2,518,978	0	0	0	0	0	0	(2,518,978)	0
Total property, plant and equipment	31,038,610	3,349,597	(251,092)	189,405	(45,822)	0	(1,374,007)	0	32,906,591

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

7. 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
	Land and buildings					
	Land - freehold	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	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 2014	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 2014	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 2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
	Plant and equipment					
		3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
	Work in Progress					
		3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Purchase costs

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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Management valuation 2015 - level 3	35,250,776	35,250,776
- Cost	1,330,459	0
Less accumulated depreciation	<u>(1,449,323)</u>	<u>0</u>
	35,131,912	35,250,776
Infrastructure - footpaths		
- Management valuation 2015 - level 3	2,485,240	2,485,240
- Cost	13,098	0
Less accumulated depreciation	<u>(82,758)</u>	<u>0</u>
	2,415,580	2,485,240
Infrastructure - drainage		
- Management valuation 2015 - level 3	1,286,713	1,286,713
Less accumulated depreciation	<u>(92,461)</u>	<u>0</u>
	1,194,252	1,286,713
Infrastructure - parks and ovals		
- Management valuation 2015 - level 3	2,462,911	2,462,911
- Cost	334,352	0
Less accumulated depreciation	<u>(127,695)</u>	<u>0</u>
	2,669,568	2,462,911
Infrastructure - other		
- Management valuation 2015 - level 3	637,125	637,125
- Additions after valuation - cost	5,108	0
Less accumulated depreciation	<u>(25,456)</u>	<u>0</u>
	616,777	637,125
Infrastructure - Airports		
- Management valuation 2015 - level 3	1,633,523	1,633,523
Less accumulated depreciation	<u>(206,022)</u>	<u>0</u>
	1,427,501	1,633,523
	<u>43,455,590</u>	<u>43,756,288</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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

8. 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	35,250,776	1,330,459	0	0	0	0	(1,449,323)	0	35,131,912
Infrastructure - footpaths	2,485,240	13,097	0	0	0	0	(82,758)	0	2,415,579
Infrastructure - drainage	1,286,713	0	0	0	0	0	(92,461)	0	1,194,252
Infrastructure - parks and ovals	2,462,911	334,352	0	0	0	0	(127,695)	0	2,669,568
Infrastructure - other	637,125	5,108	0	0	0	0	(25,456)	0	616,777
Infrastructure - Airports	1,633,523	0	0	0	0	0	(206,021)	0	1,427,502
Total infrastructure	43,756,288	1,683,016	0	0	0	0	(1,983,714)	0	43,455,590

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

8. INFRASTRUCTURE (Continued)

(c) 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	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	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	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management Valuation	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	Management Valuation	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	Management Valuation	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
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	137,785	245,076
Accrued interest on debentures	31,541	31,079
Accrued salaries and wages	15,372	17,100
ATO liabilities	0	44,100
Accrued Expenses	0	69,275
GST Payable	0	29,351
	184,698	435,981

10. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	186,469	147,888
	186,469	147,888
Non-current		
Secured by floating charge		
Debentures	2,089,958	1,641,427
	2,089,958	1,641,427

Additional detail on borrowings is provided in Note 21.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	214,188	157,381	371,569
Non-current provisions	0	80,113	80,113
	214,188	237,494	451,682
Additional provision	17,919	20,146	38,065
Balance at 30 June 2016	232,107	257,640	489,747
Comprises			
Current	232,107	175,305	407,412
Non-current	0	82,335	82,335
	232,107	257,640	489,747

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	36,919	20,077	0	56,996	36,919	10,000	0	46,919	0	36,919	0	36,919
Plant reserve	71,527	101,524	0	173,051	71,527	51,096	0	122,623	68,927	2,600	0	71,527
Building reserve	1,478,702	31,497	(50,000)	1,460,199	1,478,702	22,651	(150,000)	1,351,353	1,605,353	60,560	(187,211)	1,478,702
Emergency Farm \	25,158	536	0	25,694	25,158	385	0	25,543	24,140	1,018	0	25,158
Road and Footpath	495,857	10,562	(100,000)	406,419	495,857	7,596	(200,000)	303,453	477,832	18,025	0	495,857
Swimming Pool Up	56,490	1,203	(15,375)	42,318	56,490	865	(15,375)	41,980	54,437	2,053	0	56,490
UHF Repeater Res	9,021	192	(4,891)	4,322	9,021	138	(4,891)	4,268	8,693	328	0	9,021
Airport Reserve	471,124	60,035	0	531,159	471,124	57,217	0	528,341	414,631	65,533	(9,040)	471,124
Waste and Sewer	280,623	5,977	0	286,600	280,623	4,299	0	284,922	270,423	10,200	0	280,623
Hopetoun Communi	1,028,407	7,234	(1,035,641)	0	1,028,407	15,753	(1,044,160)	0	0	2,028,407	(1,000,000)	1,028,407
State Barrier Fence	0	70,000	0	70,000	0	70,000	0	70,000	0	0	0	0
	3,953,828	308,837	(1,205,907)	3,056,758	3,953,828	240,000	(1,414,426)	2,779,402	2,924,436	2,225,643	(1,196,251)	3,953,828

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
Leave reserve	Ongoing - staff	To be used to fund long service leave and non-current annual leave requirements
Plant reserve	Ongoing	To be used to assist in the purchasing of major plant and machinery
Building reserve	Ongoing	To be used for the construction, refurbishment, modification or renovation of all shire owned buildings
Emergency Farm Water Reserve	Ongoing	To be used for the repair and/or construction of emergency farm water supplies
Road and Footpath Reserve	Ongoing	To be used for the construction, rejuvenation, resealing or repair to the road and footpath network
Swimming Pool Upgrade Reser	Ongoing	To be used to assist with the costs of maintenance and repairs to the Ravensthorpe swimming pool
UHF Repeater Reserve	16/17	To be used to assist in the provision of UHF Radio Repeaters in Hopetoun & Munglingup
Airport Reserve	Ongoing	To be used for the construction, reconstruction, repairs or modifications of facilities including buildings, tarmac, airstrip and associated infrastructure at the Ravensthorpe Airport
Waste and Sewerage Reserve	Ongoing	To be used for the repair and/or construction of waste and sewerage facilities
Hopetoun Community Centre Reserve	Used 15/16	Used to assist in the construction of the new Hopetoun Community Centre. Utilised as per condition of fundngn agreement
State Barrier Fence Reserve	Ongoing	To be used for the extension of the State Barrier Fence from Ravensthorpe to Esperance

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12 REVALUATION SURPLUS

	2016			2016			2015			2015		
	Opening Balance	Revaluation Increment	Revaluation Decrement	Revaluation Decrement	Revaluation Increment	Revaluation Decrement	Opening Balance	Revaluation Increment	Revaluation Decrement	Revaluation Decrement	Revaluation Increment	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	14,131,385	0	0	0	0	0	14,131,385	0	0	0	0	14,131,385
Furniture and equipment	1,619	0	(1,619)	(1,619)	0	0	0	0	0	0	(1)	1,619
Plant and equipment	186,447	191,024	0	191,024	186,446	1	186,446	1	0	0	1	186,447
Infrastructure - roads	21,373,615	0	0	0	11,368,254	0	21,373,615	10,005,361	0	0	10,005,361	21,373,615
Infrastructure - footpaths	2,075,009	0	0	0	2,075,009	0	2,075,009	2,075,009	0	0	2,075,009	2,075,009
Infrastructure - drainage	1,083,905	0	0	0	1,083,905	0	1,083,905	1,083,905	0	0	1,083,905	1,083,905
Infrastructure - parks and ovals	1,305,977	0	0	0	1,305,977	0	1,305,977	1,305,977	0	0	1,305,977	1,305,977
Infrastructure - other	340,212	0	0	0	340,212	0	340,212	340,212	0	0	340,212	340,212
Infrastructure - Airports	0	0	0	0	0	0	0	0	0	0	0	0
	40,498,169	191,024	(1,619)	189,405	25,687,705	14,810,464	40,687,574	14,810,464	0	14,810,464	0	40,498,169

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. 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:

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>4,358,377</u>	<u>3,136,257</u>	<u>5,605,470</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(146,646)	2,036,128	(264,232)
Non-cash flows in Net result:			
Depreciation	3,357,721	3,395,590	3,842,513
(Profit)/Loss on sale of asset	(40,590)	(1,571)	20,620
Fair value adjustments to fixed assets			
at fair value through profit or loss	0	0	662,153
Loss on revaluation of fixed assets	45,822	0	0
Reversal of loss on revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	10,398	(35,911)	53,023
(Increase)/Decrease in inventories	(6,763)	0	(11,095)
Increase/(Decrease) in payables	(251,283)	214,949	(14,445)
Increase/(Decrease) in provisions	38,065	165,000	60,603
Grants contributions for the development of assets	<u>(1,310,281)</u>	<u>(4,701,338)</u>	<u>(1,379,109)</u>
Net cash from operating activities	<u>1,696,443</u>	<u>1,072,847</u>	<u>2,970,031</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	<u>(6,596)</u>	<u>(10,619)</u>
Total amount of credit unused	<u>513,404</u>	<u>509,381</u>
Loan facilities		
Loan facilities - current	186,469	147,888
Loan facilities - non-current	<u>2,089,958</u>	<u>1,641,427</u>
Total facilities in use at balance date	<u>2,276,427</u>	<u>1,789,315</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

14. CONTINGENT LIABILITIES

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

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

15. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
Signed as authorisation of issue on the 16th day of December 2016		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	5,795	18,123
- later than one year but not later than five years	0	5,286
- later than five years		0
	5,795	23,409

The Shire leases two photocopiers from Classic Funding Group (formerly The Leasing Centre)
The lease is for 36 months and finishes October 2016

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	0	1,528,637
- plant & equipment purchases		
Payable:		
- not later than one year	0	1,528,637

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

16. 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:-

	2016	2015
	\$	\$
Non-current assets		
Land and buildings	74,478	74,478
Less: accumulated depreciation	(6,709)	(2,979)
	67,769	71,499

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	157,001	146,375
General purpose funding		
Law, order, public safety	1,727,730	1,782,265
Health	438,283	411,079
Education and welfare	2,803,588	2,945,564
Housing	3,811,654	2,188,439
Community amenities	2,391,637	2,652,752
Recreation and culture	20,178,148	19,547,659
Transport	41,724,304	42,791,281
Economic services	1,105,197	551,790
Other property and services	5,388,031	4,389,320
Unallocated	1,458,426	3,460,819
	<u>81,183,999</u>	<u>80,867,343</u>

18. FINANCIAL RATIOS

	2016	2015	2014
Current ratio	2.15	2.25	0.94
Asset sustainability ratio	1.33	1.34	0.67
Debt service cover ratio	3.23	4.22	3.41
Operating surplus ratio	(0.26)	(0.30)	(0.48)
Own source revenue coverage ratio	0.60	0.54	0.57

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 58 of this document.

Two of the 2016 and 2015 ratios disclosed above are 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

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	4.63	2.62
Operating surplus ratio	(0.10)	(0.45)

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

19. 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 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Bitumen Tender Document Bond	487	0	0	487
Hopetoun Tennis Club	9,072	0	0	9,072
Standpipe Swipecard Bond	2,000	200	(100)	2,100
BCITF	0	3,517	(292)	3,225
Pavillion Hire Bonds	833	400	0	1,233
Gym Card Bonds	4,232	2,680	(780)	6,132
Hall hire & key bonds	3,083	3,940	(2,750)	4,273
Sundry Overpayments	5,830	473	(910)	5,393
Swimming Key Bonds	1,760	1,320	(720)	2,360
Rural Subdivision Shed Bonds	30,494	10,000	(12,000)	28,494
Trust Nomination Deposits	0	640	(400)	240
Licensing	5,276	419,852	(422,424)	2,704
Builders Registration Board	71	2,935	(364)	2,642
Staff Housing Bond	0	400	(400)	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	19,375	0	(5,000)	14,375
	<u>91,175</u>			<u>91,392</u>

20. DISPOSALS OF ASSETS - 2015/16 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								
Health								
Mitsubishi Pajero - Doctors	30,000	27,273	0	(2,727)	38,189	30,000	0	(8,189)
Transport								
Isuzu NQR 450 Crew Cab	15,296	23,636	8,340	0	24,391	18,000	0	(6,391)
Signed as authorisation of issi	23,204	21,818	0	(1,386)	23,204	21,818	0	(1,386)
Mitsubishi Challenger - Airport	23,598	19,091	0	(4,507)	23,598	19,091	0	(4,507)
Hopetoun Trailer	0	0	0	0	0	1,000	1,000	0
Amman Smooth Drum Roller	18,792	32,000	13,208	0	34,601	13,500	0	(21,101)
Iveco Eurotech 8x4 Tip Truck	0	48,182	48,182	0	0	60,000	60,000	0
Bitumen Kettle	4,331	7,500	3,169	0	0	7,500	7,500	0
Other property and services								
Misubishi Pajero - MES	41,624	31,818	0	(9,806)	41,624	31,818	0	(9,806)
Toyota Aurion - MCRS	15,084	10,000	0	(5,084)	15,084	10,000	0	(5,084)
Holden Commodore - DCEO	25,171	21,364	0	(3,807)	25,171	21,364	0	(3,807)
Ford Ranger - BMO	9,292	5,455	0	(3,837)	9,292	5,455	0	(3,837)
Ford Falcon - Pool Car	2,667	5,727	3,060	0	2,605	4,000	1,395	0
Mitsubishi Pajero - CEO	42,033	37,818	0	(4,215)	42,033	37,818	0	(4,215)
	<u>251,092</u>	<u>291,682</u>	<u>75,959</u>	<u>(35,369)</u>	<u>279,792</u>	<u>281,364</u>	<u>69,895</u>	<u>(68,323)</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 131 782 Spence Street	3,696		3,696	3,696	0	0	125	125
Loan 145 Staff Housing	355,000		31,138	31,138	323,862	323,862	10,512	12,276
Loan 147 Other Housing	0	285,000	0	0	285,000	285,000	2,916	0
Community amenities								
Loan 146 Hopetoun Community Centre	0	350,000	0	5,651	350,000	344,349	5,930	8,628
Transport								
Loan 143 Town Street	0	0	0	0	0	0	0	18,390
Loan 138C Town Street	388,577	0	388,577	388,577	0	0	30,749	30,500
Loan 138D Town Street	388,728	0	22,012	22,012	366,716	366,716	25,823	15,500
Loan 144 Town Street	335,393	0	41,140	41,140	294,253	294,253	16,657	9,000
Loan 143B Refinance	317,921	0	27,885	27,885	290,036	290,036	9,387	9,100
Loan 138E Refinance	0	366,561	0	0	366,561	366,561	5,519	0
	1,789,315	1,001,561	514,448	520,099	2,276,428	2,270,777	107,618	103,519
	1,789,315	1,001,561	514,448	520,099	2,276,428	2,270,777	107,618	103,519

Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 147 - Other Housing	285,000	285,000	WATC	Debenture	15	80,165	3.36%	(285,000)	(285,000)	0
Loan 146 - Hopetoun Community Centri	350,000	350,000	WATC	Debenture	20	143,560	3.59%	(350,000)	(350,000)	0
Loan 138E Refinance of 138C	366,561	366,561	WATC	Debenture	10	60,872	3.02%	(366,561)	(366,561)	0
	<u>1,001,561</u>	<u>1,001,561</u>				<u>284,597</u>		<u>(1,001,561)</u>	<u>(1,001,561)</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire established an overdraft facility of \$500,000 in 2009 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>1,554,556</u>	<u>1,658,472</u>	<u>1,658,472</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,112,986	1,651,641	1,651,641
Restricted	3,245,391	3,953,829	3,953,829
Receivables			
Rates outstanding	131,295	122,212	122,212
Sundry debtors	284,919	211,100	211,100
GST receivable	3,525	82,457	82,457
Prepayments	0	15,911	15,911
Inventories			
Fuel and materials	17,895	11,132	11,132
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(137,785)	(245,076)	(245,076)
Accrued interest on debentures	(31,541)	(31,079)	(31,079)
Accrued salaries and wages	(15,372)	(17,100)	(17,100)
ATO liabilities	0	(44,100)	(44,100)
Accrued Expenses	0	(69,275)	(69,275)
GST Payable	0	(29,351)	(29,351)
Current portion of long term borrowings			
Secured by floating charge	(186,469)	(147,888)	(147,888)
Provisions			
Provision for annual leave	(232,107)	(214,188)	(214,188)
Provision for long service leave	(175,305)	(157,381)	(157,381)
Unadjusted net current assets	<u>4,017,432</u>	<u>5,092,844</u>	<u>5,092,844</u>
Adjustments			
Less: Reserves - restricted cash	(3,056,758)	(3,953,829)	(3,953,829)
Add: Secured by floating charge	186,469	147,888	147,888
Add: Component of Leave Liability not Required to be Funded	407,412	371,569	371,569
Adjusted net current assets - surplus/(deficit)	<u>1,554,556</u>	<u>1,658,472</u>	<u>1,658,472</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

24. EFFLUENT RATE - 2015/16 FINANCIAL YEAR

Effluent 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 Back Rate Revenue \$	Budget Interim Rate Revenue \$
Ravensthorpe	GRV	0.020569	2,104,926	43,246	0	0	43,246	43,296	0	0
Ravensthorpe	Minimum	181.20	447,711	15,040	0	0	15,040	15,040	0	0
Munglinup	GRV	0.023506	58,968	1,386	0	0	1,386	1,386	0	0
Munglip	Minimum	181.20	27,872	725	0	0	725	725	0	0
Sewerage - First Fixture	Minimum	181.20	0	906	0	0	906	906	0	0
Sewerage - Additional Fixtures	Minimum	118.00	0	4,720	0	0	4,720	4,720	0	0
				66,023	0	0	66,023	66,073	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

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR

Rates Discounts

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
Rate Assessments	Write Off	\$0.00	6,951	5,000

Signed as authorisation of issue on the 16th day of December 2016

6,951	5,000
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Rate or Fee and Charge to which the Waiver or Concession is Granted
Rate Assessments

Circumstances in which the Waiver or Concession is Granted and to whom it was available
The shire allows for a number of minor write offs throughout the year

Objects of the Waiver or Concession
To clear debts which are unrecoverable

Reasons for the Waiver or Concession
Actual write-offs related to incorrectly charged penalty interest, minor outstanding balances and non-recoverable debts

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	09-Oct-15	0	0.00%	11.00%
Option Two				
First Instalment	09-Oct-15	0	5.50%	11.00%
Second Instalment	11-Dec-15	10	5.50%	11.00%
Third Instalment	12-Feb-16	10	5.50%	11.00%
Fourth Instalment	15-Apr-16	10	5.50%	11.00%
			Revenue	Budgeted Revenue
Interest on unpaid rates			\$ 27,079	\$ 10,000
Interest on instalment plan			20,932	8,000
Charges on instalment plan			16,710	2,000
			<u>64,721</u>	<u>20,000</u>

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. FEES & CHARGES	2016	2015
	\$	\$
Governance		
General purpose funding	25,663	31,504
Law, order, public safety	19,247	23,989
Health	65,509	108
Education and welfare	0	0
Housing	7,043	19,414
Community amenities	441,168	378,354
Recreation and culture	111,471	143,684
Transport	358,816	620,327
Economic services	144,667	102,533
Other property and services	56,130	112,875
	<u>1,229,714</u>	<u>1,432,788</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	2,633	6,567
General purpose funding	839,985	2,563,780
Law, order, public safety	184,053	86,813
Recreation and culture	283,928	89,905
Transport	610,461	143,300
Other property and services	300	112
	<u>1,921,360</u>	<u>2,900,840</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	8,768	0
Recreation and culture	184,000	768,182
Transport	1,117,513	610,927
	<u>1,310,281</u>	<u>1,379,109</u>
	<u>3,231,641</u>	<u>4,279,949</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>37</u>	<u>36</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	93,307	97,500	92,700
President's allowance	13,001	13,500	12,360
Deputy President's allowance	3,107	3,250	3,090
Travelling expenses	10,071	15,000	11,703
Telecommunications Allowance	8,614	7,588	7,210
	<u>128,100</u>	<u>136,838</u>	<u>127,063</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

32. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	4,358,377	5,605,470	4,358,377	5,605,470
Receivables	445,445	455,843	445,445	455,843
	<u>4,803,822</u>	<u>6,061,313</u>	<u>4,803,822</u>	<u>6,061,313</u>
Financial liabilities				
Payables	184,698	435,981	184,698	435,981
Borrowings	2,276,427	1,789,315	1,833,121	1,564,983
	<u>2,461,125</u>	<u>2,225,296</u>	<u>2,017,819</u>	<u>2,000,964</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 2016**

34. 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.

Signed as authorisation of issue on the 16th day of December 2016
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.

	2016	2015
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	43,584	56,055
- Statement of Comprehensive Income	43,584	56,055

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 2016**

34. 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:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	89%	96%
- Overdue	11%	4%

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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>2016</u>	<u>2015</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	184,698	0	0	184,698	184,698
Borrowings	274,171	1,096,938	1,442,926	2,814,035	2,276,427
	<u>458,869</u>	<u>1,096,938</u>	<u>1,442,926</u>	<u>2,998,733</u>	<u>2,461,125</u>
Payables	435,981	0	0	435,981	435,981
Borrowings	233,230	1,119,997	798,106	2,151,333	1,789,315
	<u>669,211</u>	<u>1,119,997</u>	<u>798,106</u>	<u>2,587,314</u>	<u>2,225,296</u>

**SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. 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 2016								
Borrowings								
Fixed rate	0	0	0	0	0	2,276,427	2,276,427	3.93%
Debtentures								
Weighted average								
Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	3.93%		
Year ended 30 June 2015								
Borrowings								
Fixed rate	3,696	388,577	0	0	0	1,397,042	1,789,315	4.85%
Debtentures								
Weighted average								
Effective interest rate	6.84%	6.56%	0.00%	0.00%	0.00%	4.38%		

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



Report on the Financial Report

We have audited the accompanying financial report of the Shire of Ravensthorpe, which comprises the balance sheet as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) 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.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

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

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Other Matters

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- (b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) 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 calculation of the Asset Renewal Funding Ratio as presented and in our opinion this is:
 - i) Based on verifiable information; and
 - ii) Reasonable assumptions.The Asset Consumption Ratio was not calculated and no review was carried out.



Russell Harrison, Partner
Lincolns Accountants and Business Advisers
70 - 74 Frederick Street, Albany WA
Dated this 21st day of December 2016.

**SHIRE OF RAVENSTHORPE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

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

	2016	2015	2014
Asset consumption ratio	N/A	N/A	N/A
Asset renewal funding ratio	0.66	0.64	0.69

The above ratios are calculated as follows:

Asset consumption ratio	<u>depreciated replacement costs of assets</u> current replacement cost of depreciable assets
Asset renewal funding ratio	<u>NPV of planned capital renewal over 10 years</u> NPV of required capital expenditure over 10 years

21 December 2016

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

Dear Council,

Audit for the year ended 30 June 2016

We are pleased to report that our audit of the Shire of Ravensthorpe's financial statements and records for the year ended 30 June 2016 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.

Prior to reporting our audit findings to Council and Management, we would like to remind you of the nature of the audit tests we have conducted. The work undertaken by us to form an opinion is permeated by judgment, in particular regarding the nature, timing and extent of the audit procedures for gathering of audit evidence and the drawing of conclusions based on the audit evidence gathered.

In addition, there are inherent limitations in any audit. These include the use of sample testing, the possibility of collusion and the fact that most audit evidence is persuasive rather than conclusive in nature. As a result, our audit can only provide reasonable – not absolute – assurance that the financial systems of the Shire of Ravensthorpe are functioning reliably.

In general we found the financial statements presented for audit were well prepared and supporting audit papers were complete and readily available.

We undertook a complete assessment of the Shire's financial systems and assessed areas of risk.

We are pleased to report that this review confirmed the strong internal controls within the financial and reporting systems of the Shire of Ravensthorpe.

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Comment on Financial Position

The following table compares your financial ratios (note 18) to standards prescribed by the Local Government Regulations:

Ratio	Description	Result	Prescribed Standard
Current Ratio	Indicates the Shire's ability to meet short term debt obligations.	2.15	The standard is met if the ratio 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.	1.34	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.	3.23	A basic standard is met if the ratio is greater than or equal to 2. An 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.	(0.26)	A 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 its costs through its own revenue efforts.	0.60	A basic standard is met if the ratio is between 0.4 and 0.6. 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	N/A	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.	0.66	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.

We comment that operating ratios have been adversely affected by the receipt in advance of the Financial Assistance Grant program first quarter payment in the prior year and increased depreciation on non-current assets due to the Fair Value reporting requirements of FM Reg 17A.

Other Matters

During our audit we noted the matters referred to in the attached audit observations and comments schedule, 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



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Russell Harrison
Partner

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**SHIRE OF RAVENSTHORPE
 AUDIT OBSERVATIONS AND COMMENTS SCHEDULE
 FOR THE YEAR ENDED 30 JUNE 2016**

Matter	Present Procedure Finding	Recommendation	MCCS Comment
Bank Reconciliation	<p>The municipal bank account reconciliation shows two reconciling items for payments from the bank account but not yet posted to the Synergy general ledger, being:</p> <p>6/8/2015 \$804.98 15/1/2016 \$1,495</p>	<p>We recommend that these amounts are followed up, entered into Synergy general ledger and cleared from the bank reconciliation. Further, all reconciling items at the time of the preparation of the bank reconciliation should be identified and cleared.</p>	<p>The \$1,495 – invoice has been located and is being entered into Synergy today. The \$804.98 is an overpayment to Australian Superannuation and a refund has been requested from them to clear the amount from our account. All other outstanding items will be followed up and resolved as a matter of priority.</p>