



Shire of Ravensthorpe

Growing our Community

Annual Financial Report for 2017/2018



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Regional Profile

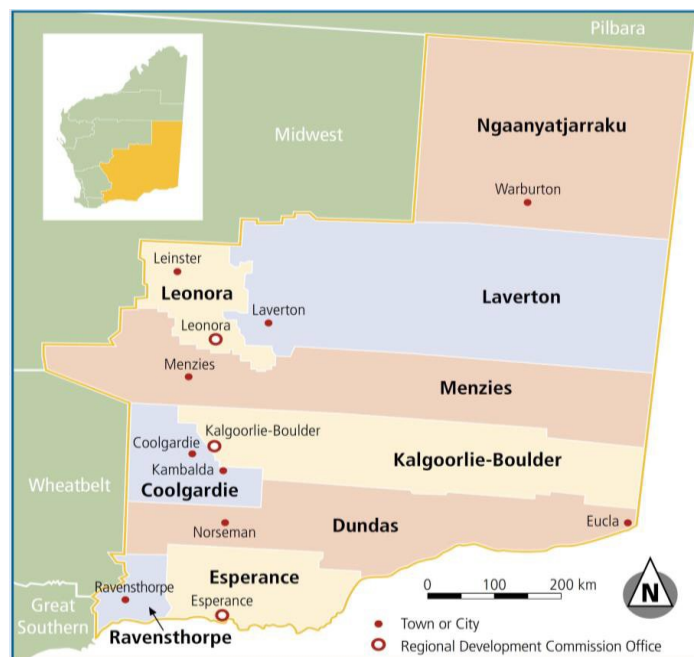
The Shire of Ravensthorpe is a Local Government Area in the southern Goldfields- Esperance region of Western Australia, about halfway between the City of Albany and the town of Esperance and about 530km southeast of Perth. The Shire covers an area of 13,551km², and its seat of government is the town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

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

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

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

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



Shire President Report

It is my pleasure to present my 2017/2018 report to the community.

2017/18 was definitely a year of challenges – the major one being the clean-up and major repairs to roads following the February 2017 floods. After a meeting with Main Roads in Albany, we were able to start letting contracts for the commencement of the repairs. The road repairs are now 60% completed, and every effort has been made to improve the flood resistance capability of roads, where possible, as part of the repair.

The CEO and I travelled to Perth to meet with Minister for Regional Development Agriculture and Food, Alannah Mactiernan, to source extra funding for the repairs to Culham Inlet, and were pleased with her support for the project, Residents will be aware that the works are well underway.

First Quantum Nickel Mine went in to “Care and Maintenance” in October 2017. This brought about an exodus of families from Ravensthorpe and Hopetoun, as well as impacting adversely on local businesses that were already affected by the floods.

The new bridge on the Philips River was officially opened on the 7th February 2018. The bridge is twice as long as the previous bridge, which was washed away in the 2017 floods, and is also wider and higher. The cost of the new bridge was \$11 million.

The official launch of the Fitzgerald Biosphere was held on Friday 23rd March 2018 at the Hopetoun Community Hall. The launch was enjoyed by all, with many positive comments being received, and the many visitors and dignitaries expressed their gratitude for being made to feel very welcome.

Thank you to all the Councilors for their input during the year under review and the time they devote to our community. Thanks must also go to their families who support their work.

To the Shire’s staff, thank you for all of your efforts during the year.

Our ongoing focus will be to see all of the flood repairs completed so that we can move on as a community from this major setback.

Keith Dunlop
Shire President



Chief Executive Officer

It is my pleasure to present my report for the 2017/2018 financial year.

There is no doubting it has been a very different year again especially with the wet winter of 2016 followed by the summer flood event of February 2017, then a very dry 2018.

Through all of this adversity Shire of Ravensthorpe has maintained a reasonable financial position with strong current assets in operating, however cash holdings have been affected by the scale of flood damage repairs to the road and drainage network and the time lag of grant reimbursements through the WANDRRA program. Notwithstanding the Shire was still able to maintain cash backing for 86% of its reserves.

Staff Leave Reserve	\$ 94,483
Plant Reserve	\$ 430,959
Building Reserve	\$ 1,519,294
Emergency Farm Water Reserve	\$ 26,734
Road and Footpath Reserve	\$ 422,867
Airport Reserve	\$ 751,529
Waste and Sewerage Reserve	\$ 298,032
State Barrier Fence Reserve	\$ 214,099
Unspent Grants	\$ 285,615
Swimming Pool Upgrade Reserve	\$ 44,031

Total Reserves **\$ 4,087,643**

The annual financial statements still show a write-down of \$21,006,436 in the shire's infrastructure asset valuation from 2017. This was due to the amount of the damage incurred as a result of the February 2017 floods. This is not a financial loss, a change in valuation only. As the roads have been repaired to their previous condition, or improved condition, the value will be returned to the previous value if not a higher valuation. It is anticipated the return to the previous valuation will occur in 2019 when fresh valuations are completed.

Loans

Council had 7 outstanding loans as at June 2018 with principal of \$1,896,049 owing. No new loans were taken out during the year.



Financial Ratios

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

As at 30th June 2018 the following:

Ratio	Description	Result	Prescribed Standard
Current Ratio	Indicate the Shire's ability to meet short term debt obligations.	1.41	The standard is met if the ration is greater than 1
Asset Sustainability Ratio	Indicates that the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	0.57	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.	6.80	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.	(0.19)	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.	0.25	A basic standard is met if the ratio is between 0.4 and 1.6 Intermediate standard is between 0.6 and 0.9 An advanced standard is met if the ratio is greater than 0.9
Asset Consumption Ratio	Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	0.89	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.	0.56	The standard is met if the ratio is between 0.75 and 0.95 The standard is improving if the ratio is between 0.95 and 1.05

February 2017 Floods

The flood of February 2017 had a devastating impact on the shire and has dominated the demands on staff time and resources for 2017/18 and will continue to be a major draw on resources for the following year 2018/19.

All shire staff have done a fantastic job through the initial stages of opening up works, then organising the much needed repairs within the constraints of the Shire's resource capabilities.



A natural disaster recovery process is not easy and there have been many meetings with the varied agencies trying to get things progressed for our community.

The flooding also delayed the completion of the new regional landfill site however this was finally completed in the first half of 2017/18.

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

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



What's Next

The next 12 months of 2018/19 will see an emphasis on completing the repairing of roads, rebuilding Culham Inlet, and developing nature play in Ravensthorpe.

Conclusion

I particularly wish to acknowledge the efforts of all the staff during this period noting in particular the fantastic effort they put in during the aftermath of the floods – thank you.

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

Local Government continues to face challenges but 2017/18 was another particularly challenging year for the Shire of Ravensthorpe but working together as a team and with the support of the community we will continue to move forward.

Thank you.

Gavin Pollock
Chief Executive Officer

Manager of Engineering Services

Road Re-sheeting

Works and Services completed the following re-sheeting projects during the 2017-2018 financial year. The gravel re-sheeting programme for the year was undertaken as part of the WANDRRA road re-habitation works. These particular sections of road were used as Main Roads WA diversionary routes after the February 2017 flood event and due to pavement loss, required re-sheeting.

- Fence Road 7km \$240,000
- Hayes Road 7km \$240,000
- North Road 10km \$320,000
- Beatty Road 14km \$450,000

Sealed Road Projects

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

- Hamersley Drive / Veal Street intersection asphalt overlay \$ 70,000
- Bedford Harbour Road / Jerdacuttup intersection asphalt overlay \$ 140,000

Ravensthorpe

Construction of the Ravensthorpe Streetscape Project stages was finalised including landscaping.

Also intersection improvement to facilitate RAV vehicle access was undertaken at:

- Martin Street and Dance Street
- Morgans Street and Dance Street
- Morgans Street and Moir Road
- Morgans and Neil Street
- Neil Street and Martin Street
- Queen Street and Spence Street

Hopetoun

Construction of a concrete pram ramps was completed as various locations along the Chambers Street pathway. Plus a short section of shared use pathway and ramps was constructed linking Birdwood Street to Ragland Street

Also road improvement works improvement s was undertaken:

- Veal Street (roundabout to Birdwood) asphalt and kerb;
- Raglan Street re-seal; and
- Esplanades (West) reseal (Veal to Caravan Park).

Maintenance

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

- | | | |
|-------------------------------|----|-----------|
| • Recreation Grounds | \$ | 78,000 |
| • Sporting Pavillions & Clubs | \$ | 501,000 |
| • Public Toilets | \$ | 157,000 |
| • Parks and Gardens | \$ | 64,000 |
| • Cemeteries | \$ | 18,000 |
| • Effluent Scheme | \$ | 190,000 |
| • Street Lighting | \$ | 40,000 |
| • Waste Management | \$ | 866,000 |
| • Airport | \$ | 517,000 |
| • Road Maintenance | \$ | 1,234,000 |

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

Environmental Health

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

The Ravensthorpe Regional Waste Management Facility, the following additional items were completed:

- Dome shelter / storage (plant & machinery)... \$44,000
- Tip shop shed;.....\$49,000
- Transfer station,.....\$75,000
- Fencing,.....\$87,000

Drainage

Extensive maintenance works to the road network were undertaken as part of WANDRRA flood repairs; with culvert clearing and in some cases replacement during the course of the year. The remainder will be completed during 2018/19 financial year.

Parks and Gardens / Town Maintenance

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

Plant Replacement

The 17/18 period saw the replacement of a

- Dog trailer;
- Tandem dolly;
- Grader;
- Single cab truck
- Crew cab truck; and
- Number of light vehicles.

. The nett cost of replacement for all vehicles was approximately \$990,000.

Flood Damage

As a result of the February 2017 flooding, approvals for reinstatement works were received and commenced in the 17/18 financial year. The Shire organised a number of contracts with works undertaken at:

Coleman St, Fitzgerald Rd, Jenkins Rd, West River Rd, Koornong Rd, Mallee Rd, Springdale Rd, Daniels Rd, Aerodrome Rd, Thomas Rd , Gordon Rd, Melaleuca Rd, Mills Rd, West Point Rd, Fence Rd, Bedford Harbour East Rd, Cowell Rd, Coxall Rd, Doyle Rd, Rawlinson Rd, Rawlinson Rd, Rockhole Rd, Moolyall Rd, Woodenup Rd, Beatty Rd, Powley Rd, Floater Rd, Old Newdegate Rd, Cattlin Rd, King Rd and Mt Short Rd.

For these particular roads, works was completed for in the region of \$7.5M.

Note; these works did not include significant flood-ways, this is planned to be done during 2018/19.

Graham Steel
Manager of Engineering Service

Manager of Corporate and Community Services

Hopetoun Community Centre

The Hopetoun Community Centre has been providing a valuable suite of services since opening in November 2015.

The shire of Ravensthorpe provides a customer service operation 4 days a week, which allows residents personal access to the paying of shire bills, rates, dog and cat licencing as well as vehicle and drivers licencing services. The access levels to these services proves to be a valued benefit to Hopetoun residents as people take up the opportunity to visit the shire without having to travel the 50 kms to Ravensthorpe.

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

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

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

Groups that have utilised the facility include:-

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

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

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

Events held since opening include:-

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

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

Sporting Clubs and Facilities

2017/18 continued to bring challenges to many of the sporting and community groups within the shire with overall declining memberships putting a strain on most of the committees. Sporting clubs have been finding it harder to attract members and maintain full season fixtures. This is unfortunately a reflection of a down turn in population and is happening throughout many rural areas in the region.

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

In general community facility hire in 2017/18 (other than at the Hopetoun Community centre), including the REC, outdoor cinema, town hall and multiuse ovals has remained similar to the previous year. Ravensthorpe gym membership has remained steady and we have seen a good take-up of memberships continue at the Hopetoun gym.

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



Childcare

The Shire had taken over responsibility as the service provider and licence holder for the Cub House Long Day Care centre in October 2015. The 2017/2018 financial year was a consolidating year as the operation of the centre steadied amid ongoing reviews and updates of policies and procedures to maintain compliance with the National Quality Framework and National Quality Standards.

The childcare sector is a heavily regulated environment and the Shire will continue its commitment to the community to enable access to these services and strive for the delivery of a quality childcare service for the capacity of 19 children. The centre aims to operate on a break-even basis and the shire recognises this as an essential service especially when trying to provide work opportunities to attract and retain people to the area.

Herbarium

The shire was successful in obtaining the necessary funding to complete the building of a dedicated herbarium in 2017 for the benefit of the Ravensthorpe Wild Flower Committee. The wild flower show committee and their helpers have been working tirelessly ever since in order to develop the annual wild flower show and spring festival which is held annually in September each year.

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

The Annual show is growing every year attracting people from interstate and internationally with over 600 labelled specimens on display, whilst the local herbarium currently houses some 2,792 identified specimens. In contrast the Western Australian Herbarium houses a collection of almost 750,000 species with an average 10,000 new specimens being added each year from throughout the state. Many of these new specimens come from regional centres such as Ravensthorpe and improvements in the herbarium facilities will allow this important work to continue and grow. The diverse range of flora and fauna in the Ravensthorpe area provides many specimens found nowhere else in the state. Having a dedicated facility allows not only the annual festival to grow but provide a base for visiting botanists and interested individuals to inspect the collection and become involved in further species collection and identification.

Flood Damage

The devastating floods suffered throughout the shire in February 2017 caused massive infrastructure losses and the reinstatement of roads has taken at least two financial years to complete with rehabilitation estimated in excess of \$21million. This massive undertaking has required great resilience across the community and should be applauded for the improvements made to date which will continue into 2018/19. More specific details have been included in other sections of the annual report and the shire continues to work with Main Roads and other stakeholders to obtain WANDRRA funding and implement the repairs.

Other Project Initiatives

Other projects of note include the Munglinup Community Playground \$51,000, commencement of the Phillips River Canoe Trail \$32,000, improvements to the Hopetoun Community Centre \$44,000, library service funding across the three services at Ravensthorpe, Hopetoun and Munglinup \$113,000, tourism and area promotion \$110,000, and community donations \$59,000



Les Mainwaring
Director Corporate & Community Services

Manager of Airport and Compliance

Ravensthorpe Airport – Passenger figures

2017/2018	Total Passengers
July	929
August	745
September	517
October	382
November	278
December	268
January	300
February	218
March	225
April	228
May	237
June	297
TOTAL	4624

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

There has been a significant reduction in passenger numbers in this period due to a reduction in mining activity.



Planning Officer

Planning & Development Services dealt with a total of 36 development applications during the 2017/2018 financial year. The applications considered covered a wide variety of developments including:

Sheds	8
Signs	3
Fencing	1
Single Houses	5
Holiday Accommodation	3
Telecommunications Tower	1
Club House/Civic Use	4
Workforce accommodation	2
Change of Use – Comm. & Private	3
Verandah	6
TOTAL	36

2016/2017 Development Applications

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

The only noticeable trend has been the number of verandah/gable/patio applications. This may be due to residents becoming aware of the need for compliance.



Building Licenses

Building Services dealt with a total of 25 building permit applications during the 2017/2018 financial year. The applications considered included

Number of permit applications considered during the 2017/18 financial period:

Single Houses	4
Additions to Single Houses (Inc. Carports)	7
Sheds	10
Commercial, Industrial & Mining	3
Other (Retaining Walls, Renovations etc)	1
Demolition	1
TOTAL	26

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

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

There was a slight decrease in the number of building licences issued this financial year.

Additional

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.

No enquiries were received during the 2017/2018 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.

The Shire attempts to ensure that very new staff member becomes familiar with the Record keeping system.

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

Records Staff undertake ongoing, ad-hoc reviews of Records practices across the organisation, which highlight any additional training requirements of staff.

During the period under review, the Shire used the Goldfields Record Storage facility (which it owns in partnership with other local governments in the region) for the storage of archived records. The use of this facility will be reviewed in the 2018/2019 financial year.

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:

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.

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.

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.

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.

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.

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.

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.

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.

It should be noted that the Disability Access and Inclusion Plan expired at the end of 2018 and will need to be reviewed in 2019.

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 2017/2018 did not engage in any significant business activities which generated in excess of \$200,000 annual income. Therefore, the introduction of competitive neutrality under Clause 7 of the policy was not required.

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

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

Employee Remuneration

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

110,000 – 119,999	1
120,000 – 129,999	1
130,000 – 139,999	1
150,000 – 159,999	0
160,000 – 169,999	0
170,000 – 179,999	0
180,000 – 189,999	0
190,000 – 199,999	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 were no minor complaints lodged with the Local Government Standards Panel against an elected member in the year under review.

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

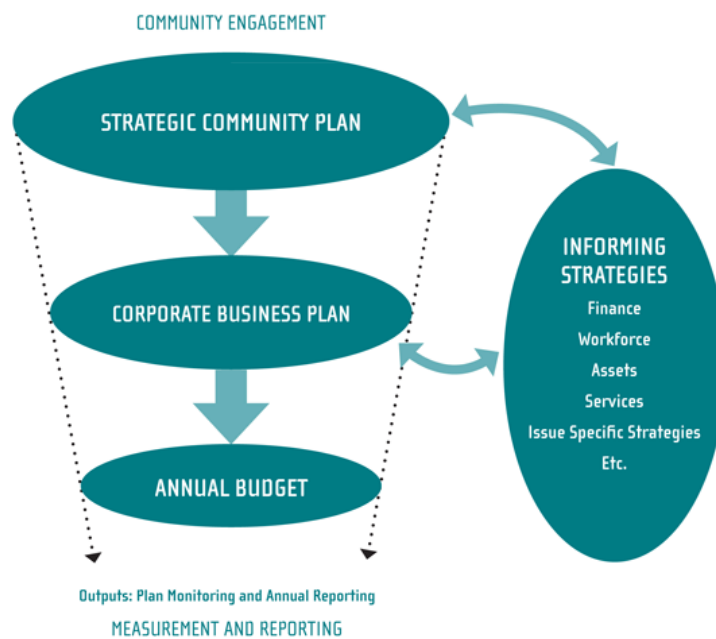
The Shire’s IPR process needs to be reactivated to ensure compliance and connections to stakeholders. A review will be undertaken in the 2018/2019 year.

GOVERNANCE

This Strategic Community Plan, which was reviewed in 2015/2016, to represent the needs and aspirations of the community, was developed by the Shire’s Councilors to set out the vision for the ensuing 10 years. This plan needs to be reviewed in consultation with the community to form the basis of a review of the entire IPR suite of documents.

The task of turning this vision into a reality rests with the Local Government Administration. The Corporate Business Plan (CBP), which underpins the Annual Budget, is the mechanism for achieving those ends.

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 Council will need to review all of its Integrated Planning and Reporting Framework Documents , and this will be done as soon as is practicable , to ensure compliance and an ongoing commitment to delivering on the aspirations of the community.

Vision, Values and Stakeholders

VISION

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

“Growing our Community”

VALUES

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

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

STAKEHOLDERS

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

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



Key Themes and Strategies

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

The four themes formed from the community engagement process include:

A vibrant, supportive and socially connected community

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

A thriving business and industry including tourism

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

Adequate services and infrastructure to cater for the community

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

Civic Leadership

The provision of responsible, accountable, representative and efficient governance

THEME 1 – A VIBRANT, SUPPORTIVE AND SOCIALLY CONNECTED COMMUNITY

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

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

THEME 2 – A THRIVING BUSINESS AND INDUSTRY INCLUDING TOURISM

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

Outcome No.	Desired Outcome	Goal/Strategy No.	Goal/Strategy	Outcome Key Indicators	Current Status
2.1	Sustainable Economy	2.1.1	The Shire of Ravensthorpe is economically sustainable with a stable or growing population	No. of businesses Population Statistics	Support of local businesses and RRCC Population declining due to external pressures
2.2	Diversified agricultural land-base	2.2.1	Retention of a diversified agricultural base	No. of businesses Planning Policy implemented	Declining slightly due to lower population 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 Indicators	Key	Current Status
3.1	Effective transport networks	3.1.1	Transport networks which meet the needs of all users.	Level of implementation of Management Plans	of Asset	Asset Management Plan review commenced.
		3.1.2	Transport networks which meet the needs of Agriculture, Tourism and Mining industries	Level of implementation of Management Plans	of Asset	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
				Phone and internet access		As above
				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 Management Plans	of Asset	On-going improvement of recreation facilities
		3.5.2	Increased utilisation of facilities	Level of implementation of Management Plans	of Asset	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 2017)

Cr Keith Dunlop
Shire President



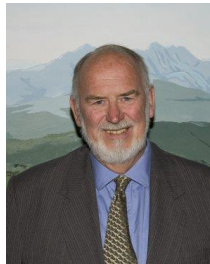
Cr Julianne Belli
Deputy Shire President



Cr Kerry Dickinson



Cr Ian Goldfinch



Cr Thomas Major



Cr Graham Richardson

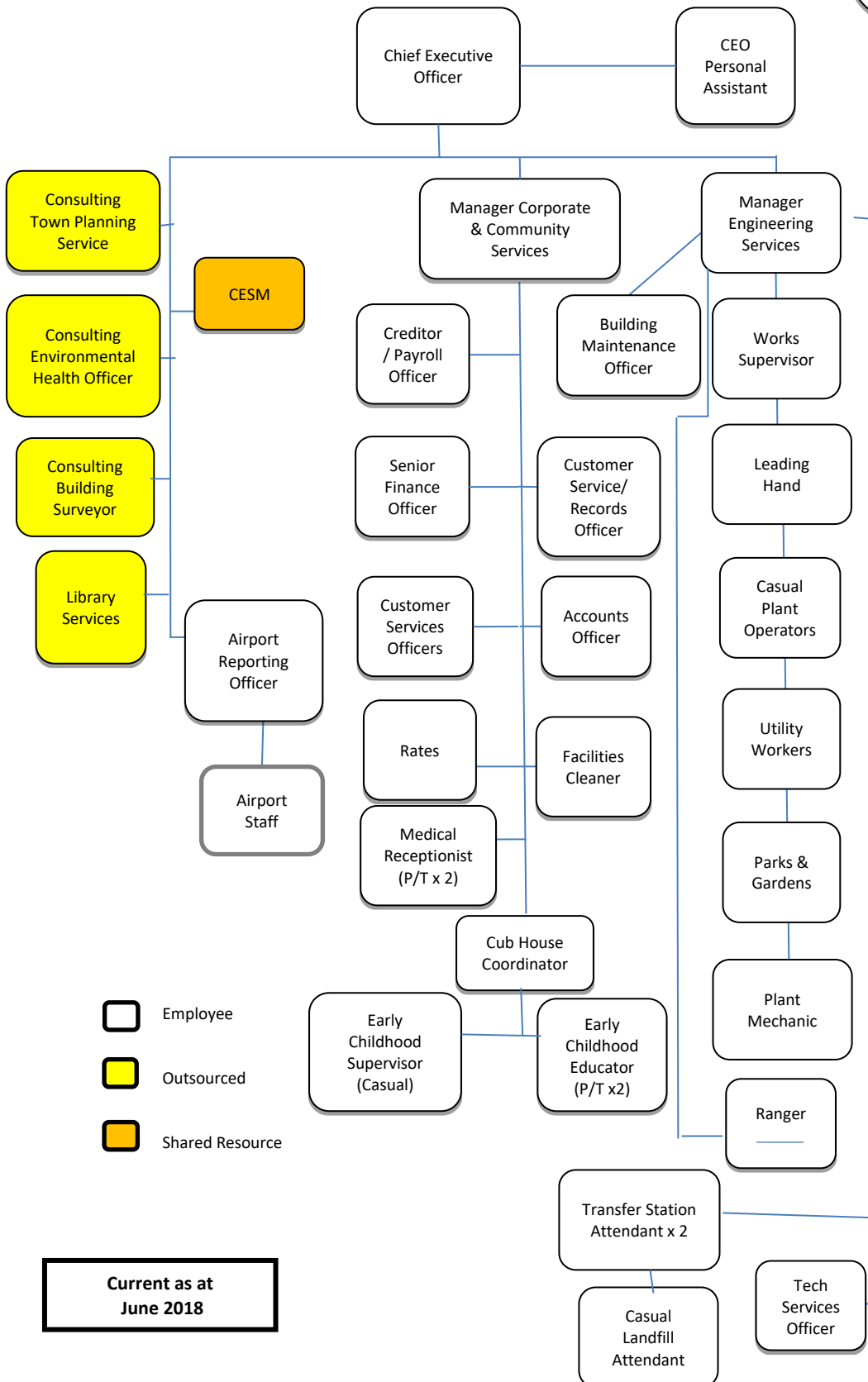


Cr Peter Smith





Organisational Structure



- Employee
- Outsourced
- Shared Resource

Current as at June 2018

Engineering (Works and Services) Team

- Construction and maintenance of the Shire's roads and bridge
- Maintenance of waste, sewerage system, parks, gardens, plant, equipment and private works
- Operation of the plant and implementation of the works program

Manager Corporate & Community Services Team

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

Planning and Development

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

Annual Financial Statements 2017/18

SHIRE OF RAVENSTHORPE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

Growing our Community

Principal place of business:
65 Morgans Street
RAVENSTHORPE WA 6346

**SHIRE OF RAVENSTHORPE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Ravensthorpe for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Ravensthorpe at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 28 day of June 2019



Chief Executive Officer
Gavin Pollock



STATEMENT OF COMPREHENSIVE INCOME
 BY NATURE OR TYPE
 FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	24(a)	4,105,327	4,046,845	3,928,415
Operating grants, subsidies and contributions	2	15,606,969	11,672,628	3,723,369
Fees and charges	2	1,022,351	1,092,797	1,151,052
Interest earnings	2(a)	113,475	110,000	135,268
Other revenue	2(a)	348,430	701,391	809,373
		<u>21,196,552</u>	<u>17,623,661</u>	<u>9,747,477</u>
Expenses				
Employee costs		(3,490,342)	(3,728,789)	(3,010,976)
Materials and contracts	2(b)	(15,015,173)	(11,594,124)	(3,062,706)
Utility charges		(160,194)	(189,974)	(191,707)
Depreciation on non-current assets	10(b)	(2,879,048)	(3,352,401)	(3,044,259)
Interest expenses	2(b)	(96,095)	(94,332)	(100,126)
Insurance expenses		(277,276)	(311,603)	(303,662)
Other expenditure		(258,066)	(326,470)	(162,120)
		<u>(22,176,194)</u>	<u>(19,597,693)</u>	<u>(9,875,556)</u>
		(979,642)	(1,974,032)	(128,079)
Non-operating grants, subsidies and contributions	2	1,137,032	1,256,932	4,509,080
Profit on asset disposals	10(a)	38,774	29,870	54,552
(Loss) on asset disposals	10(a)	(93,744)	(141,275)	(67,392)
		<u>1,082,062</u>	<u>1,145,527</u>	<u>4,496,240</u>
Net result		<u>102,420</u>	<u>(828,505)</u>	<u>4,368,161</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets - Land and buildings	11	-	-	219,309
Changes on revaluation of non-current assets - Roads	11	-	-	(21,006,436)
Total other comprehensive income		-	-	(20,787,127)
Total comprehensive income		<u>102,420</u>	<u>(828,505)</u>	<u>(16,418,967)</u>

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



**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
Governance		3,000	3,825	3,825
General purpose funding		5,967,470	5,108,647	7,160,281
Law, order, public safety		273,528	196,149	221,337
Health		3,486	3,000	1,397
Education and welfare		343,507	192,361	186,036
Housing		12,860	10,400	10,400
Community amenities		496,902	833,127	494,153
Recreation and culture		428,463	85,000	200,075
Transport		13,323,639	10,937,652	1,083,455
Economic services		177,618	98,500	122,504
Other property and services		166,079	155,000	264,014
		<u>21,196,552</u>	<u>17,623,661</u>	<u>9,747,477</u>
Expenses	2(b)			
Governance		(512,935)	(586,688)	(481,876)
General purpose funding		(131,251)	(157,749)	(142,997)
Law, order, public safety		(757,054)	(583,620)	(545,127)
Health		(304,427)	(252,179)	(253,850)
Education and welfare		(474,312)	(353,617)	(328,666)
Housing		(158,351)	(241,513)	(182,838)
Community amenities		(1,123,990)	(1,290,994)	(1,101,750)
Recreation and culture		(1,775,485)	(1,636,531)	(1,495,898)
Transport		(15,853,015)	(13,791,741)	(4,688,711)
Economic services		(343,179)	(314,435)	(307,242)
Other property and services		(646,101)	(294,294)	(246,476)
		<u>(22,080,099)</u>	<u>(19,503,361)</u>	<u>(9,775,431)</u>
Finance Costs	2(b)			
Housing		(20,207)	(20,715)	(22,024)
Community amenities		(4,706)	-	-
Recreation and culture		(14,142)	(14,321)	(14,678)
Transport		(57,040)	(59,296)	(63,423)
		<u>(96,095)</u>	<u>(94,332)</u>	<u>(100,126)</u>
		<u>(979,642)</u>	<u>(1,974,032)</u>	<u>(128,079)</u>
Non-operating grants, subsidies and contributions	2(a)	1,137,032	1,256,932	4,509,080
Profit on disposal of assets	10(a)	38,774	29,870	54,552
(Loss) on disposal of assets	10(a)	(93,744)	(141,275)	(67,392)
		<u>1,082,062</u>	<u>1,145,527</u>	<u>4,496,240</u>
Net result		<u>102,420</u>	<u>(828,505)</u>	<u>4,368,160</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets - Land and buildings	11	-	-	219,309
Changes on revaluation of non-current assets - Roads	11	-	-	(21,006,436)
Total other comprehensive income		<u>-</u>	<u>-</u>	<u>(20,787,127)</u>
Total comprehensive income		<u>102,420</u>	<u>(828,505)</u>	<u>(16,418,967)</u>

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



**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	Restated 2017	2016
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	3	3,530,224	4,997,076	4,358,377
Trade and other receivables	6	4,956,860	966,843	419,739
Inventories	7	16,247	14,700	17,895
TOTAL CURRENT ASSETS		8,503,332	5,978,618	4,796,011
NON-CURRENT ASSETS				
Other receivables	6	23,206	23,206	25,706
Property, plant and equipment	8	34,208,663	33,396,758	32,906,691
Infrastructure	9	25,172,799	25,402,945	43,455,590
TOTAL NON-CURRENT ASSETS		59,404,668	58,822,909	76,387,987
TOTAL ASSETS		67,908,000	64,801,528	81,183,998
CURRENT LIABILITIES				
Trade and other payables	12	2,398,202	376,047	184,699
Current portion of long term borrowings	13(a)	201,680	193,909	186,469
Provisions	14	528,986	436,224	407,412
Short-term lease liabilities	18(c)	98,617	-	-
TOTAL CURRENT LIABILITIES		3,227,486	1,006,180	778,580
NON-CURRENT LIABILITIES				
Long term borrowings	13(a)	1,694,368	1,896,049	2,089,958
Provisions	14	54,319	85,140	82,335
Long-term lease liabilities	18(c)	1,015,248	-	-
TOTAL NON-CURRENT LIABILITIES		2,763,935	1,981,189	2,172,293
TOTAL LIABILITIES		5,991,421	2,987,369	2,950,873
NET ASSETS		61,916,579	61,814,159	78,233,125
EQUITY				
Retained surplus		38,214,104	38,518,110	34,488,793
Reserves - cash backed	5	3,802,028	3,395,602	3,056,758
Revaluation surplus	11	19,900,447	19,900,447	40,687,574
TOTAL EQUITY		61,916,579	61,814,159	78,233,125

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



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018

NOTE	RETAINED SURPLUS	RESERVES		REVALUATION SURPLUS	TOTAL EQUITY
		CASH/INVESTMENT BACKED			
	\$	\$		\$	\$
Balance as at 1 July 2016	34,488,793	3,056,759		40,687,574	78,233,126
Comprehensive income					
Net result	4,368,160	-		-	4,368,160
Total other comprehensive income					
Changes on revaluation of non-current assets - Land and buildings	11	-	-	219,309	219,309
Changes on revaluation of non-current assets - Roads	11	-	-	(21,006,436)	(21,006,436)
Total comprehensive income	4,368,160	-		(20,787,127)	(16,418,967)
Transfers from/(to) reserves	(338,844)	338,844		-	-
Balance as at 30 June 2017	38,518,110	3,395,602		19,900,447	61,814,159
Comprehensive income					
Net result	102,420	-		-	102,420
Total comprehensive income	102,420	-		-	102,420
Transfers from/(to) reserves	(406,426)	406,426		-	-
Balance as at 30 June 2018	38,214,104	3,802,028		19,900,447	61,916,579

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,110,506	4,106,845	3,867,982
Operating grants, subsidies and contributions		11,951,464	11,650,628	3,241,805
Fees and charges		1,022,351	1,092,797	1,151,052
Interest earnings		113,475	110,000	129,136
Goods and services tax		73,870	-	-
Other revenue		348,430	701,391	809,373
		<u>17,620,096</u>	<u>17,661,661</u>	<u>9,199,348</u>
Payments				
Employee costs		(3,356,818)	(3,725,789)	(2,970,870)
Materials and contracts		(13,074,424)	(11,434,124)	(2,874,137)
Utility charges		(160,194)	(189,974)	(191,707)
Interest expenses		(98,701)	(95,332)	(102,641)
Insurance expenses		(277,276)	(311,603)	(303,662)
Goods and services tax		(402,681)	-	3,525
Other expenditure		(258,066)	(326,470)	(162,120)
		<u>(17,628,159)</u>	<u>(16,083,292)</u>	<u>(6,601,612)</u>
Net cash provided by (used in) operating activities	15	(8,063)	1,578,369	2,597,736
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment				
		(1,248,128)	(1,424,000)	(1,918,400)
Payments for construction of infrastructure				
		(1,436,217)	(2,902,169)	(4,640,327)
Non-operating grants, subsidies and contributions				
		1,137,032	1,256,932	4,509,080
Proceeds from sale of fixed assets				
		296,009	233,992	277,077
Net cash provided by (used in) investment activities		<u>(1,251,304)</u>	<u>(2,835,245)</u>	<u>(1,772,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings				
		(193,909)	(193,908)	(186,470)
Repayment of Lease Commitments				
		(13,575)	-	-
Net cash provided by (used in) financing activities		<u>(207,484)</u>	<u>(193,908)</u>	<u>(186,470)</u>
Net increase (decrease) in cash held				
		(1,466,851)	(1,450,784)	638,695
Cash at beginning of year				
		4,997,076	4,996,292	4,358,377
Cash and cash equivalents at the end of the year				
	15	<u>3,530,224</u>	<u>3,545,508</u>	<u>4,997,076</u>

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	2018 Actual	2018 Budget	2017 Actual
NOTE	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	2,206,970	1,713,985	1,554,554
	<u>2,206,970</u>	<u>1,713,985</u>	<u>1,554,554</u>
Revenue from operating activities (excluding rates)			
Governance	3,000	3,825	3,825
General purpose funding	1,978,160	1,103,693	3,269,250
Law, order, public safety	273,528	196,149	238,734
Health	3,486	3,000	1,397
Education and welfare	343,507	192,361	186,036
Housing	12,860	10,400	10,400
Community amenities	496,902	833,127	298,954
Recreation and culture	428,463	85,000	395,274
Transport	13,362,413	10,967,522	1,120,611
Economic services	177,618	98,500	122,502
Other property and services	166,079	155,000	264,014
	<u>17,246,016</u>	<u>13,648,577</u>	<u>5,910,997</u>
Expenditure from operating activities			
Governance	(512,935)	(586,688)	(481,876)
General purpose funding	(131,251)	(157,749)	(142,997)
Law, order, public safety	(757,054)	(583,620)	(545,127)
Health	(311,402)	(260,635)	(253,850)
Education and welfare	(474,312)	(353,617)	(328,666)
Housing	(178,558)	(262,228)	(204,862)
Community amenities	(1,128,696)	(1,290,994)	(1,101,750)
Recreation and culture	(1,789,627)	(1,650,852)	(1,510,576)
Transport	(15,921,408)	(13,983,856)	(4,811,193)
Economic services	(343,179)	(314,435)	(307,242)
Other property and services	(721,517)	(294,294)	(254,809)
	<u>(22,269,938)</u>	<u>(19,738,968)</u>	<u>(9,942,948)</u>
Operating activities excluded			
(Profit) on disposal of assets	10(a) (38,774)	(29,870)	(54,552)
Loss on disposal of assets	10(a) 93,744	141,275	67,392
Movement in deferred pensioner rates (non-current)	-	-	2,500
Movement in employee benefit provisions	61,940	-	31,616
Depreciation and amortisation on assets	10(b) 2,879,048	3,352,401	3,044,259
Amount attributable to operating activities	<u>179,006</u>	<u>(912,600)</u>	<u>613,817</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	1,137,032	1,256,932	4,509,080
Proceeds from disposal of assets	10(a) 296,009	233,992	277,077
Purchase of property, plant and equipment	8(b) (2,375,568)	(1,424,000)	(1,918,400)
Purchase and construction of infrastructure	9(b) (1,436,217)	(2,902,169)	(4,640,327)
Amount attributable to investing activities	<u>(2,378,744)</u>	<u>(2,835,245)</u>	<u>(1,772,572)</u>
FINANCING ACTIVITIES			
Repayment of long term borrowings	13(a) (193,909)	(193,908)	(186,470)
New lease arrangements	1,127,440	-	-
Repayment of long term leases	(13,575)	-	-
Transfers to reserves (restricted assets)	5 (2,356,426)	(1,605,000)	(343,233)
Transfers from reserves (restricted assets)	5 1,950,000	1,541,275	4,389
Amount attributable to financing activities	<u>513,530</u>	<u>(257,633)</u>	<u>(525,314)</u>
Surplus(deficiency) before general rates	<u>(1,686,208)</u>	<u>(4,005,478)</u>	<u>(1,684,068)</u>
Total amount raised from general rates	24 3,989,310	3,999,954	3,891,033
Net current assets at June 30 c/fwd - surplus/(deficit)	25 <u>2,303,102</u>	<u>(5,524)</u>	<u>2,206,970</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

1. 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) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this financial report 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.

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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 27 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES

(a) Revenue	2018	2017
	Actual	Actual
	\$	\$
Other revenue		
Reimbursements and recoveries	194,920	278,044
Other	153,510	531,329
	<u>348,430</u>	<u>809,373</u>
Fees and Charges		
General purpose funding	22,746	18,914
Law, order, public safety	26,906	19,238
Health	3,486	612
Education and welfare	93,857	-
Housing	12,860	10,400
Community amenities	405,120	493,321
Recreation and culture	46,518	75,544
Transport	200,518	375,438
Economic services	177,403	122,386
Other property and services	32,937	35,200
	<u>1,022,351</u>	<u>1,151,052</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	3,000	3,825
General purpose funding	1,781,165	2,634,849
Law, order, public safety	246,469	170,697
Education and welfare	54,757	-
Community amenities	22,655	-
Recreation and culture	382,190	124,545
Transport	13,116,733	729,672
Other property and services	-	59,781
	<u>15,606,969</u>	<u>3,723,369</u>
Non-operating grants, subsidies and contributions		
General purpose funding	-	100,000
Law, order, public safety	-	363,636
Community amenities	261,510	1,956,628
Recreation and culture	45,000	195,199
Transport	830,522	1,893,616
	<u>1,137,032</u>	<u>4,509,080</u>
Total grants, subsidies and contributions	<u>16,744,001</u>	<u>8,232,449</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

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 23. 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 period.

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Loans receivable - clubs/institutions	-	-	-
- Reserve funds	56,620	60,000	71,975
- Other funds	14,231	15,000	14,412
Other interest revenue (refer note 24(e))	42,624	35,000	48,881
	<u>113,475</u>	<u>110,000</u>	<u>135,268</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2018	2017
	\$	\$
Significant expense		
During the year the Shire incurred materials and contracts expenditure to reinstate roads as a result of flood damage. This expenditure was subject to a reimbursement from WANDRRA.	12,032,029	283,728
	12,032,029	283,728
Auditors remuneration		
- Audit of the Annual Financial Report	19,380	14,400
	19,380	14,400
Interest expenses (finance costs)		
Long term borrowings (refer Note 13(a))	91,389	100,126
Right of Use Lease arrangementst (refer Note18(c))	4,706	-
	96,095	100,126

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

3. CASH AND CASH EQUIVALENTS	NOTE	2018	2017
		\$	\$
Unrestricted		(557,419)	1,400,625
Restricted		4,087,643	3,596,451
		3,530,224	4,997,076
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	5	94,483	68,248
Plant and vehicle reserve	5	430,959	226,855
Emergency farm water reserve	5	26,734	26,259
Building reserve	5	1,519,294	1,492,299
Road and footpath reserve	5	422,867	415,353
Swimming pool upgrade reserve	5	44,031	43,249
Airport reserve	5	751,529	688,899
Waste and sewerage reserve	5	298,032	292,901
State barrier fence reserve	5	214,099	141,539
Unspent grants	23	285,615	200,849
		4,087,643	3,596,451

The Shires negative unrestricted cash balance at the end of the accounting period was due to \$4m in outstanding debts owed by Main Roads for flood reinstatement works. (Refer to Note 6.) As a short term cashflow measure, the Shire utilised funds from its Building Reserve to fund some of the works which were reimbursed back to the Reserve during the accounting period. (Refer Note 5.)

SIGNIFICANT ACCOUNTING POLICIES

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 with original maturities of three months or less that are readily convertible to known amounts of

Cash and cash equivalents (Continued)

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.

4. INVESTMENTS

The Shire had no investments as at the 30 June 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual
	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Opening	Transfer	Closing
	Balance	to	(from)	Balance	Balance	to	(from)	Balance	Balance	to	(from)	Balance	to	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	68,248	26,235	-	94,483	68,249	26,206	-	94,455	56,996	11,253	-	68,249	-	68,249
Plant and vehicle reserve	226,855	204,104	-	430,959	226,855	204,009	-	430,864	173,051	53,804	-	226,855	-	226,855
Emergency farm water reserve	26,259	475	-	26,734	26,259	464	-	26,723	25,694	565	-	26,259	-	26,259
Building reserve	1,492,299	1,976,995	(1,950,000)	1,519,294	1,492,299	1,226,368	(1,200,000)	1,518,667	1,460,199	32,100	-	1,492,299	-	1,492,299
Road and footpath reserve	415,353	7,514	-	422,867	415,353	7,339	-	422,692	406,419	8,934	-	415,353	-	415,353
Swimming pool upgrade reserve	43,249	781	-	44,030	43,249	764	-	44,013	42,319	930	-	43,249	-	43,249
Uhf repeater reserve	-	-	-	-	-	-	-	-	4,322	67	(4,389)	-	-	-
Airport reserve	688,899	62,630	-	751,529	688,899	62,173	(341,275)	409,797	531,159	157,740	-	688,899	-	688,899
Waste and sewerage reserve	292,901	5,132	-	298,033	292,900	5,176	-	298,076	286,600	6,300	-	292,900	-	292,900
State barrier fence reserve	141,539	72,560	-	214,099	141,539	72,501	-	214,040	70,000	71,539	-	141,539	-	141,539
	3,395,602	2,356,426	(1,950,000)	3,802,028	3,395,602	1,605,000	(1,541,275)	3,459,327	3,056,769	343,233	(4,389)	3,395,602	(4,389)	3,395,602

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.

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	To be used to fund long service leave and non-current annual leave requirements
Plant and vehicle reserve	Ongoing	To be used to assist in the purchasing of major plant and machinery
Emergency farm water reserve	Ongoing	To be used for the repair and/or construction of emergency farm water supplies
1. Building reserve	Ongoing	To be used for the construction, refurbishment, modification or renovation of all shire owned buildings
Road and footpath reserve	Ongoing	To be used for the construction, rejuvenation, resealing or repair to the road and footpath network
Swimming pool upgrade reserve	Ongoing	To be used to assist with the costs of maintenance and repairs to the Ravensthorpe swimming pool
Uhf repeater reserve	Closed 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 waster and sewerage facilities
State barrier fence reserve	Ongoing	To be used for the extension of the State Barrier Fence from Ravensthorpe to Esperance

1. During the year the Shire was subject to major flooding that damaged essential road infrastructure. The restoration of the damage was to be funded by WANDRRA. As a short term cash resource, within the accounting period, the Shire utilised funds from its Building Reserve in the amount of \$1,950,000 which was subsequently reimbursed to the Building Reserve during the period. The use of the funds for this purpose was approved in the Shire's 2017/2018 Statutory Budget.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	189,049	194,228
Sundry debtors	58,758	280,338
GST receivable	328,810	-
Accrued Income	4,369,362	486,145
Accrued interest on bank accounts	-	6,132
Payments in Advance	10,881	-
	<u>4,956,860</u>	<u>966,843</u>
Non-current		
Rates outstanding - pensioners	23,206	23,206
	<u>23,206</u>	<u>23,206</u>

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired

189,049	194,228
---------	---------

Sundry debtors

Includes:

Past due and not impaired

58,758	280,338
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SIGNIFICANT ACCOUNTING POLICIES

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.

Classification and subsequent measurement

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

7. INVENTORIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Current		
Fuel, oil and materials on hand	16,247	14,700
	<u>16,247</u>	<u>14,700</u>

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	1,668,500	1,668,500
	<u>1,668,500</u>	<u>1,668,500</u>
Total land	<u>1,668,500</u>	<u>1,668,500</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	2,336,880	2,306,500
Less: accumulated depreciation	(33,204)	-
	<u>2,303,676</u>	<u>2,306,500</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 2	24,684,608	24,596,364
Less: accumulated depreciation	(603,368)	-
	<u>24,081,240</u>	<u>24,596,364</u>
Total buildings	<u>26,384,916</u>	<u>26,902,864</u>
Total land and buildings	<u>28,053,416</u>	<u>28,571,364</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	322,825	278,743
- Additions after valuation - cost	-	-
Less: accumulated depreciation	(59,177)	(34,581)
	<u>263,648</u>	<u>244,162</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	5,847,588	5,186,166
- Additions after valuation - cost	-	-
Less: accumulated depreciation	(1,067,645)	(604,934)
	<u>4,779,943</u>	<u>4,581,232</u>
Right of Use Assets at:		
- Cost	1,127,440	-
Less: accumulated depreciation	(15,784)	-
	<u>1,111,656</u>	<u>-</u>
Total property, plant and equipment	<u>34,208,663</u>	<u>33,396,758</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. 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.

	Land - freehold land	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Right of Use Assets	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	1,626,283	1,626,283	2,323,616	24,794,492	27,118,108	28,744,391	217,201	3,945,098	-	32,906,690
Additions	-	-	-	281,204	281,204	281,204	110,102	1,527,094	-	1,918,400
(Disposals)	-	-	-	-	-	-	(39,412)	(250,504)	-	(289,916)
Revaluation increments/(decrements) transferred to revaluation surplus	42,217	42,217	17,540	159,552	177,092	219,309	-	-	-	219,309
Depreciation (expense)	-	-	(34,656)	(638,884)	(673,540)	(673,540)	(43,729)	(640,456)	-	(1,357,725)
Carrying amount at 30 June 2017	1,668,500	1,668,500	2,306,500	24,596,364	26,902,864	28,571,364	244,162	4,581,232	-	33,396,758
Additions	-	-	30,381	88,243	118,624	118,624	44,082	1,085,423	1,127,440	2,375,568
(Disposals)	-	-	-	-	-	-	-	(275,563)	-	(275,563)
Depreciation (expense)	-	-	(33,205)	(603,367)	(636,572)	(636,572)	(24,596)	(611,149)	(15,784)	(1,288,101)
Carrying amount at 30 June 2018	1,668,500	1,668,500	2,303,676	24,081,240	26,384,916	28,053,416	263,648	4,779,943	1,111,656	34,208,662

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. 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 land	2	Market approach using recent observable market data for similar properties	Independent valuer	June 2017	Price per square metre/market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent valuer	June 2017	Price per square metre/market borrowing rate
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent valuer	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Independent valuer	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	19,111,551	35,384,582
- Valuation Reduction - Flood Damage 2017	-	(21,006,436)
- Additions after valuation - cost	-	3,830,339
Less: accumulated depreciation	(3,513,791)	(2,565,838)
	<u>15,597,760</u>	<u>15,642,647</u>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	2,590,979	2,485,240
- Additions after valuation - cost	-	66,719
Less: accumulated depreciation	(250,701)	(165,627)
	<u>2,340,278</u>	<u>2,386,332</u>
Infrastructure - Drainage		
- Management valuation 2015 - level 3	133,069	1,286,713
Less: accumulated depreciation	(26,627)	(184,922)
	<u>106,442</u>	<u>1,101,791</u>
Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 3	2,348,176	2,462,911
- Additions after valuation - cost	-	334,352
Less: accumulated depreciation	(346,810)	(284,252)
	<u>2,001,366</u>	<u>2,513,011</u>
Infrastructure - Airports		
- Management valuation 2015 - level 3	1,729,817	1,633,523
Less: accumulated depreciation	(619,282)	(412,043)
	<u>1,110,535</u>	<u>1,221,480</u>
Infrastructure - Other		
- Management valuation 2015 - level 3	4,484,402	637,125
- Additions after valuation - cost	-	1,958,128
Less: accumulated depreciation	(467,984)	(57,569)
	<u>4,016,418</u>	<u>2,537,684</u>
Total infrastructure	<u><u>25,172,799</u></u>	<u><u>25,402,945</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9. 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Infrastructure - Airports	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	35,131,912	2,415,580	1,194,252	2,669,567	1,427,502	616,776	43,455,589
Additions	2,633,686	53,621	-	-	-	1,953,020	4,640,327
(Disposals)	-	-	-	-	-	-	-
Revaluation increments/ (decrements) transferred to revaluation surplus	(21,006,436)	-	-	-	-	-	(21,006,436)
Revaluation (loss)/ reversals transferred to profit or loss	-	-	-	-	-	-	-
Impairment (losses)/reversals	-	-	-	-	-	-	-
Depreciation (expense)	(1,116,515)	(82,869)	(92,461)	(156,556)	(206,022)	(32,112)	(1,686,535)
Transfers	-	-	-	-	-	-	-
Carrying amount at 30 June 2017	15,642,647	2,386,332	1,101,791	2,513,011	1,221,480	2,537,684	25,402,945
Additions	966,852	39,021	-	72,539	96,294	261,510	1,436,217
(Disposals)	-	-	-	(75,416)	-	-	(75,416)
Revaluation increments/ (decrements) transferred to revaluation surplus	-	-	-	-	-	-	-
Revaluation (loss)/ reversals transferred to profit or loss	-	-	-	-	-	-	-
Impairment (losses)/reversals	-	-	-	-	-	-	-
Depreciation (expense)	(954,950)	(85,074)	(8,876)	(126,960)	(207,239)	(207,848)	(1,590,947)
Transfers	(56,790)	-	(986,473)	(381,809)	-	1,425,072	-
Carrying amount at 30 June 2018	15,597,760	2,340,278	106,442	2,001,366	1,110,535	4,016,418	25,172,801

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9. 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 - ROMAN	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation - ROMAN	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation - ROMAN	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost	Independent valuer	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Airports	3	Cost approach using depreciated replacement cost	Independent valuer	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent valuer	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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. FIXED ASSETS (Continued)

(a) Disposals of Assets

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								
Toyota Kluger GXL	27,195	20,220	-	(6,975)	33,001	24,545	-	(8,456)
Transport								
John Deere 670 GP Construction Grader	88,598	101,329	12,731	-	105,284	52,000	-	(53,284)
Mitsubishi Triton 2014	12,430	8,992	-	(3,438)	15,095	8,181	-	(6,914)
Mitsubishi Triton 2013	12,702	10,720	-	(1,982)	14,828	6,363	-	(8,465)
Mitsubishi Triton 2013	12,702	10,901	-	(1,801)	14,828	7,272	-	(7,556)
Mitsubishi Triton 2013	11,891	14,765	2,874	-	13,898	8,181	-	(5,717)
Mitsubishi Triton 2015	19,398	15,265	-	(4,133)	23,393	15,545	-	(7,848)
Ford PX Ranger 2012	18,710	19,356	646	-	21,619	20,090	-	(1,529)
Isuzu Maintenance Truck 2012	28,117	30,803	2,686	-	29,038	18,181	-	(10,857)
Hino 300 Series Wide Crew 2010	23,396	26,028	2,632	-	27,498	16,363	-	(11,135)
Two Axle Dog Trailer 2003	-	12,458	12,458	-	6,493	36,363	29,870	-
Howard Porter Tandem Axle Dolley 2005	1,027	5,270	4,243	-	13,527	3,636	-	(9,891)
Toyota Hilux 2015	19,397	19,902	505	-	26,895	17,272	-	(9,623)
Other property and services								
Ravensthorpe Outdoor Basketball Courts	33,004	-	-	(33,004)	-	-	-	-
McCulloch Park Shade Sails	26,400	-	-	(26,400)	-	-	-	-
Coastal Infrastructure Improvements - 2014	16,013	-	-	(16,013)	-	-	-	-
	350,979	296,009	38,775	(93,745)	345,397	233,992	29,870	(141,275)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	33,205	34,656
Buildings - specialised	603,367	638,884
Furniture and equipment	24,596	43,729
Plant and equipment	611,149	640,456
Right of Use Assets	15,784	-
Infrastructure - Roads	954,950	1,116,515
Infrastructure - Footpaths	85,074	82,869
Infrastructure - Drainage	8,876	92,461
Infrastructure - Parks and Ovals	126,960	156,556
Infrastructure - Airports	207,239	206,022
Infrastructure - Other	207,848	32,112
	2,879,048	3,044,259

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

10. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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

Depreciation (Continued)

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each 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. During the reporting period the Shire did not revalue its infrastructure in accordance with their policy.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under control

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

11. REVALUATION SURPLUS

	2018			2018			2017			2017		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Revaluation surplus - Land and buildings	14,350,694	-	-	-	14,350,694	14,131,385	219,309	-	219,309	14,350,694		
Revaluation surplus - Plant and equipment	377,471	-	-	-	377,471	377,471	-	-	-	377,471		
Revaluation surplus - Infrastructure - Roads	367,179	-	-	-	367,179	21,373,615	-	(21,006,436)	(21,006,436)	367,179		
Revaluation surplus - Infrastructure - Footpaths	2,075,009	-	-	-	2,075,009	2,075,009	-	-	-	2,075,009		
Revaluation surplus - Infrastructure - Drainage	1,083,905	-	-	-	1,083,905	1,083,905	-	-	-	1,083,905		
Revaluation surplus - Infrastructure - Parks and ovals	1,305,977	-	-	-	1,305,977	1,305,977	-	-	-	1,305,977		
Revaluation surplus - Infrastructure - Airports	-	-	-	-	-	-	-	-	-	-		
Revaluation surplus - Infrastructure - Other	340,212	-	-	-	340,212	340,212	-	-	-	340,212		
	19,900,447	-	-	-	19,900,447	40,687,574	219,309	(21,006,436)	(20,787,127)	19,900,447		

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

12. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Sundry creditors	1,897,231	303,238
Accrued interest on long term borrowings	26,421	29,027
Accrued salaries and wages	82,677	23,861
ATO liabilities	12,767	-
Accrued expenses	379,105	16,616
Paid parental leave liability	-	3,305
	2,398,202	376,047

SIGNIFICANT ACCOUNTING POLICIES

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

Trade and other payables (Continued)

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

13. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New	Principal		Principal		Interest	
	1 July 2017	Loans	Repayments	30 June 2018	Repayments	Repayments	Budget	Budget
	\$	\$	Actual	Actual	Actual	Actual	\$	\$
Housing								
Loan 145 Staff Housing	291,827	-	32,957	258,870	32,957	9,553	258,870	9,930
Loan 147 Other Housing	270,108	-	15,397	254,711	15,397	10,654	254,711	10,785
Recreation and culture								
Loan 146 Hopetoun Community	337,778	-	12,664	325,114	12,664	14,142	325,114	14,321
Transport								
Loan 138D Town Street	343,211	-	25,100	318,111	25,099	23,817	318,112	24,774
Loan 144 Town Street	251,038	-	45,394	205,644	45,393	13,006	205,645	13,574
Loan 143B Refinance	261,347	-	29,515	231,832	29,515	8,555	231,832	8,893
Loan 138E Refinance	334,649	-	32,883	301,766	32,883	11,662	301,766	12,055
	2,089,958	-	193,910	1,896,049	193,908	91,389	1,896,050	94,332

All loan repayments were financed by general purpose revenue.

Borrowings	2018		2017	
	\$	\$	\$	\$
Current	201,680		193,909	
Non-current	1,694,368		1,896,049	
	<u>1,896,049</u>		<u>2,089,958</u>	

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

13. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

The Shire did not take up any new debentures during the year ended 30 June 2018.

(c) Unspent Borrowings

The Shire did not have any unspent debentures as at 30 June 2018.

	2018	2017
	\$	\$
(d) Undrawn Borrowing Facilities		
Credit Standby Arrangements	250,000	250,000
Bank overdraft limit	-	-
Bank overdraft at balance date	22,000	22,000
Credit card limit	12,115	(5,482)
Credit card balance at balance date	284,115	266,518
Total amount of credit unused		

(e) Overdraft

The Shire has an overdraft facility of \$250,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2018 was nil.

	2018	2017
	\$	\$
Loan facilities		
Loan facilities - current	201,680	193,909
Loan facilities - non-current	1,694,368	1,896,049
Total facilities in use at balance date	1,896,049	2,089,958
Unused loan facilities at balance date	NIL	NIL

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

13. INFORMATION ON BORROWINGS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

14. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	266,663	169,561	436,224
Non-current provisions	-	85,140	85,140
	<u>266,663</u>	<u>254,701</u>	<u>521,364</u>
Additional provision	202,435	56,610	259,045
Amounts used	(162,529)	(34,574)	(197,103)
Balance at 30 June 2018	<u>306,568</u>	<u>276,737</u>	<u>583,305</u>
Comprises			
Current	306,568	222,418	528,986
Non-current	-	54,319	54,319
	<u>306,568</u>	<u>276,737</u>	<u>583,305</u>

SIGNIFICANT ACCOUNTING POLICIES

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.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

Other long-term employee benefits (Continued)

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.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

15. NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Cash and cash equivalents	3,530,224	3,545,508	4,997,076
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	102,420	(828,505)	4,368,161
Non-cash flows in Net result:			
Depreciation	2,879,048	3,352,401	3,044,259
(Profit)/loss on sale of asset	54,970	111,405	12,840
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(3,990,017)	38,000	(544,604)
(Increase)/decrease in inventories	(1,547)	-	3,195
Increase/(decrease) in payables	2,022,155	162,000	191,348
Increase/(decrease) in provisions	61,941	-	31,617
Non-operating grants and contributions for the development of assets	(1,137,032)	(1,256,932)	(4,509,080)
Net cash from operating activities	(8,063)	1,578,369	2,597,736

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	-	217,434
General purpose funding	-	-
Law, order, public safety	2,590,311	1,770,949
Health	414,963	400,095
Education and welfare	2,654,995	2,713,159
Housing	2,331,676	3,825,799
Community amenities	5,564,075	4,198,865
Recreation and culture	19,462,583	19,975,381
Transport	26,418,303	22,938,178
Economic services	1,362,021	1,161,418
Other property and services	6,929,834	6,594,909
Unallocated	179,240	1,005,341
	<u>67,908,000</u>	<u>64,801,528</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

17. CONTINGENT LIABILITIES

There are no contingent liabilities of which the Shire of Ravensthorpe is aware as at the 30 June 2018.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

18. CAPITAL AND LEASING COMMITMENTS	2018	2017
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	418,252	-
Payable:		
- not later than one year	418,252	-
<p>The capital expenditure project outstanding at the end of the current reporting period relates to Tender 06/24 Reseal and Apron and Taxi Way at the Ravensthorpe Airport</p>		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	12,315	18,473
- later than one year but not later than five years	-	12,315
- later than five years	-	-
	12,315	30,788
(c) Finance Lease Commitments		
Finance leases contracted for and capitalised in the accounts.		
Payable:		
- not later than one year	98,617	-
- later than one year but not later than five years	425,282	-
- later than five years	589,966	-
	1,113,865	-

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

18. INFORMATION ON LEASE COMMITMENTS (Continued)

(c) Repayments - Right of Use Assets

Particulars	Principal 1 July 2017	New Leases	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
Community Amenities								
Bomag Compactor	-	766,699	10,992	-	755,706	-	3,807	-
Komatsu Wheel Loader	-	360,741	2,583	-	358,158	-	899	-
	-	1,127,440	13,575	-	1,113,865	-	4,706	-

All lease repayments were financed by general purpose revenue.

Lease Commitments

	2018	2017
	\$	\$
Current	98,617	-
Non-current	1,015,248	-
	1,113,865	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

18. INFORMATION LEASE COMMITMENTS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

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 of 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.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term. Details can be found at Note 10.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

19. JOINT ARRANGEMENTS

1.Regional Record Service

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Non-current assets		
Land and buildings	72,500	72,500
Less: accumulated depreciation	(2,900)	-
	<u>69,600</u>	<u>72,500</u>

2.Ravensthorpe Region Landfill

The Shire of Ravensthorpe together with the Shire of Jerramungup, have entered into a joint operation with regard to a regional waste management facility located on Reserve 7380, Moir Road Ravensthorpe.

The agreement between both Shire's govern the operation of the waste facility, covering operating and capital costs, responsibilities of the two Shire's, setting of fees and charges, record keeping etc. The Shire of Ravensthorpe is responsible for the day to day management of the facility. Key operating decisions in relations to the operating cost and future capital cost of the facility are to be agreed by both Shire's.

The regional waste facility commenced its operation in February 2018. Building of the facility was fully funded and is recognised in the financials of the Shire of Ravensthorpe as outlined below:

	<u>2018</u>
	\$
Non-current assets	
Infrastructure - Other	2,181,488
Less: accumulated depreciation	(84,158)
	<u>2,097,330</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

19. JOINT ARRANGEMENTS (Continued)

2. Ravensthorpe Region Landfill (Continued)

The apportionment of annual facility operating costs between the Shire's of Ravensthorpe and Jerramungup is determined by the percentage of total waste tonnage (measured in cubic metres) delivered to the Facility by each Shire in the preceding financial year.

The Shire of Ravensthorpe's is estimated to deliver 75% of the facilities total waste tonnage and the Shire of Jerramunup the remaining 25%. Based on these percentages, the allocation of income and contribution to operating costs by each Shire is outlined below:

	<u>2018</u>
	\$
Ravensthorpe	
- *Estimated % of Total Waste Tonnage = 75%	
Income	\$284,165
Expenditure*	<u>(28,577)</u>
	255,588
Jerramungup	
- **Estimated % of Total Waste Tonnage = 25%	
Income	0
Expenditure**	<u>(9,526)</u>
	(9,526)
Facility Total	
Income	284,165
Expenditure	<u>(38,102)</u>
	246,062

SIGNIFICANT ACCOUNTING POLICIES

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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. 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.

Interests in joint arrangements (Continued)

Joint 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	97,500	97,500	98,854
President's allowance	13,000	13,000	13,000
Deputy President's allowance	3,250	3,250	3,250
Travelling expenses	10,306	15,000	4,725
Telecommunications allowance	7,588	7,588	7,407
	131,644	136,338	127,237

Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	508,732	518,600
Post-employment benefits	57,432	56,668
Other long-term benefits	34,218	10,923
	600,382	586,190

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent annual and long service benefits accruing during the year.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	146	8,660
Purchase of goods and services	53,568	110,887

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

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

iv. Joint venture entities accounted for under the proportionate consolidation method

Any interest in joint ventures is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 19.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

21. MAJOR LAND TRANSACTIONS

The Shire of Ravensthorpe did not participate in any major land transactions during the current reporting period.

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire of Ravensthorpe did not participate in any trading undertakings or major trading undertakings during the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Governance							
FQM - Seniors Lunch	-	3,825	(3,825)	-	-	-	-
General purpose funding							
FAG - Bridges	-	100,000	-	100,000	-	-	100,000
Law, order, public safety							
DFES - Grant operating	-	52,006	(52,006)	-	-	-	-
DFES - Grant Capital	-	363,636	(363,636)	-	-	-	-
DFES - CESO	-	79,908	(79,908)	-	-	-	-
Shire of Jerramungup - CESO	-	15,396	(15,396)	-	-	-	-
DFES - Grant SES	-	23,387	(23,387)	-	-	-	-
Education and welfare							
Child Care Sustainability Grant	-	-	-	-	54,757	(54,757)	-
Community amenities							
Lotterywest Herbarium	-	167,926	(167,926)	-	-	-	-
RHFF - Herbarium	-	27,273	(27,273)	-	-	-	-
Regional Landfill Grant	-	1,956,628	(1,956,628)	-	-	-	-
Recreation and culture							
Department of Sport & Recreation	-	35,200	(24,087)	11,113	-	(3,200)	7,913
City of Albany - WA Tourism Project Plan	-	89,345	(89,345)	-	-	-	-
Transport							
Roads to Recovery	188,633	830,316	(961,758)	57,191	682,516	(628,139)	111,568
Main Roads - Direct Grant	-	168,527	(168,527)	-	-	-	-
Main Roads - Streetscape Project	-	788,600	(756,055)	32,545	-	-	32,545
Ravensthorpe Progress Assoc	-	1,240	(1,240)	-	-	-	-
Main Roads - Project Grant	-	139,654	(139,654)	-	-	-	-
Airport Runway Reseal - RAUP	-	-	-	-	54,883	(21,294)	33,589
Other property and services							
Workers Comp - Reimburse	-	59,381	(59,381)	-	-	-	-
Ray White	-	400	(400)	-	-	-	-
Total	188,633	4,902,648	(4,890,433)	200,849	792,156	(707,390)	285,615

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
Residential	0.1089	716	10,423,846	1,135,167	(440)	773	1,135,500	1,133,440	8,000	(1,000)	1,140,440
Commercial	0.1229	33	1,398,212	170,983	-	-	170,984	170,983	-	-	170,983
Industrial	0.1442	32	493,532	71,166	-	-	71,166	71,166	-	-	71,166
Transient Workforce Accommodation	0.3013	1	780,000	235,020	-	-	235,020	235,020	-	-	235,020
Short Stay Accommodation	0.3013	1	72,800	21,935	-	-	21,935	21,935	-	-	21,935
Unimproved valuations											
Mining	0.0109	1	156,007	1,699	(3,566)	-	(1,867)	1,699	-	-	1,699
Other	0.0096	334	178,888,500	1,720,907	522	1,682	1,723,111	1,720,907	-	-	1,720,907
Sub-Total		1,118	192,212,897	3,356,877	(3,484)	2,455	3,355,849	3,355,150	8,000	(1,000)	3,362,150
Minimum payment											
Minimum \$											
Gross rental valuations											
Residential	938	439	1,589,113	411,958	-	-	411,958	412,896	-	-	412,896
Commercial	938	10	51,500	9,384	-	-	9,384	9,384	-	-	9,384
Industrial	938	15	64,508	14,076	-	-	14,076	14,076	-	-	14,076
Transient Workforce Accommodation	938	0	-	-	-	-	-	-	-	-	-
Short Stay Accommodation	938	0	-	-	-	-	-	-	-	-	-
Unimproved valuations											
Mining	938	123	2,049,521	115,423	-	-	115,423	116,362	-	-	116,362
Other	938	96	5,229,644	90,086	-	-	90,086	90,086	-	-	90,086
Sub-Total		683	8,984,286	640,927	-	-	640,927	642,804	-	-	642,804
Discounts/concessions/writeoffs (refer note 24(d))											
Total amount raised from general rate		1,801	201,197,183	3,997,804	(3,484)	2,455	3,996,776	3,997,954	8,000	(1,000)	4,004,954
Specified Area Rate (refer note 24(b))											
Ex-gratia rates							(7,466)				(5,000)
Totals							3,989,310				3,999,954
							69,127				67,863
							46,890				46,891
							4,105,327				4,114,708

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION (Continued)

(b) Specified Area Rate - Effluent

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value	Revenue	Interim Rate Revenue	Back Rate Revenue	Total Specified Area			Budget Rate Revenue	Budget Interim Rate Revenue	Total Budget Revenue
							Revenue	Rate	Revenue			
Ravensthorpe	GRV	0.0221	2,145,468	\$ 47,488	\$ -	\$ -	\$ 47,488	\$ 46,557	\$ -	\$ -	\$ 46,557	
Ravensthorpe	Minimum	188	349,341	13,536	-	-	13,536	13,248	-	-	13,248	
Munglinup	GRV	0.0253	58,968	1,491	-	-	1,491	1,462	-	-	1,462	
Munglinup	Minimum	188	27,872	752	-	-	752	736	-	-	736	
Sewerage - 1st Fixture	Minimum	188	-	940	-	-	940	940	-	-	940	
Sewerage - Additional Fixture	Minimum	123	-	4,920	-	-	4,920	4,920	-	-	4,920	
			2,581,649	69,127	-	-	69,127	67,863	-	-	67,863	

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs	Rate Set Aside to Reserve	Reserve Applied to Costs	Budget Rate Applied to Costs	Budget Rate Set Aside to Reserve	Budget Reserve Applied to Costs	Budget Reserve Applied to Costs
Effluent Rate	The effluent rate income services the maintenance and upgrade of the Ravensthorpe and Munglinup sewerage systems.	Ravensthorpe and Munglinup	69,127	-	-	67,863	-	-	-
			69,127	-	-	67,863	-	-	-

(c) Service Charges

No service charges were imposed by the Shire during the year ended 30 June 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

25. NET CURRENT ASSETS

Composition of net current assets for
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) 1 July 17 brought forward	2,303,102	2,206,970	2,206,970
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	(557,419)	1,400,625	1,400,625
Restricted	4,087,643	3,596,451	3,596,451
Receivables			
Rates outstanding	189,049	194,228	194,228
Sundry debtors	58,758	280,338	280,338
GST receivable	328,810	-	-
Accrued Income	4,369,362	486,145	486,145
Accrued interest on bank accounts	-	6,132	6,132
Payments in Advance	10,881	-	-
Inventories			
Fuel, oil and materials on hand	16,247	14,700	14,700
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,897,231)	(303,238)	(303,238)
Accrued interest on long term borrowings	(26,421)	(29,027)	(29,027)
Accrued salaries and wages	(82,677)	(23,861)	(23,861)
ATO liabilities	(12,767)	-	-
Accrued expenses	(379,105)	(16,616)	(16,616)
Paid parental leave liability	-	(3,305)	(3,305)
Current portion of long term borrowings	(201,680)	(193,909)	(193,909)
Lease liability (Current)	(98,617)	-	-
Provisions			
Provision for annual leave	(306,568)	(266,663)	(266,663)
Provision for long service leave	(222,418)	(169,561)	(169,561)
Unadjusted net current assets	5,275,846	4,972,439	4,972,439
Adjustments			
Less: Reserves - restricted cash	(3,802,028)	(3,395,602)	(3,395,602)
Add: Current portion of long term borrowings	201,680	193,909	193,909
Add: Leave Provision	528,986	436,224	436,224
Add: Current Portion of lease liability	98,617	-	-
Adjusted net current assets - surplus/(deficit)	2,303,102	2,206,970	2,206,970

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,530,224	4,997,076	3,530,224	4,997,076
Receivables	4,980,066	990,049	4,980,066	990,049
	<u>8,510,291</u>	<u>5,987,125</u>	<u>8,510,291</u>	<u>5,987,125</u>
Financial liabilities				
Payables	2,398,202	376,047	2,398,202	376,047
Borrowings	1,896,049	2,089,958	1,567,844	1,705,601
	<u>4,294,251</u>	<u>2,466,005</u>	<u>3,966,046</u>	<u>2,081,648</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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	35,302	49,971
- Statement of Comprehensive Income	35,302	49,971

Notes:

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	99.73%	99.50%
- Overdue	0.27%	0.50%

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and 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 Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2018</u>	\$	\$	\$	\$	\$
Payables	2,398,202	-	-	2,398,202	2,398,202
Borrowings	274,220	1,191,950	799,100	2,265,270	1,896,049
	2,672,422	1,191,950	799,100	4,663,472	4,294,251
<u>2017</u>					
Payables	376,047	-	-	376,047	376,047
Borrowings	274,195	1,296,555	969,114	2,539,864	2,089,958
	650,242	1,296,555	969,114	2,915,911	2,466,005

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings (continued)

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
	\$	\$	\$	\$	\$	\$		
Borrowings								
Fixed rate								
Long term borrowings	0	0	0	523,757	0	1,372,291	1,896,048	3.93%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	5.95%	0.00%	3.16%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	-	-	-	-	594,249	1,495,708	2,089,957	3.93%
Weighted average Effective interest rate	3.07%	3.07%	3.07%	3.06%	5.90%	3.15%		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

27. 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 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Bitumen Tender Document Bond	487	-	-	487
Hopetoun Tennis Club	9,072	-	-	9,072
Standpipe Swipecard Bond	2,400	450	(50)	2,800
BCITF	(25)	1,074	(1,074)	(25)
Pavillion Hire Bonds	1,233	-	-	1,233
Gym Card Bonds	8,202	2,420	(560)	10,062
Hall hire & key bonds	4,223	6,720	(5,550)	5,393
Sundry Overpayments	5,393	-	-	5,393
Swimming Key Bonds	3,020	960	(240)	3,740
Rural Subdivision Shed Bonds	33,494	-	-	33,494
Licensing	1,658	308,116	(307,058)	2,716
Unknown Rates	1,720	-	-	1,720
Ravensthorpe Cemetery Group	76	-	-	76
Rehabilitation Bond - Barminco	6,866	-	-	6,866
Subdivision Maintenance Bonds	14,375	-	-	14,375
Flood Damage Donations	400	-	-	400
	92,594	319,740	(314,532)	97,802

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

28. PRIOR PERIOD CORRECTIONS

The following adjustments have been made to comparative amounts in the 30th June 2018 Financial Report to bring to account financial activities that were incorrectly stated in 2016/17. Details of this activity is listed below:-

In 2016/17 as part of the Ravensthorpe Bypass Project the Shire acquired responsibility for the road called Morgan St. This asset was not included in the balance sheet at 30th June 2017. The valuation for this asset at 30th June 2017 was \$133,806.

In 2016/17 following the fair valuation of the Building asset class a property was incorrectly capitalised as at 30 June 2017. This error was identified and has resulted in the Land asset class being reduced in value by \$150,000 and the Building asset class being reduced in value by \$600,000.

	Financial Reports 2017	Corrected Comparative 2017	Adjustment 2017
	\$	\$	\$
STATEMENT OF COMPREHENSIVE INCOME			
<i>BY NATURE OR TYPE and BY PROGRAM</i>			
Non-operating grants, subsidies and contributions	4,375,273	4,509,079	133,806
Changes on revaluation of non-current assets	(20,037,127)	(20,787,127)	(750,000)
Total comprehensive income	(15,802,773)	(16,418,966)	(616,193)
STATEMENT OF FINANCIAL POSITION			
<i>NON CURRENT ASSETS</i>			
Property, plant and equipment	34,146,758	33,396,758	(750,000)
Infrastructure	25,269,140	25,402,946	133,806
<i>EQUITY</i>			
Retained Surplus	38,384,304	38,518,110	133,806
Revaluation surplus	20,650,447	19,900,447	(750,000)
STATEMENT OF CHANGES IN EQUITY			
Comprehensive income			
Net result	4,234,355	4,368,161	133,806
STATEMENT OF CASH FLOW			
Payments for the construction of infrastructure	(4,506,522)	(4,640,327)	(133,806)
Non-operating grants, subsidies and contributions	4,375,274	4,509,080	133,806
RATE SETTING STATEMENT			
Non operating grants, subsidies and contributions	4,375,273	4,509,080	133,807
Purchase and construction of infrastructure	(4,506,522)	(4,640,327)	(133,805)
2. REVENUE AND EXPENSES			
Grants contributions for the development of assets	(4,375,274)	(4,509,080)	(133,806)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

28. PRIOR PERIOD CORRECTIONS (continued)

8. PROPERTY, PLANT AND EQUIPMENT

Land			
- Independent valuation 2017 - level 2	1,818,500	1,668,500	(150,000)
Buildings - non-specialised			
- Independent valuation 2017 - level 2	2,906,500	2,306,500	(600,000)

9. INFRASTRUCTURE

Infrastructure - Roads			
Additions	2,499,880	2,633,686	133,806

11. REVALUATION SURPLUS

Land			
Revaluation decrement	192,217	42,217	(150,000)
Buildings - non-specialised			
Revaluation decrement	617,540	17,540	(600,000)

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Transport	22,804,372	22,938,178	133,806
Unallocated	1,755,342	1,005,341	(750,001)

32. FINANCIAL RATIOS

Current ratio	2.54	2.54	(0.00)
Asset consumption ratio	0.26	0.93	0.67
Asset renewal funding ratio	0.69	0.69	0.00
Asset sustainability ratio	0.41	2.06	1.65
Debt service cover ratio	10.48	10.48	(0.00)
Operating surplus ratio	(0.02)	(0.03)	(0.01)
Own source revenue coverage ratio	0.56	0.56	(0.00)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

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

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

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on 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 into the 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 when AASB 16 is adopted. Currently, operating lease payments are expensed on a straight line basis over the lease term. 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.

Notes:

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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

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

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

- | | | |
|------|---|----------------|
| (i) | AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) | AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities | 1 January 2017 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

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 or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

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

d) 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 statements that has a material effect on the statement of financial position, 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.

e) 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.

f) 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.

g) Fair value of assets and liabilities

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.

h) 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.

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 the service capacity of an asset.

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.

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	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	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community	Supervision of various local laws relating to fire prevention, emergency services and animal control.
HEALTH	To provide an operational framework for environmental and community health.	Food quality and pest control, maintenance and contributions to health services and facilities.
EDUCATION AND WELFARE	To meet the needs of the community in these areas.	Operation and provision of retirement units and Aged Care services. Operation of the Cub House Long Day Care facility in Ravensthorpe.
HOUSING	Help ensure adequate housing for Council staff.	Maintenance of staff and rental housing.
COMMUNITY AMENITIES	Provide services required by the community.	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	To establish and effectively manage infrastructure and resources which will help the social and well being of the community.	Maintenance of halls, sporting complexes, resource centres, parks and gardens and TV/Radio rebroadcast.
TRANSPORT	To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrip maintenance.
ECONOMIC SERVICES	To help promote the Shire and its economic wellbeing.	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and water supply including stand pipes.
OTHER PROPERTY AND SERVICES	To monitor and control Shire's overhead operating accounts.	Private works operations, plant repairs and operations costs. Also provide for Department of Transport licensing and services to the Future Fund. Costs associated with operation of the Bankwest ATM.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

32. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.41	2.54	2.15
Asset consumption ratio	0.89	0.93	N/A
Asset renewal funding ratio	0.56	0.69	0.66
Asset sustainability ratio	0.57	2.06	1.33
Debt service cover ratio	6.80	10.48	3.23
Operating surplus ratio	(0.19)	(0.03)	(0.25)
Own source revenue coverage ratio	0.25	0.56	0.58

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Ravensthorpe

Report on the Audit of the Financial Report

Qualified Opinion

I have audited the annual financial report of the Shire of Ravensthorpe which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the annual financial report of the Shire of Ravensthorpe:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Qualified Opinion

Infrastructure assets totalling \$25,172,799 at 30 June 2018, have not been revalued since 30 June 2015. In addition, there are insufficient records to substantiate the previous valuation of these assets carried out as at that date.

I am therefore unable to obtain sufficient appropriate audit evidence to confirm that infrastructure assets reported in the statement of financial position at 30 June 2018 represent fair value in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, or whether any adjustment to the value was necessary.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.
The financial ratios are reported in Note 32 of the financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Accounting journal entries were posted with no evidence of independent review and approval by another person. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
 - b. The Shire has not reported the Asset Consumption Ratio for 2016 as the current replacement costs of depreciable assets were not estimated as required by the Local Government (Financial Management) Regulations 1996.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 32 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Ravensthorpe for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
28 June 2019