



Shire of Ravensthorpe

Annual Financial Report 2018/2019



Regional Profile

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

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

The Shire's main town 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 Seventh 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's Report

This year has been a busy one, with the flood repair within the shire continuing. The causeway at Culham Inlet is being constructed, leaving the Southern Ocean Rd the last area to be repaired.

We have worked with Galaxy Mining and the community with the closure of Floater Road to allow the Galaxy Mine to expand

A very successful Youth Club has been set up in Ravensthorpe with it being well supported by the children in Ravensthorpe

A Reconciliation Garden has been made at the Hopetoun Primary School and was opened by Mr Rick Wilson, Federal Member of O'Connor.

Our CEO was moved on at the December Council meeting and Mr Bob Jarvis was appointed Acting CEO until a new CEO could be appointed. The new CEO, Mr Gavin Pollock was appointed in February 2019.

All Councillors, CEO and Administration Staff spent a bonding workshop weekend together in Esperance. The Outside Staff had a similar session in Ravensthorpe.

I attended the ceremony of putting the first post into the ground for the start of the Munglinup end of the dog fence. The Honourable Alannah MacTiernan MLC, WA Minister for Regional Development, Agriculture and Food had great pleasure in doing this.

We had very dry conditions within the shire and the shire has been declared Water Deficient. The Honourable David Littleproud, Federal Minister for Water Resources visited the shire to see firsthand the shires dilemma.

The Councillors from Jerramungup visited the Ravensthorpe Shire to inspect the Ravensthorpe/ Jerramungup shared Landfill site.

I look forward to another year with a good rainfall for all areas.



Ravensthorpe Shire President



Councillor Keith Dunlop
Shire President

Chief Executive Officer's Report

On behalf of the Shire of Ravensthorpe, I'm pleased to provide the following report for the 2018/2019 financial year.

The Shire operations team continued to complete a large number of works and projects following the 2017 floods that included the official opening of the Callum Inlet by the Honourable Rick Wilson.

During this period we farewelled the following staff and we thank them for their efforts and commitment to the Shire of Ravensthorpe.

Benjamin Ruse - Plant Operator
 Brodie Plunkett - Works Supervisor
 Donna Higgins - Airport Attendant
 Leigha Mealey - Tourism Officer
 Ian Fitzgerald - Chief Executive Officer
 Bob Jarvis - Acting Chief Executive Officer
 Kirra Hasleby - Rates / Finance Officer
 Sandra Collins - Medical Receptionist
 Kahleela Jobson - Early Childhood Educator
 Andrew Vening - Plant Operator
 Jodie Watkins - Relief Landfill Attendant
 Darryn Watkins - Manager Engineering Services
 Kenneth Atkinson - Ranger & Reserves Officer
 Nereida Costick - Leading Hand (Parks & Gardens)
 Darren Kennedy - Manager of Corporate and Community Services

We also welcomed the following staff to the Shire who are committed to developing and delivering better and more efficient services to our Community.

Heidi Bridger - Payroll / Debtors Officer
 Marie-Anne Smith - Cleaner
 Lani Diederiks - Records Officer
 Edward Kilbey - Truck Driver / Plant Operator
 Greg Brittain - Truck Driver / Plant Operator
 Graham Steel - Director Technical Services
 Evelyn Houghton - Manager Childcare Service
 Les Mainwaring - Director Corporate & Community Services
 Natasha Hibbert - Childcare Educator - Trainee (Full-Time)
 Katherine Properjohn - Part Time Landfill Facility Attendant
 Warren Jones - Plant Operator / Labourer (Fixed Term Pro-Rata)
 Bernice McLean - General Hand Parks & Gardens
 Sue-Ellen Herwig - Utility Worker - Parks & Gardens, Hopetoun
 Tom Curwood - Parks & Gardens Crew Member, Ravensthorpe
 Melissa Pollock - Administration Technical Services

I would like to take this opportunity to thank the Council for having the confidence to appoint myself as Chief Executive Officer of the Shire of Ravensthorpe.



Gavin Pollock
Chief Executive Officer

Chief Executive Officer's Report

Also thank you to Mr Bob Jarvis for his tenure and efforts as the Acting Chief Executive Officer until I commenced on the 22 February 2019.

The first 4 months' with the Shire was very demanding and has seen a number of operational structural changes that will soon reflect the new standards and services to be rolled out to our Community.

It's great to see the staff engaging and embracing the new changes as this is being driven by their own ideas and experiences. As a team, we are very excited to be working with Council to deliver the best possible outcomes to our Community.

I'm looking forward to a very productive and exciting 2019/2020 financial year.

Yours sincerely



Gavin Pollock
Chief Executive Officer

Director Corporate and Community Services Update

Childcare

During 2018/19 the Shire sought to increase staff resources at the Cub House Long Day Care centre in Ravensthorpe to satisfy increases in demand, and utilise the licensed capacity of 19 places. Further more the Shire created a new manager childcare position to review strategy and compliance in this growth area.



Les Mainwaring
**Director Corporate and
 Community Services**

The appointment of a manager proved to be fortuitous as by May 2019 the Shire was informed that the sole long day child care centre in Hopetoun, Little Barrens, was about to close. The Shire has made immediate plans to assist the Little Barrens community committee to orderly transfer responsibilities to the Shire in July 2019 so the 21 place centre remains operational for the benefit of the community.

The childcare sector is a heavily regulated environment, governed by the National Quality Framework and National Quality Standards, 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 in both Ravensthorpe and Hopetoun which is recognized as an essential service especially when trying to provide work opportunities to attract and retain people to the area.

Flood Damage

We are two years on from the devastating floods suffered throughout the shire in February 2017 which caused massive infrastructure losses and the reinstatement of roads with rehabilitation estimated in excess of \$27.5 million. This massive undertaking has required great resilience across the community and should be applauded for the improvements made to date which will continue into 2019/20. The major achievements for 2018/19 included the re-opening of Culham Inlet and the focus of 2019/20 we be to complete the reinstatement of Southern Ocean Road. 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.

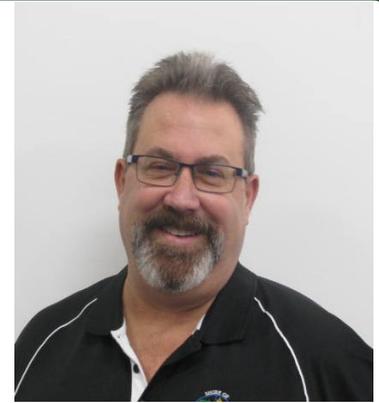
Tourism

Shire has recognised the need to review the co-ordination of visitor servicing across the region in an attempt to improve the quality of visitor experience and has therefore planned to increase resources in the tourism area. This initiative is in response to the closure of the Fitzgerald Coast Tourism Association.

Other Project Initiatives

Other projects of note include the Tigerland Nature Play Ground Ravensthorpe \$220,000, finalisation of the Phillips River Canoe Trail \$28,000, Stage one Oval Lighting Hopetoun \$36,000, Green Lighting Ravensthorpe Bowls \$37,000, Tennis Court Reinstatement Ravensthorpe \$44,000, Tennis Court Resurface Hopetoun \$30,000, tourism and area promotion \$178,000, cost of library services \$161,000 and community donations \$77,000.

Director Technical Services Update



Graham Steel
Director Technical Services

Road Re-sheeting

Works and Services completed the following re-sheeting projects during the 2018/2019 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.

Fitzgerald Road	16.5km	\$ 223,415.00
Koornong Road	16km	\$ 213,828.00
Gravel purchase for both projects		\$ 102,237.00

Sealed Road Projects

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

Springdale Road 2km reseal and intersection reseal	\$	135,000
Jerdacuttup Road re-seal/reconstruction to non WANDRRA areas	\$	270,000

Ravensthorpe

Re-sealing and reconstruction works were undertaken at the following locations:

- Spence Street reconstruction, kerbing, asphalt, and footpath works undertaken between Hosking and Andre Streets.
- Dance Street reconstruction and bitumen sealing undertaken from Morgan Street to Spence Street.
- Reconstruction, kerbing and Asphalt sealing of intersection of Spence Street and Neil Street.

Hopetoun

Road improvement works were undertaken:

- Tamar Street, asphalt overlays to high wearing sections.
- Mort Place asphalt overlay to cul-de-sac head.
- Caladenia Place asphalt overlay to cul-de-sac head.
- Douglas Street intersection with the Esplanade West received asphalt surfacing.

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

Recreation Grounds	\$ 108,025
Sporting Pavillions & Clubs	\$ 184,903
Public Toilets	\$ 160,414
Parks and Gardens	\$ 39,597
Cemeteries	\$ 13,581
Effluent Scheme	\$ 103,522
Street Lighting	\$ 44,981
Waste Management	\$ 499,064
Airport	\$ 30,298
Road Maintenance	\$1,575,764

Director Technical Services continued

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. One access chamber was replaced. Compliance reports were submitted to the Department of Health and the Department of Water and Environmental Regulation as per our conditions of licence.

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. This was a completion of the works commenced during the previous financial year. Additionally the open drain on Queen Street adjacent to the BP service Station was replaced with subsurface drainage and grated pits.

Aerodrome

Resealing works were undertaken at the Aerodrome to reseal the complete runway, taxi way and apron.

Total cost to undertake these works was \$547,565.00.

Parks and Gardens / Town Maintenance

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

Plant Replacement

The 18/19 period saw the replacement of the following:

- Skid Steer Loader.
- Front end Loader.
- Grader.
- Number of light vehicles.

The nett cost of replacement for all vehicles was approximately \$784,000.00.

Flood Damage

As a result of the February 2017 flooding, approvals for reinstatement works were received and commenced in the 17/18 financial year these works continued into the 2018/19 year. The Shire organised a number of contracts with works undertaken at:

Moir Road, Manyutup Road, Old Ongerup Road, Cocanarup Road, Fitzgerald Road, Coombe Road, John Forrest Road, Archer Road, Jones Road, Laurina Road, Marr Road, Carlingup Road, Coujinup Road, Morgan Street, Jamieson Street, Bedford Harbour Road, Middle Road and Hamersley Drive (Culham Inlet).

For these particular roads, works was completed for in the region of \$8.8M.

Additionally works to significant floodways were finished up on Aerodrome Road, Bridger Road, Fitzgerald Road, Carlingup Road, Belli Road, Gordon Road, Woodenup Road, Jerdacuttup Road, Fence Road, Springdale Road and Cowell Road. The value of these works were in the region of \$1.75M.

Shire of Ravensthorpe Commitment

Customer Service

The 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.

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

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

The Shire 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 has been reviewed in late 2019.

National Competition Policy

This policy has been introduced by the Commonwealth Government 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 2018/2019 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 Shire of non-compliance with neutrality principles.

Employment 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 of Ravensthorpe entitled to an annual salary of \$100,000 or more.

110,000 – 119,999	1
120,000 – 129,999	1
130,000 – 139,999	0
150,000 – 159,999	0
160,000 – 169,999	0
170,000 – 179,999	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 complaints lodged with the Local Government Standards Panel against an elected member in the year under review.

Freedom of Information

The Shire of Ravensthorpe welcomes any enquiries for information that maybe 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 2018/2019 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 organisation 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 with all new staff on an as needs basis following a formal induction process. The Shire attempts to ensure that every 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 for 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 has been reviewed in the 2018/2019 financial year and planning is underway to create a dedicated record storage facility in Ravensthorpe.

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

All Shire 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.

Planning For the Future of the Shire of Ravensthorpe

The Shire of Ravensthorpe is building on it’s 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 2019/2020 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 Shire Executive Team 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.



Vision, Values and Stakeholders

The Council is looking forward to reviewing all of its Integrated Planning and Reporting Framework Documents, and this will be undertaken in 2019/2020, to ensure compliance and an ongoing commitment to delivering on the aspirations of the community

Vision

The current Vision Statement for the Shire of Ravensthorpe is;

“Growing our Community through the provision of Leadership, Services and Infrastructure.”

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 Financial accountability

Stakeholders

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

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

Key Themes and Strategies

Community engagement has led to the development of four key themes which will underpin the development of goals and strategies. The goals and strategies under each theme create the framework for the delivery of sustainable outcomes to 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	Council continues to support the GP, Childcare 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 and 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 completed.
		1.2.2	Regular cultural and recreational activities.	Works program successfully completed	Support of sporting 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 Range of target groups accessing activities	Regular newsletter items, public meetings as required, support other groups hosting
1.4	Supportive Volunteers	1.4.1	A shire who has a Dedicated and number of volunteer base committed to serving the needs of the community	Supported operating volunteer organisations	Strong support of volunteer groups, including activation of Community Development Fund.

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 RROC Population declining due to external pressures
2.2	Diversified agricultural land-base	2.2.1	Retention of a diversified agricultural land base	No. of businesses 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 tourism partner organisations. Tourist numbers increasing. Improvements at coastal native based campsites.

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

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

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

THEME 4 – CIVIC LEADERSHIP

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

Outcome No.	Desired Outcome	Goal/ Strategy No.	Goal/Strategy	Outcome Key Indicators	Current Status
4.1	Financial Sustainability	4.1.1	A financially sustainable local government	Level of integrated planning	Continued monitoring of financial trends Survey conducted during 2015/2016 and fed into Strategic Community Plan
4.2	Corporate Governance and Accountability	4.2.1	High quality corporate governance, accountability and compliance.	Community satisfaction 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 No. of staff and Elected members in training	As above As above

Your Elected Members – 2018/2019

While the board provides direction for the organisation and determines what must be done, the responsibility for determining how services are delivered is invested in the Chief Executive Officer.



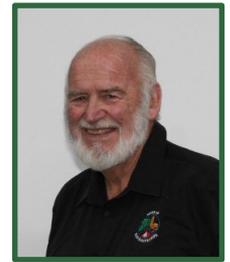
Shire President
Cr Keith Dunlop



Deputy Shire President
Cr Jules Belli



Councillor
Cr Graham Richardson



Councillor
Cr Ian Goldfinch



Councillor
Cr Peter Smith

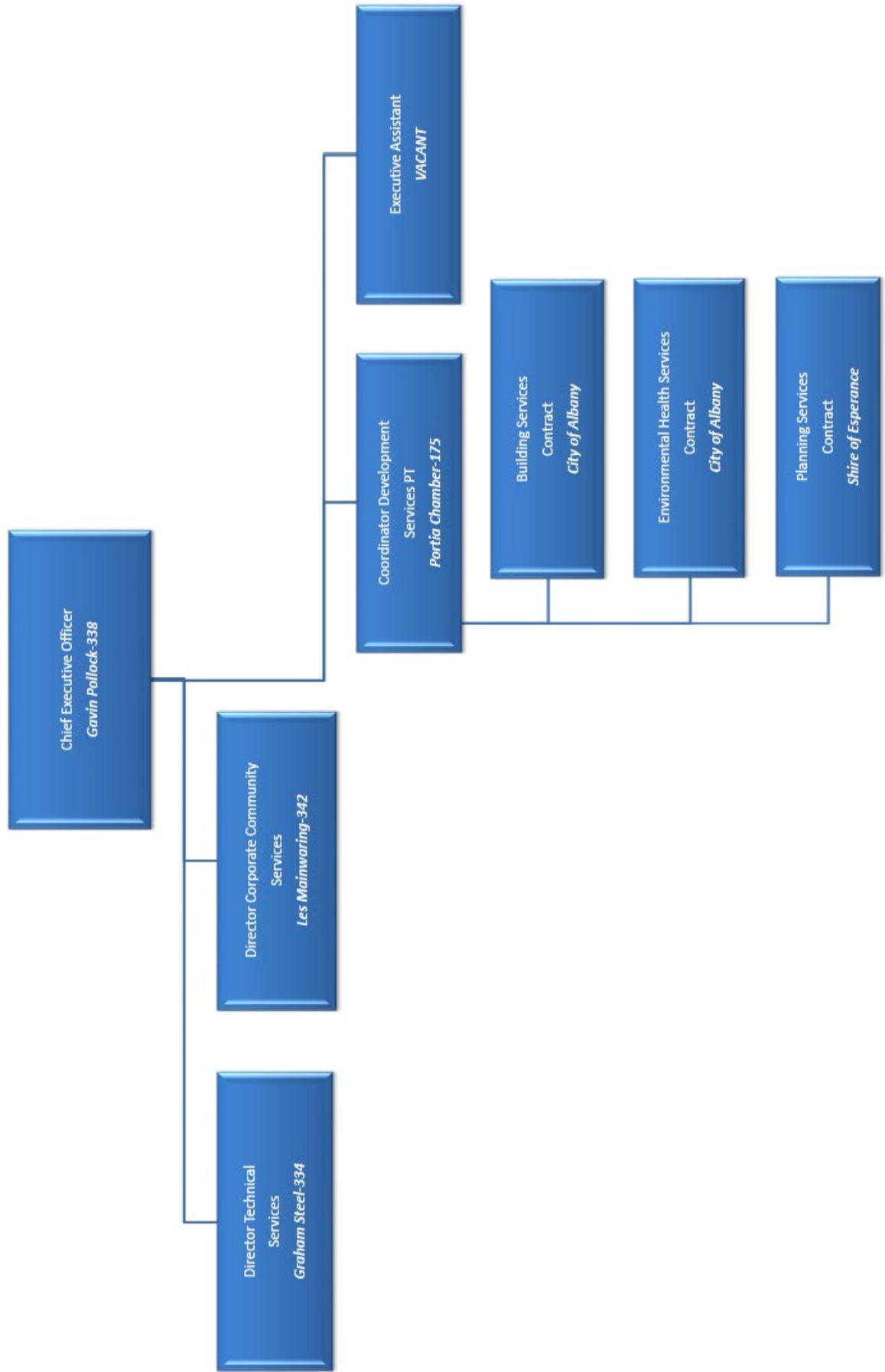


Councillor
Cr Kerry Dickinson

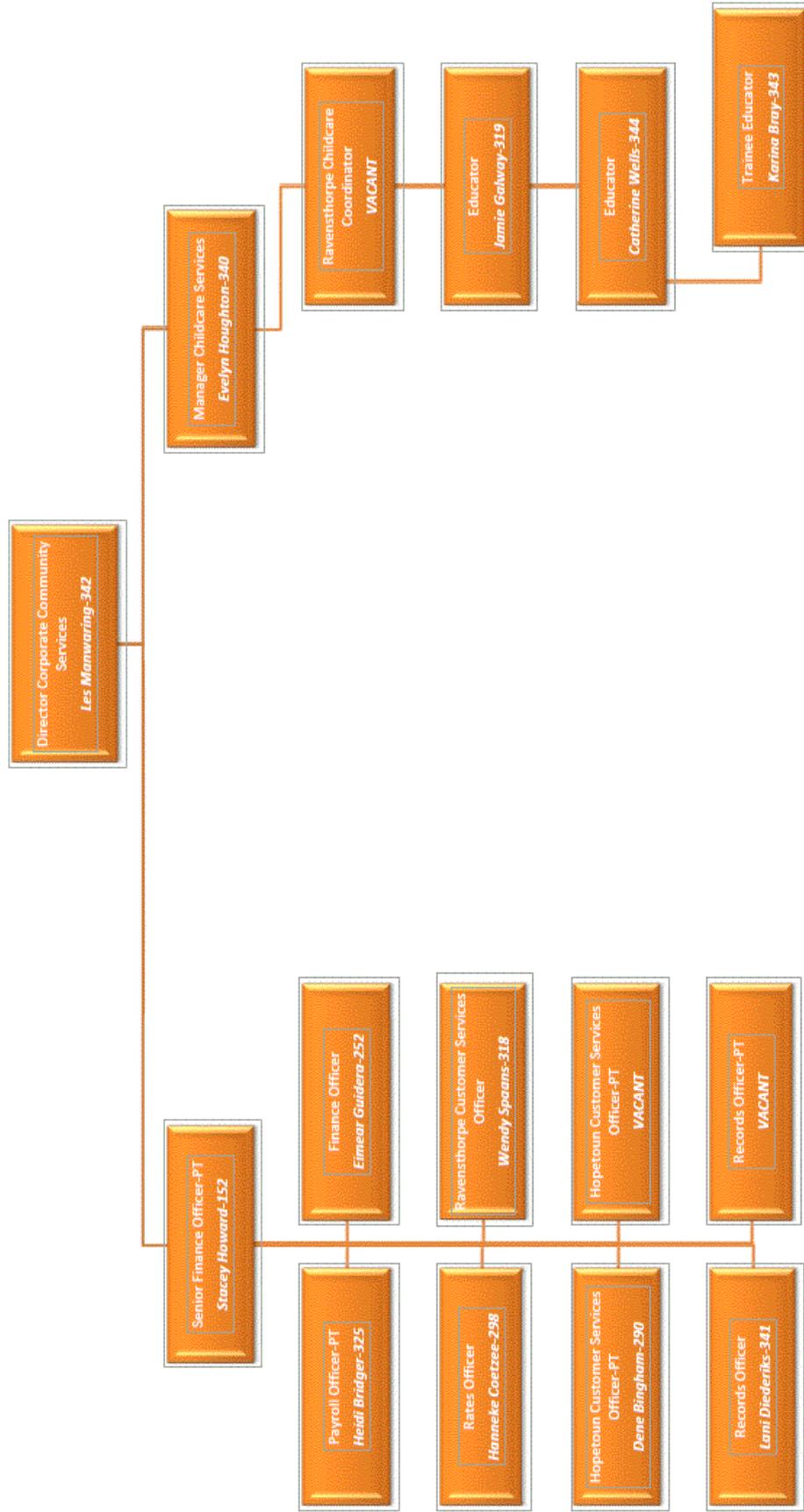


Councillor
Cr Thomas Major

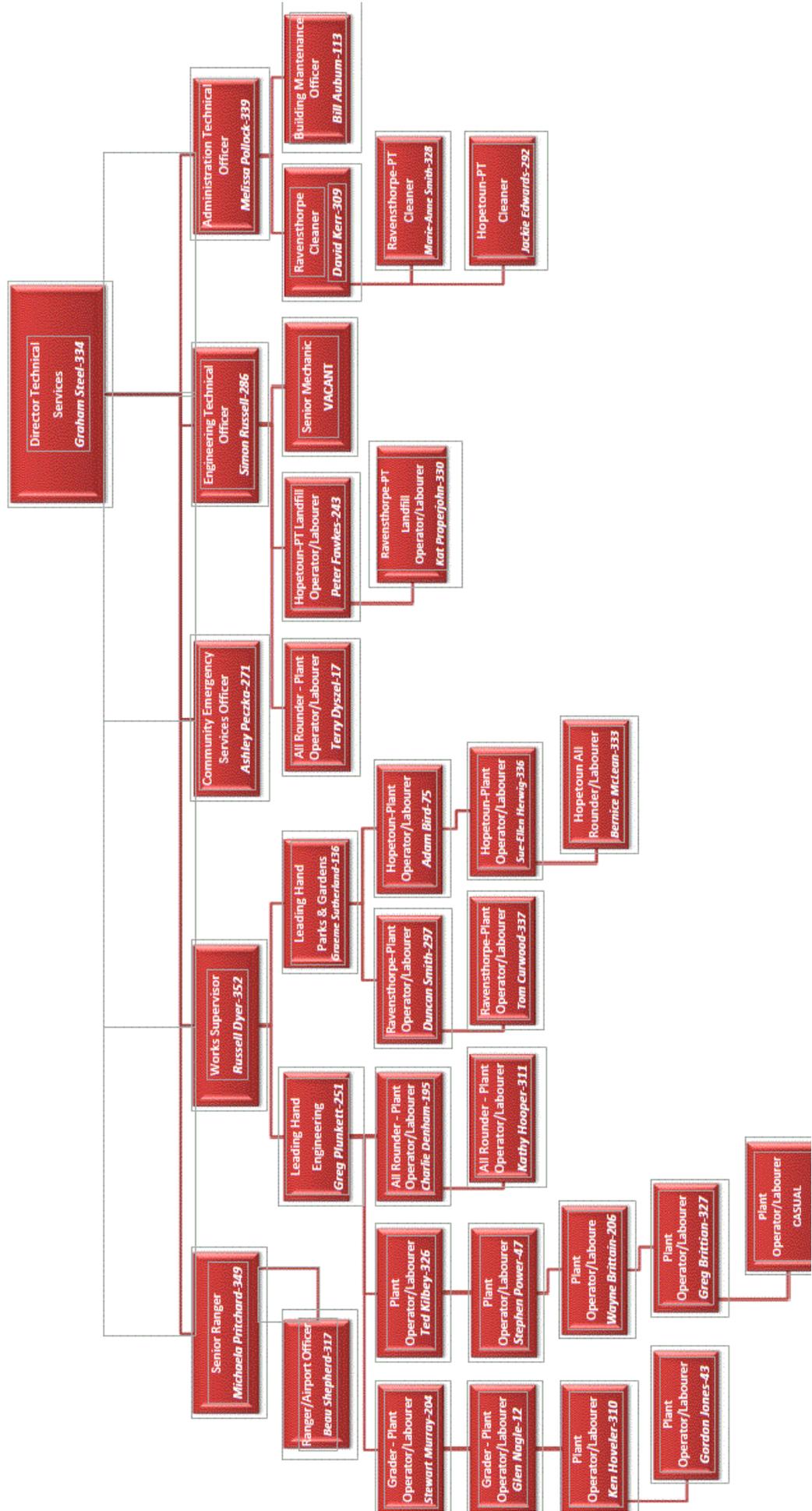
Organisation Structure – Executive and Administration Team



Organisation Structure – Corporate & Community Services Team



Organisation Structure – Technical Services Team



SHIRE OF RAVENSTHORPE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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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 2019

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 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Ravensthorpe at 30 June 2019 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 *Tenth* day of *December* 2019



Chief Executive Officer

Gavin Pollock

Name of Chief Executive Officer



SHIRE OF RAVENSTHORPE
 STATEMENT OF COMPREHENSIVE INCOME
 BY NATURE OR TYPE
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	4,403,563	4,284,228	4,105,327
Operating grants, subsidies and contributions	2(a)	15,473,437	11,509,522	15,606,969
Fees and charges	2(a)	977,098	1,145,597	1,022,351
Interest earnings	2(a)	90,037	115,000	113,475
Other revenue	2(a)	663,179	80,000	348,430
		<u>21,607,314</u>	<u>17,134,347</u>	<u>21,196,552</u>
Expenses				
Employee costs		(3,592,557)	(3,512,288)	(3,490,342)
Materials and contracts		(15,200,829)	(12,266,388)	(15,015,173)
Utility charges		(209,986)	(285,550)	(160,194)
Depreciation on non-current assets	9(b)	(1,970,793)	(3,302,576)	(2,879,048)
Interest expenses	2(b)	(119,399)	(85,280)	(96,095)
Insurance expenses		(300,119)	(303,732)	(277,276)
Other expenditure		(353,226)	(255,338)	(258,066)
		<u>(21,746,909)</u>	<u>(20,011,152)</u>	<u>(22,176,194)</u>
		(139,595)	(2,876,805)	(979,642)
Non-operating grants, subsidies and contributions	2(a)	1,293,001	2,320,177	1,137,032
Profit on asset disposals	9(a)	0	0	38,775
(Loss) on asset disposals	9(a)	(100,437)	(131,000)	(93,744)
		<u>1,192,564</u>	<u>2,189,177</u>	<u>1,082,063</u>
		<u>1,052,969</u>	<u>(687,628)</u>	<u>102,421</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	98,008,160	0	0
		<u>98,008,160</u>	<u>0</u>	<u>0</u>
Total other comprehensive income for the period		98,008,160	0	0
Total comprehensive income for the period		99,061,129	(687,628)	102,421

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



SHIRE OF RAVENSTHORPE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		348	3,000	3,000
General purpose funding		6,349,045	5,364,428	5,967,470
Law, order, public safety		390,797	214,170	273,528
Health		4,483	3,000	3,486
Education and welfare		150,921	205,500	343,507
Housing		19,560	24,900	12,860
Community amenities		580,990	699,097	496,902
Recreation and culture		378,466	47,500	428,463
Transport		13,092,084	10,311,752	13,323,639
Economic services		141,697	141,000	177,618
Other property and services		498,923	120,000	166,079
		21,607,314	17,134,347	21,196,552
Expenses				
	2(b)			
Governance		(646,140)	(641,955)	(512,935)
General purpose funding		(264,282)	(222,492)	(131,251)
Law, order, public safety		(868,992)	(774,051)	(757,054)
Health		(294,154)	(278,922)	(304,427)
Education and welfare		(383,344)	(372,723)	(474,312)
Housing		(207,880)	(239,380)	(158,351)
Community amenities		(1,248,990)	(1,431,629)	(1,123,990)
Recreation and culture		(1,525,015)	(1,786,800)	(1,775,485)
Transport		(14,855,915)	(13,489,854)	(15,853,013)
Economic services		(297,426)	(349,466)	(343,179)
Other property and services		(1,035,372)	(338,600)	(646,101)
		(21,627,510)	(19,925,872)	(22,080,098)
Finance Costs				
	2(b)			
General purpose funding		(9,113)	0	0
Law, order, public safety		(7,042)	0	0
Housing		(15,065)	(18,933)	(20,207)
Community amenities		(33,426)	0	(4,706)
Recreation and culture		(11,369)	(13,771)	(14,142)
Transport		(43,384)	(52,576)	(57,040)
		(119,399)	(85,280)	(96,095)
		(139,595)	(2,876,805)	(979,641)
Non-operating grants, subsidies and contributions	2(a)	1,293,001	2,320,177	1,137,032
Profit on disposal of assets	9(a)	0	0	38,775
(Loss) on disposal of assets	9(a)	(100,437)	(131,000)	(93,744)
		1,192,564	2,189,177	1,082,063
Net result for the period		1,052,969	(687,628)	102,422
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	98,008,160	0	0
Share of comprehensive income of associates and joint ventures accounted for using the equity method				
Total other comprehensive income for the period		98,008,160	0	0
Total comprehensive income for the period		99,061,129	(687,628)	102,422

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



SHIRE OF RAVENSTHORPE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,026,048	3,530,224
Trade receivables	5	4,348,725	4,956,860
Inventories	6	2,704	16,247
TOTAL CURRENT ASSETS		7,377,477	8,503,331
NON-CURRENT ASSETS			
Trade receivables	5	26,395	23,206
Property, plant and equipment	7	34,023,040	34,208,663
Infrastructure	8	124,591,608	25,172,800
TOTAL NON-CURRENT ASSETS		158,641,043	59,404,669
TOTAL ASSETS		166,018,520	67,908,000
CURRENT LIABILITIES			
Trade and other payables	11	1,891,846	2,398,202
Borrowings	12(a)	209,799	201,680
Employee related provisions	13	396,543	528,986
Lease liabilities	17	101,606	98,617
TOTAL CURRENT LIABILITIES		2,599,794	3,227,485
NON-CURRENT LIABILITIES			
Borrowings	12(a)	1,484,569	1,694,368
Employee related provisions	13	42,806	54,319
Lease liabilities	17	913,641	1,015,248
TOTAL NON-CURRENT LIABILITIES		2,441,016	2,763,935
TOTAL LIABILITIES		5,040,810	5,991,420
NET ASSETS		160,977,710	61,916,580
EQUITY			
Retained surplus		39,655,331	38,214,104
Reserves - cash backed	4	3,413,771	3,802,028
Revaluation surplus	10	117,908,608	19,900,448
TOTAL EQUITY		160,977,710	61,916,580

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



SHIRE OF RAVENSTHORPE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		38,518,108	3,395,602	19,900,448	61,814,158
Comprehensive income					
Net result for the period		102,422	0	0	102,422
Total comprehensive income		102,422	0	0	102,422
Transfers from/(to) reserves		(406,426)	406,426	0	0
Balance as at 30 June 2018		38,214,104	3,802,028	19,900,448	61,916,580
Restated total equity at the beginning of the financial year		38,214,104	3,802,028	19,900,448	61,916,580
Comprehensive income					
Net result for the period		1,052,969	0	0	1,052,969
Other comprehensive income	10	0	0	98,008,160	98,008,160
Total comprehensive income		1,052,969	0	98,008,160	99,061,129
Transfers from/(to) reserves		388,257	(388,257)	0	0
Balance as at 30 June 2019		39,655,331	3,413,771	117,908,608	160,977,709

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



SHIRE OF RAVENSTHORPE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,379,260	4,284,277	4,110,506
Operating grants, subsidies and contributions		15,956,200	15,887,642	11,951,464
Fees and charges		977,098	1,145,597	1,022,351
Interest received		90,037	115,000	113,475
Goods and services tax received		0	298,810	73,870
Other revenue		663,179	80,000	348,430
		<u>22,065,774</u>	<u>21,811,326</u>	<u>17,620,096</u>
Payments				
Employee costs		(3,785,307)	(3,606,036)	(3,356,818)
Materials and contracts		(15,743,466)	(14,264,967)	(13,074,423)
Utility charges		(209,986)	(285,550)	(160,194)
Interest expenses		(119,399)	(81,701)	(98,701)
Insurance paid		(300,119)	(303,732)	(277,276)
Goods and services tax paid		146,486	0	(402,681)
Other expenditure		(353,226)	(255,338)	(258,066)
		<u>(20,365,017)</u>	<u>(18,797,324)</u>	<u>(17,628,159)</u>
Net cash provided by (used in) operating activities	14	<u>1,700,757</u>	<u>3,014,002</u>	<u>(8,063)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,520,492)	(1,542,520)	(1,248,129)
Payments for construction of infrastructure		(1,970,283)	(3,799,155)	(1,436,216)
Non-operating grants, subsidies and contributions		1,293,001	2,320,177	1,137,032
Proceeds from sale of property, plant & equipment		213,868	350,000	296,010
Proceeds adjustment on disposal of right of use assets at amortised cost		(9,595)	0	0
Net cash provided by (used in) investment activities		<u>(1,993,501)</u>	<u>(2,671,498)</u>	<u>(1,251,303)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(201,680)	(201,680)	(193,910)
Repayment of lease commitments		(9,752)	0	(13,575)
Net cash provided by (used in) financing activities		<u>(211,432)</u>	<u>(201,680)</u>	<u>(207,485)</u>
Net increase (decrease) in cash held		<u>(504,176)</u>	<u>140,824</u>	<u>(1,466,851)</u>
Cash at beginning of year		3,530,224	3,507,303	4,997,075
Cash and cash equivalents at the end of the year	14	<u><u>3,026,048</u></u>	<u><u>3,648,127</u></u>	<u><u>3,530,224</u></u>

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

SHIRE OF RAVENSTHORPE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	2,303,102	2,317,811	2,206,970
		2,303,102	2,317,811	2,206,970
Revenue from operating activities (excluding rates)				
Governance		348	3,000	3,000
General purpose funding		2,064,702	1,080,200	1,978,160
Law, order, public safety		390,797	214,170	273,528
Health		4,483	3,000	3,486
Education and welfare		150,921	205,500	343,507
Housing		19,560	24,900	12,860
Community amenities		580,990	699,097	496,902
Recreation and culture		378,466	47,500	428,463
Transport		13,092,084	10,311,752	13,362,414
Economic services		141,697	141,000	177,618
Other property and services		498,923	120,000	166,079
		17,322,971	12,850,119	17,246,017
Expenditure from operating activities				
Governance		(646,140)	(641,955)	(512,935)
General purpose funding		(273,395)	(222,492)	(131,251)
Law, order, public safety		(876,034)	(774,051)	(757,054)
Health		(294,154)	(278,922)	(311,402)
Education and welfare		(383,344)	(372,723)	(474,312)
Housing		(222,945)	(258,313)	(178,558)
Community amenities		(1,282,416)	(1,431,629)	(1,128,696)
Recreation and culture		(1,536,384)	(1,800,571)	(1,789,627)
Transport		(14,947,450)	(13,665,430)	(15,921,405)
Economic services		(297,426)	(349,466)	(343,179)
Other property and services		(1,087,658)	(346,600)	(721,518)
		(21,847,346)	(20,142,152)	(22,269,937)
Non-cash amounts excluded from operating activities	24(a)	1,954,921	3,380,272	2,995,957
Amount attributable to operating activities		(266,352)	(1,593,950)	179,007
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,293,001	2,320,177	1,137,032
Proceeds from disposal of assets	9(a)	213,868	350,000	296,010
Purchase of property, plant and equipment	7(a)	(1,530,244)	(1,542,520)	(2,375,569)
Purchase and construction of infrastructure	8(a)	(1,970,283)	(3,799,155)	(1,436,216)
Amount attributable to investing activities		(1,993,658)	(2,671,498)	(2,378,743)
FINANCING ACTIVITIES				
Repayment of borrowings	12(b)	(201,680)	(201,680)	(193,910)
New lease arrangements		9,752	0	1,127,440
Repayment of long term leases		(108,369)	0	(13,575)
Transfers to reserves (restricted assets)	4	(4,543,019)	(1,440,000)	(2,356,426)
Transfers from reserves (restricted assets)	4	4,931,276	1,622,303	1,950,000
Amount attributable to financing activities		87,960	(19,377)	513,529
Surplus/(deficit) before imposition of general rates		(2,172,050)	(4,284,825)	(1,686,207)
Total amount raised from general rates	23	4,284,343	4,284,228	3,989,310
Surplus/(deficit) after imposition of general rates	24(b)	2,112,293	(597)	2,303,103

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

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 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.

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 26 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	0	3,000	3,000
General purpose funding	1,890,351	900,000	1,781,165
Law, order, public safety	343,584	194,370	246,469
Education and welfare	70,108	50,000	54,757
Housing	1,115	24,900	0
Community amenities	0	219,000	22,655
Recreation and culture	224,090	4,000	382,190
Transport	12,920,647	10,104,252	13,116,733
Economic services	20,000	0	0
Other property and services	3,542	10,000	0
	15,473,437	11,509,522	15,606,969
Non-operating grants, subsidies and contributions			
Law, order, public safety	41,321	11,020	0
Community amenities	0	0	261,510
Recreation and culture	24,802	158,870	45,000
Transport	1,226,878	2,150,287	830,522
	1,293,001	2,320,177	1,137,032
Total grants, subsidies and contributions	16,766,438	13,829,699	16,744,001

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 22.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Reimbursements and recoveries	530,926	0	194,920
Other	132,253	0	153,510
	663,179	0	348,430
Fees and Charges			
Governance	20,452	70,200	22,746
Law, order, public safety	30,127	19,800	26,906
Health	4,483	3,000	3,486
Education and welfare	45,007	155,500	93,857
Housing	17,480	0	12,860
Community amenities	434,209	480,097	405,120
Recreation and culture	109,803	43,500	46,518
Transport	170,701	207,500	200,518
Economic services	121,697	141,000	177,403
Other property and services	23,139	25,000	32,937
	977,098	1,145,597	1,022,351

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

Interest earnings

Reserve accounts interest	34,046	60,000	56,620
Rates instalment and penalty interest (refer Note 23(e))	47,608	40,000	42,624
Other interest earnings	8,383	15,000	14,231
	90,037	115,000	113,475

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

SHIRE OF RAVENSTHORPE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Significant expense

Shire has incurred materials and contracts expenditure to reinstate roads as a result of flood damage. This expenditure is expected to be reimbursed from WANDDRA funds.

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings (refer Note 12(b))
- Other Interest Paid
- Right of Use Lease Notional Interest (refer note 11(c))

	2019 Actual \$	2019 Budget \$	2018 Actual \$
	12,451,868	10,000,000	12,032,029
	30,000	29,000	17,860
	1,060	1,000	1,520
	31,060	30,000	19,380
	69,819	85,280	91,389
	9,112	0	0
	40,468	0	4,706
	119,399	85,280	96,095

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		3,026,048	3,530,224
		<u>3,026,048</u>	<u>3,530,224</u>
Comprises:			
- Unrestricted cash and cash equivalents		(669,114)	(557,419)
- Restricted cash and cash equivalents		<u>3,695,162</u>	<u>4,087,643</u>
		3,026,048	3,530,224
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave Reserve	4	42,329	94,483
Plant & Vehicle Reserve	4	434,818	430,959
Emergency Farm Water Reserve	4	26,973	26,734
Building Reserve	4	1,532,900	1,519,294
Road & Footpath Reserve	4	426,545	422,867
Swimming Pool Upgrade Reserve	4	44,534	44,030
Airport Reserve	4	388,955	751,529
Waste & Sewerage Reserve	4	300,701	298,033
State Barrier Fence Reserve	4	216,016	214,099
		<u>3,413,771</u>	<u>3,802,028</u>
Other restricted cash and cash equivalents			
Unspent grants/contributions	22	157,100	285,615
Bonds and Deposits held	26	124,291	0
Total restricted cash and cash equivalents		<u>3,695,162</u>	<u>4,087,643</u>

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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

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

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019			2019			2019			2019			2018			2018		
	Actual Opening Balance	Actual Transfer to	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Closing Balance	Actual Opening Balance	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Closing Balance
(a) Leave Reserve	94,483	846	42,329	94,483	26,491	67,974	94,483	26,491	67,974	94,483	(53,000)	67,974	68,248	0	94,483	68,248	26,235	94,483
(e) Plant & Vehicle Reserve	430,959	3,859	434,818	430,959	6,801	437,760	430,959	6,801	437,760	430,959	0	437,760	226,855	0	430,959	226,855	204,104	430,959
(f) Emergency Farm Water Reserve	26,734	239	26,973	26,734	422	27,156	26,734	422	27,156	26,734	0	27,156	26,259	0	26,734	26,259	475	26,734
(g) Building Reserve	1,519,294	4,522,578	1,532,899	1,519,294	1,223,976	1,543,270	1,519,294	1,223,976	1,543,270	1,519,294	(1,200,000)	1,543,270	1,492,299	(1,950,000)	1,519,294	1,492,299	1,976,995	1,519,294
(h) Road & Footpath Reserve	422,867	3,678	426,545	422,867	6,673	429,540	422,867	6,673	429,540	422,867	0	429,540	415,353	0	422,867	415,353	7,514	422,867
(i) Swimming Pool Upgrade Reserve	44,030	503	44,533	44,031	695	44,726	44,031	695	44,726	44,030	0	44,726	43,249	0	44,030	43,249	781	44,030
(k) Airport Reserve	751,529	6,730	388,956	751,528	(369,303)	444,085	751,528	(369,303)	444,085	751,529	(369,303)	444,085	688,899	0	751,529	688,899	62,630	751,529
(l) Waste & Sewerage Reserve	298,033	2,669	300,702	298,032	39,703	337,735	298,032	39,703	337,735	298,033	0	337,735	292,901	0	298,033	292,901	5,132	298,033
(m) State Barrier Fence Reserve	214,099	1,917	216,016	214,099	73,379	287,478	214,099	73,379	287,478	214,099	0	287,478	141,539	0	214,099	141,539	72,560	214,099
	3,802,028	4,543,019	3,413,771	3,802,027	1,440,000	3,619,724	3,802,027	1,440,000	3,619,724	3,802,028	(1,622,303)	3,619,724	3,395,602	(1,950,000)	3,802,028	3,395,602	2,356,426	3,802,028

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
(a) Leave Reserve	Ongoing	To be used to fund long service leave and non-current annual leave requirements
(e) Plant & Vehicle Reserve	Ongoing	To be used to assist in the purchasing of major plant and machinery
(f) Emergency Farm Water Reserve	Ongoing	To be used for the repair and/or construction of emergency farm water supplies
(g) Building Reserve	Ongoing	To be used for the construction, refurbishment, modification or renovation of all shire owned buildings
(h) Road & Footpath Reserve	Ongoing	To be used for the construction, rejuvenation, resealing or repair to the road and footpath network
(i) Swimming Pool Upgrade Reserve	Ongoing	To be used to assist with the costs of maintenance and repairs to the Ravenshorpe swimming pool
(k) Airport Reserve	Ongoing	To be used for the construction, reconstruction, repairs or modifications of facilities including buildings, tarmac, airstrip and associated infrastructure at the Ravenshorpe Airport
(l) Waste & Sewerage Reserve	Ongoing	To be used for the repair and/or construction of waste and sewerage facilities infrastructure
(m) State Barrier Fence Reserve	Ongoing	To be used for the extension of the State Barrier Fence from Ravenshorpe to Esperance

1 In 2017 the Shire was subject to a major flooding event that damaged essential road infrastructure. Flood damage restoration 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 \$4,508,973 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 2018/2019 Statutory Budget.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Other receivables [WANDDRA]	
Other receivables [Right of Use Assets Prepaid]	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2019	2018
	\$	\$
	210,163	189,049
	246,079	58,758
	182,324	328,810
	3,699,278	4,369,362
	10,881	10,881
	<u>4,348,725</u>	<u>4,956,860</u>
	26,395	23,206
	<u>26,395</u>	<u>23,206</u>

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

Current

Other inventories [Fuel]

	2019	2018
	\$	\$
	2,704	16,247
	2,704	16,247
The following movements in inventories occurred during the year:		
Carrying amount at 1 July	16,247	14,700
Inventories expensed during the year	(329,400)	(299,245)
Additions to inventory	315,857	300,792
Carrying amount at 30 June	2,704	16,247

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.

7. PROPERTY, PLANT AND EQUIPMENT

(a) 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 specialised	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 2017	1,668,500	1,668,500	2,306,499	24,596,365	26,902,864	28,571,364	244,162	4,581,232	0	33,396,758
Additions	0	0	30,381	88,243	118,624	118,624	44,082	1,085,423	1,127,440	2,375,569
(Disposals)	0	0	0	0	0	0	0	(275,563)	0	(275,563)
Depreciation (expense)	0	0	(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	2,303,675	24,081,241	26,384,916	28,053,416	263,648	4,779,943	1,111,656	34,208,663
Comprises:										
Gross carrying amount at 30 June 2018	1,668,500	1,668,500	2,336,880	24,684,608	27,021,488	28,689,988	322,825	5,847,588	1,127,440	35,987,841
Accumulated depreciation at 30 June 2018	0	0	(33,205)	(603,367)	(636,572)	(636,572)	(59,177)	(1,067,645)	(15,784)	(1,779,178)
Carrying amount at 30 June 2018	1,668,500	1,668,500	2,303,675	24,081,241	26,384,916	28,053,416	263,648	4,779,943	1,111,656	34,208,663
Additions	439,000	439,000	0	10,557	10,557	449,557	82,677	988,258	9,752	1,530,244
(Disposals)	0	0	0	(2,667)	(2,667)	(2,667)	(4,862)	(294,394)	(9,752)	(311,675)
Depreciation (expense)	0	0	(33,203)	(626,171)	(659,374)	(659,374)	(34,602)	(607,067)	(112,744)	(1,413,787)
Transfers	0	0	0	9,595	9,595	9,595	0	0	0	9,595
Carrying amount at 30 June 2019	2,107,500	2,107,500	2,270,472	23,472,555	25,743,027	27,850,527	306,861	4,866,740	998,912	34,023,040
Comprises:										
Gross carrying amount at 30 June 2019	2,107,500	2,107,500	2,336,880	24,691,832	27,028,712	29,136,212	389,807	6,433,764	1,127,440	37,087,223
Accumulated depreciation at 30 June 2019	0	0	(66,408)	(1,219,277)	(1,285,685)	(1,285,685)	(82,946)	(1,567,024)	(128,528)	(3,064,183)
Carrying amount at 30 June 2019	2,107,500	2,107,500	2,270,472	23,472,555	25,743,027	27,850,527	306,861	4,866,740	998,912	34,023,040

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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	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.

8. INFRASTRUCTURE

(a) 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 & Ovals	Infrastructure - Airport	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	15,642,649	2,386,331	1,101,791	2,513,013	1,221,480	2,537,684	25,402,948
Additions	966,852	39,021	0	72,539	96,294	261,510	1,436,216
(Disposals)	0	0	0	(75,417)	0	0	(75,417)
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	0
Carrying amount at 30 June 2018	15,597,761	2,340,278	106,442	2,001,366	1,110,535	4,016,418	25,172,800
Comprises:							
Gross carrying amount at 30 June 2018	19,111,552	2,590,979	133,069	2,348,176	1,729,817	4,484,402	30,397,995
Accumulated depreciation at 30 June 2018	(3,513,791)	(250,701)	(26,627)	(346,810)	(619,282)	(467,984)	(5,225,195)
Carrying amount at 30 June 2018	15,597,761	2,340,278	106,442	2,001,366	1,110,535	4,016,418	25,172,800
Additions	975,053	40,842	0	396,626	547,565	10,197	1,970,283
(Disposals)	0	0	0	(2,629)	0	0	(2,629)
Revaluation increments / (decrements) transferred to revaluation surplus							
Depreciation (expense)	79,412,209	(1,173,707)	17,645,232	1,164,180	209,281	750,965	98,008,160
	(164,267)	(19,432)	(2,994)	(110,149)	(59,356)	(200,808)	(557,006)
Carrying amount at 30 June 2019	95,820,756	1,187,981	17,748,680	3,449,394	1,808,025	4,576,772	124,591,608
Comprises:							
Gross carrying amount at 30 June 2019	137,177,586	2,199,939	27,998,485	3,607,171	1,853,565	5,071,858	177,908,604
Accumulated depreciation at 30 June 2019	(41,356,830)	(1,011,958)	(10,249,805)	(157,777)	(45,540)	(495,086)	(53,316,996)
Carrying amount at 30 June 2019	95,820,756	1,187,981	17,748,680	3,449,394	1,808,025	4,576,772	124,591,608

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8. INFRASTRUCTURE (Continued)

(b) 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	Independent valuer	June 2019	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	Independent valuer	June 2019	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	Independent valuer	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Management Valuation - Based on independent valuer input 2018	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Airport	3	Cost approach using depreciated replacement cost	Management Valuation - Based on independent valuer input 2018	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Management Valuation - Based on independent valuer input 2018	June 2019	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.

8. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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.

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

Land under roads

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

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

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

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

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

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9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	2,667	0	0	(2,667)	0	0	0	0	0	0	0	0
Furniture and equipment	639	0	0	(639)	0	0	0	0	0	0	0	0
Plant and equipment	298,618	204,273	0	(94,345)	481,000	350,000	0	(131,000)	275,563	296,010	38,774	(18,327)
Right of Use Assets	9,752	9,595	0	(157)	0	0	0	0	0	0	0	0
Infrastructure - Parks & Ovals	2,629	0	0	(2,629)	0	0	0	0	75,417	0	0	(75,417)
	314,305	213,868	0	(100,437)	481,000	350,000	0	(131,000)	350,980	296,010	38,774	(93,744)

SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Policy - Disposal Loss

The disposal loss from assets included \$24,975 relating to a change in accounting policy in accordance with regulation 17(A) of the Local Government Financial Regulations 1996. assets with a value of less than \$5,000 are to be excluded from the assets included in the financial report.

This amendment to asset values has been treated as a change to accounting policy in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment has been made in the current year as it is not considered material.

9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	33,203	0	33,205
Buildings - specialised	626,171	707,739	603,367
Furniture and equipment	34,602	36,195	24,596
Plant and equipment	607,067	673,233	611,149
Right of Use Assets	112,744	0	15,784
Infrastructure - Roads	164,267	1,195,579	954,950
Infrastructure - Footpaths	19,432	92,808	85,074
Infrastructure - Drainage	2,994	114,373	8,876
Infrastructure - Parks & Ovals	110,149	138,332	126,960
Infrastructure - Airport	59,356	226,079	207,239
Infrastructure - Other	200,808	118,238	207,848
	1,970,793	3,302,576	2,879,048

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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings - All	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	20 to 50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Infrastructure - Parks & Ovals	20 to 50 years
Infrastructure - Airports	20 to 50 years
Infrastructure - Other	20 to 50 years

Depreciation (Continued)

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.

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10. REVALUATION SURPLUS

	2019		2019		2019		2018		2018		2018	
	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 - freehold land	14,350,694	0	0	0	14,350,694	14,350,694	0	0	0	14,350,694		
Revaluation surplus - Plant and equipment	377,471	0	0	0	377,471	377,471	0	0	0	377,471		
Revaluation surplus - Infrastructure - Roads	367,180	79,412,209	0	79,412,209	79,779,389	367,180	0	0	0	367,180		
Revaluation surplus - Infrastructure - Footpaths	2,075,009	0	(1,173,707)	(1,173,707)	901,302	2,075,009	0	0	0	2,075,009		
Revaluation surplus - Infrastructure - Drainage	1,083,905	17,645,232	0	17,645,232	18,729,137	1,083,905	0	0	0	1,083,905		
Revaluation surplus - Infrastructure - Parks & Ovals	1,305,977	1,164,180	0	1,164,180	2,470,157	1,305,977	0	0	0	1,305,977		
Revaluation surplus - Infrastructure - Airport	0	209,281	0	209,281	209,281	0	0	0	0	0		
Revaluation surplus - Infrastructure - Other	340,212	750,965	0	750,965	1,091,177	340,212	0	0	0	340,212		
	19,900,448	99,181,867	(1,173,707)	98,008,160	117,908,608	19,900,448	0	0	0	19,900,448		

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued salaries and wages	
ATO liabilities	
Accrued Expenses	
Bonds and Deposits held	
Accrued Interest on Long Term Borrowings	

	2019	2018
	\$	\$
	701,563	1,897,232
	113,653	82,677
	31,616	12,767
	897,022	379,105
	124,291	0
	23,701	26,421
	1,891,846	2,398,202

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.

SHIRE OF RAVENSTHORPE
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12. INFORMATION ON BORROWINGS (Continued)

	2019	2018
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	250,000	250,000
Credit card limit	22,000	22,000
Credit card balance at balance date	(3,728)	(12,115)
Total amount of credit unused	268,272	259,885
Loan facilities		
Loan facilities - current	209,799	201,680
Loan facilities - non-current	1,484,569	1,694,368
Total facilities in use at balance date	1,694,368	1,896,048

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.

Risk

Information regarding exposure to risk can be found at Note 25.

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2018			
Current provisions	306,568	222,418	528,986
Non-current provisions	0	54,319	54,319
	306,568	276,737	583,305
Additional provision	187,215	52,110	239,325
Amounts used	(304,998)	(78,283)	(383,281)
Balance at 30 June 2019	188,785	250,564	439,349
Comprises			
Current	188,785	207,758	396,543
Non-current	0	42,806	42,806
	188,785	250,564	439,349
	2019	2018	
Amounts are expected to be settled on the following basis:	\$	\$	
Less than 12 months after the reporting date	200,024	383,281	
More than 12 months from reporting date	239,325	200,024	
	439,349	583,305	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

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.

14. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	3,026,048	3,648,127	3,530,224

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,052,969	(687,628)	102,421
Non-cash flows in Net result:			
Depreciation	1,970,793	3,302,576	2,879,048
(Profit)/loss on sale of asset	100,437	131,000	54,970
Changes in assets and liabilities:			
(Increase)/decrease in receivables	604,946	4,676,979	(3,990,018)
(Increase)/decrease in inventories	13,543	(753)	(1,547)
Increase/(decrease) in payables	(506,356)	(2,034,691)	2,022,155
Increase/(decrease) in provisions	(242,574)	(53,304)	61,941
Grants contributions for the development of assets	(1,293,001)	(2,320,177)	(1,137,033)
Net cash from operating activities	1,700,757	3,014,002	(8,063)

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance		
General purpose funding		
Law, order, public safety	1,757,894	2,590,311
Health	459,949	414,963
Education and welfare	2,845,348	2,654,995
Housing	1,790,538	2,331,676
Community amenities	6,234,776	5,564,075
Recreation and culture	20,234,871	19,462,583
Transport	128,394,456	26,418,303
Economic services	594,403	1,362,021
Other property and services	3,686,050	6,929,834
Unallocated	20,235	179,239
	166,018,520	67,908,000

16. CONTINGENT LIABILITIES

The Shire has received a preliminary claim in relation to a former contractual relationship. This claim may result in a possible obligation for which an estimate of the amount cannot currently be made.

Contaminated Sites

In compliance with the Contaminated Sites Act 2013 Section 11, the Shire has a listed site which is, or could be, a possible source of contamination. Details of that site are:

- Ravensthorpe Regional Waste Facility - Moir Road, Ravensthorpe
- Site Operations commenced in 2017
- Life expectancy 20 years (2037)
- Prescribed premises for Category 64 Class II putrescible landfill and Category 62 Solid waste depot.
- Remediation has not been costed

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

17. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2019	2018
	\$	\$
	0	418,252
	0	418,252
	0	418,252

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

	2019	2018
	\$	\$
	0	12,315
	0	12,315

(c) Finance Lease Commitments

Finance leases contracted for and capitalised in the accounts.

Payable:

- not later than one year

- later than one year but not later than five years

- later than five years

	2019	2018
	\$	\$
	101,606	98,617
	438,173	425,282
	475,468	589,966
	1,015,247	1,113,865

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.

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.

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17 INFORMATION ON LEASE COMMITMENTS (Continued)

(d) Repayments - Right of Use Assets

Particulars	Principal 1 July 2018	New Leases	Principal Repayments		Principal 30-Jun-19		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Law & Order	-	9,752	9,752	-	-	-	7,042	-
Community Amenities	755,706	-	67,116	-	688,590	688,590	21,681	21,681
Bomag Compactor	358,158	-	31,501	-	326,657	326,657	10,280	10,280
Komatsu Wheel Loader	1,113,864	9,752	108,369	-	1,015,247	1,015,247	39,003	31,961

All lease repayments were financed by general purpose revenue.

Lease Commitments

	2019	2018
	\$	\$
Current	101,606	98,617
Non-current	913,641	1,015,248
	<u>1,015,247</u>	<u>1,113,865</u>

18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	97,500	97,500	97,500
President's allowance	13,000	13,000	13,000
Deputy President's allowance	3,250	3,250	3,250
Travelling expenses	14,712	15,000	10,306
Telecommunications allowance	7,588	7,588	7,588
	136,050	136,338	131,644

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	635,778	508,732
Post-employment benefits	64,794	57,432
Other long-term benefits	(125,428)	34,218
Termination benefits	194,445	0
	769,589	600,382

Short-term employee benefits

These amounts include all salary, 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 long service benefits accruing during the year.

Termination benefits

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

18. 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:	2019 Actual \$	2018 Actual \$
Sale of goods and services	553	146
Purchase of goods and services	106,011	53,568
Short term employee benefits -other related parties	31,482	0
Amounts payable to related parties:		
Trade and other payables	23,989	0

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.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. JOINT ARRANGEMENTS

	2019	2018
	\$	\$
(a) Regional Records Service		
Share of joint operations		

The Shire of Ravensthorpe together with the City of Kalgoorlie-Boulder and with the Shires of Coolgardie, Dundas, Esperance, Laverton, Leonara, Menzies, Ngaanyatjaraku 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:

Non-current assets		
Land and buildings	72,500	72,500
Less: accumulated depreciation	(5,800)	(2,900)
Total assets	66,700	69,600

(b) **Ravensthorpe Regional Landfill**
Share of joint operations

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:

Non-current assets		
Infrastructure - Other	2,181,488	2,181,488
Add: Additions	10,197	0
Less: accumulated depreciation	(171,417)	(84,158)
Total assets	2,020,268	2,097,330

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 69.9% of the facilities total waste tonnage and the Shire of Jerramungup the remaining 30.1%. Based on these percentages, the allocation of income and contribution to operating costs by each Shire is outlined below:

Ravensthorpe		
Income	75,925	284,165
Expenditure	(202,296)	(28,577)
	(126,371)	255,588
Jerramungup		
Expenditure	(87,112)	(9,526)
	(87,112)	(9,526)
Facility Total		
Income	75,925	284,165
Expenditure	(289,407)	(38,103)
	(213,482)	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.

20. MAJOR LAND TRANSACTIONS

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

21. 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.

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾		Received ⁽²⁾		Expended ⁽³⁾		Closing Balance ⁽¹⁾		Expended ⁽²⁾		Closing Balance ⁽³⁾	
	1/07/17	2017/18	2017/18	2017/18	2017/18	2017/18	30/06/18	30/06/18	2018/19	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General purpose funding												
FAG - Bridges - Springdale	100,000	0	0	0	0	0	100,000	0	0	0	0	100,000
Education and welfare												
Child Care - Galaxy Grant for Cubhouse	0	0	0	0	0	0	0	6,100	0	0	0	6,100
Recreation and culture												
Department of Sport & Recreation	11,113	0	0	(3,200)	7,913	0	7,913	0	(7,913)	0	0	0
Galaxy - Pich Your Project - Gym Equip	0	0	0	0	0	0	0	15,000	0	0	0	15,000
Transport												
Roads to Recovery	57,191	682,516	(628,139)	111,568	338,677	(450,245)	0	0	0	0	0	0
Main Roads - Streetscape Project	32,545	0	0	32,545	0	(32,545)	0	0	0	0	0	0
Airport Runway Reseal - RAUP	0	54,883	(21,294)	33,589	136,392	(169,981)	0	0	0	0	0	0
MIRWA Specific RRG - Hammersley Dve	0	0	0	0	36,000	0	0	0	0	0	0	36,000
Total	200,849	737,399	(652,633)	285,615	532,169	(660,684)	285,615	532,169	(660,684)	157,100	157,100	157,100

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.

23. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
		Rate in \$	Number of Properties	Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	Actual Total Revenue \$	
Gross rental valuations													
Residential	0.112985	778	10,931,962	1,232,834	562	1,233,396	1,231,814	3,000	1,000	1,235,814	1,135,500		
Commercial	0.126873	34	1,404,972	178,253		178,253	178,253			178,253	170,984		
Industrial	0.148920	35	512,772	76,362		76,362	76,362			76,362	71,166		
Transient Workforce & Short Stay Accommodation	0.301308	2	852,800	256,955		256,955	256,955			256,955	256,955		
Unimproved valuations													
Mining	0.080000	62	2,384,768	175,136		175,136	173,137			173,137	(1,867)		
Other	0.009428	338	204,805,675	1,931,014	562	1,931,014	1,929,007	3,000	1,000	1,929,007	1,723,111		
Sub-Total		1,249	220,892,949	3,850,554	562	3,851,116	3,845,528	3,000	1,000	3,849,528	3,355,849		
Minimum payment													
Minimum													
Gross rental valuations													
Residential	850	377	1,107,564	322,150		322,150	323,850			323,850	411,958		
Commercial	850	9	44,740	7,650		7,650	7,650			7,650	9,384		
Industrial	850	12	45,268	10,200		10,200	10,200			10,200	14,076		
Transient Workforce & Short Stay Accommodation	850	0	0	0		0	0			0	0		
Unimproved valuations													
Mining	300	55	73,322	16,200		16,200	16,500			16,500	115,423		
Other	850	91	4,701,140	77,350		77,350	76,500			76,500	90,086		
Sub-Total		544	5,972,034	433,550	0	433,550	434,700	0	0	434,700	640,927		
Discounts/concessions (refer Note 23(d))													
Total amount raised from general rate		1,793	226,864,983	4,284,104	562	4,284,666	4,280,228	3,000	1,000	4,284,228	3,996,776		
Specified Area Rate (refer Note 23(b))						(323)					(7,466)		
Ex-gratia rates						4,284,343				4,284,228	3,989,310		
Totals						70,188				0	69,127		
						49,032				0	46,890		
						4,403,563				4,284,228	4,105,327		

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.

SHIRE OF RAVENSTHORPE
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23. RATING INFORMATION (Continued)

Specified Area Rate	Basis of Valuation	Rate in \$	2018/19 Rateable Value	2018/19 Rate		2018/19 Interim Rate		2018/19 Back Rate		2018/19 Budget Rate		2018/19 Budget Rate		2017/18 Total Actual Revenue	
				Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue
Ravensthorpe	GRV	0.0225	2,132,312	\$ 47,905	\$ 47,905	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,488	
Ravensthorpe	Minimum	190.00	362,497	14,060	14,060	0	0	0	0	0	0	0	0	13,536	
Munglinup	GRV	0.0257	58,968	1,513	1,513	0	0	0	0	0	0	0	0	1,491	
Munglinup	Minimum	190.00	27,872	760	760	0	0	0	0	0	0	0	0	752	
Sewerage - 1st Fixture	Minimum	190.00	950	950	950	0	0	0	0	0	0	0	0	940	
Sewerage - Additional Fixt	Minimum	125.00	5,000	5,000	5,000	0	0	0	0	0	0	0	0	4,920	
			2,581,649	70,188	70,188	0	0	0	0	0	0	0	0	69,127	

Specified Area Rate	Area/properties	Purpose of the rate	Rate Imposed	2018/19 Actual Rate		2018/19 Applied to Reserve		2018/19 Budget Rate		2018/19 Budget Reserve Applied to Costs	
				Revenue	Revenue	Revenue	Revenue	Revenue	Revenue		
Effluent Rate	Ravensthorpe and services the maintenance and upgrade of the Ravensthorpe and Munglinup sewerage systems.		70,188	\$ 70,188	\$ 70,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
				70,188	70,188	0	0	0	0	0	0

(c) Service Charges

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

23. RATING INFORMATION (Continued)

(d) Discounts, Incentives, Concessions, & Write-offs

No discounts were provided by the Shire during the year ended 30 June 2018.

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	2019 Actual	2019 Budget	2018 Actual
Rate Assessments	Write Off	0.00%	\$ 323	\$ 0	\$ 7,466
			323	0	7,466

SHIRE OF RAVENSTHORPE
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Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Rate Assessments	The Shire allows for a number of minor write-offs throughout the year.	To clear debts that are not recoverable.	Actual write-offs related to minor outstanding balances and non-recoverable debts.

23. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	02 Oct 2018			11.00%
Option Two				
First instalment	02 Oct 2018	10.00	5.50%	11.00%
Second instalment	04 Dec 2018	10.00	5.50%	11.00%
Third instalment	05 Feb 2019	10.00	5.50%	11.00%
Fourth instalment	09 Apr 2019	10.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	34,823	25,000	27,462
Interest on instalment plan	12,785	15,000	15,162
Charges on instalment plan	10,150	13,000	13,990
	57,758	53,000	56,614

24. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
	\$	\$	\$

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	9(a)	0	0	(38,775)
Movement in pensioner deferred rates (non-current)		(3,189)	0	0
Movement in employee benefit provisions (non-current)		(11,513)	(53,304)	61,940
Movement in other provisions (non-current)		(101,607)	0	0
Add: Loss on disposal of assets	9(a)	100,437	131,000	93,744
Add: Depreciation on assets	9(b)	1,970,793	3,302,576	2,879,048
Non cash amounts excluded from operating activities		1,954,921	3,380,272	2,995,957

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	3	(3,413,771)	(3,619,724)	(3,802,028)
Add: Other Provisions		40,433	0	0
Add: Borrowings	12(a)	209,799	209,799	201,680
Add: Leave Provision		396,543	390,000	528,987
Add: Current Portion of Lease Liability		101,606	0	98,617
Total adjustments to net current assets		(2,665,390)	(3,019,925)	(2,972,744)

Net current assets used in the Rate Setting Statement

Total current assets		7,377,477	3,934,127	8,503,331
Less: Total current liabilities		(2,599,794)	(914,799)	(3,227,485)
Less: Total adjustments to net current assets		(2,665,390)	(3,019,925)	(2,972,744)
Net current assets used in the Rate Setting Statement		2,112,293	(597)	2,303,102

25. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.74%	3,026,048		2,803,659	222,389
2018					
Cash and cash equivalents	0.76%	3,530,224		2,508,614	1,021,610

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	30,260	35,302

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 12(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 to avoid disincentives.

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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

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The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	95,745	60,705	37,300	16,413	210,163
Loss allowance	0	0	0	0	0

01 July 2018

Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	5,997	89,635	55,353	38,064	189,049
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	3,906,863	29,235	2,444	8,280	3,946,822
Loss allowance	0	0	0	0	0

01 July 2018

Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	4,416,236	11,070	0	814	4,428,120
Loss allowance	0	0	0	0	0

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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 and disclosed in Note 12(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	1,891,846	0	0	1,891,846	1,891,846
Borrowings	274,247	1,087,319	629,883	1,991,449	1,991,449
Right of Use Leases	101,606	438,173	475,468	1,015,247	1,015,247
	<u>2,267,699</u>	<u>1,525,492</u>	<u>1,105,351</u>	<u>4,898,542</u>	<u>4,898,542</u>
2018					
Payables	2,398,202	0	0	2,398,202	2,398,202
Borrowings	274,220	1,191,950	799,100	2,265,270	2,265,270
Right of Use Leases	98,617	425,282	589,966	1,113,865	1,113,865
	<u>2,771,039</u>	<u>1,617,232</u>	<u>1,389,066</u>	<u>5,777,337</u>	<u>5,777,337</u>

26. TRUST FUNDS

In previous years, bonds and deposits were held as trust monies.

They are now included in Restricted Cash at Note 3 and recorded as a current liability at Note 11.

	1 July 2018	Amounts Received	Amounts Paid	Transfer to Restricted Cash	30 June 2019
	\$	\$	\$		\$
Bitumen Tender Document Bond	487	-	-	(487)	0
Hopetoun Tennis Club	9,072	-	-	(9,072)	0
Standpipe Swipecard Bond	2,800	450	(150)	(3,100)	0
BCITF	(25)	5,817	(2,243)	(3,549)	0
Pavillion Hire Bonds	1,233	-	-	(1,233)	0
Gym Card Bonds	10,062	2,600	(920)	(11,742)	0
Hall hire & key bonds	5,393	6,420	(5,650)	(6,163)	0
Sundry Overpayments	5,393	1,108	(1,108)	(5,393)	0
Swimming Key Bonds	3,740	930	(420)	(4,250)	0
Rural Subdivision Shed Bonds	33,494	20,000	-	(53,494)	0
Licensing	2,716	450	(2,690)	(476)	0
Unknown Rates	1,720	460	-	(2,180)	0
Ravensthorpe Cemetery Group	76	-	-	(76)	0
Rehabilitation Bond - Barminco	6,866	-	-	(6,866)	0
Subdivision Maintenance Bonds	14,375	-	-	(14,375)	0
Flood Damage Donations	400	-	-	(400)	0
Builders Registration Board	-	4,535	(3,100)	(1,435)	0
	97,802	42,770	(16,281)	(124,291)	0

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events that occurred after the end of the reporting period that would have a material effect on the financial statements.

28. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. There were no changes in the classification of Shire financial assets.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise any additional impairment.

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

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The impact is not expected to be significant.

(b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The City will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur. These changes are not expected to have a significant effect.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

SHIRE OF RAVENSTHORPE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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.

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

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.

32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.51	1.41	2.54
Asset consumption ratio	0.74	0.89	0.93
Asset renewal funding ratio	0.69	0.56	0.69
Asset sustainability ratio	1.33	0.57	2.06
Debt service cover ratio	6.82	6.80	10.48
Operating surplus ratio	(0.04)	(0.19)	(0.03)
Own source revenue coverage ratio	0.27	0.24	0.56

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Ravensthorpe

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Ravensthorpe which comprises the Statement of Financial Position as at 30 June 2019, 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 2019 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

Comparative information for infrastructure assets totalling \$25,172,800 had not been revalued since 30 June 2015. In addition, there were 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 the 30 June 2018 comparative information for infrastructure assets represents fair value in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, or whether any adjustment to the value was necessary.

Consequently, the balances at 30 June 2019 may not be comparable to the balances at 30 June 2018.

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 annual 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 annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, 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 an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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 annual 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 annual 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 annual 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 annual 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 annual financial report, including the disclosures, and whether the annual 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 matter indicates a significant adverse trend 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 three years.
- (ii) The following material matters indicates 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 was identified during the course of my audit:
 - a. During the financial period moneys were transferred from the building reserve via a transfer from cash backed reserves to unrestricted cash in excess of the amount approved within the Shire's annual budget.
 - b. There was no evidence of independent review and authorisation of changes made to the creditor and payroll masterfile. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any.
- (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 ratios for 2017 in Note 30 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

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 2019 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
// December 2019