

SHIRE OF SHARK BAY
ANNUAL REPORT
2015 / 2016





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PRESIDENT'S REPORT

It's really pleasing that this year, as well as supporting the Dirk Hartog celebrations and Festival of Discovery, we have been able to provide the Shark Bay community with substantial infrastructure developments across the district which will be of on-going benefit to both residents and an increasing number of visitors. The small rate base due to our limited population means the Shire has to rely on grant funding contributing to the upkeep of our existing facilities and construction of any new infrastructure.

The revitalisation of the Denham Foreshore project has been largely funded through the State Royalties for Regions program, with the Shire providing significant investment from Council Reserves. The transformed foreshore is going to be an exceptional area for the community to enjoy and for kids to have heaps of fun in the expanded, nautically themed playground. It's also going to provide easy beach access for everyone, including the infirm.

The constructive input from local residents during workshops held throughout the community consultation phase of the foreshore development project has greatly assisted the Council with planning and concept designs. It is gratifying to receive very positive feedback from community members regarding the new facilities and improvements.

In conjunction with the Denham foreshore upgrade, the Department of Transport works on the western end of Knight Terrace, which includes the extension to the commercial jetty, new carpark, finger jetty and lighting, will enhance the shore line and provide much improved facilities.

To supplement the Shire's contribution to the activities planned for the Festival of Discovery, significant amounts of external funding will be provided by the Department of Premier and Cabinet, Tourism WA, Eventscorp and the Gascoyne Development Commission (Royalties for Regions). This will ensure the historical significance of Hartog's 400 year landing is widely recognised and that Shark Bay has a lasting economic benefit from the occasion.

Local community groups will also benefit from Royalties for Regions funding to provide entertainment and educational programs as part of the Festival, with the Shark Bay Entertainers (to work with the Black Swan Theatre Group) performing daily, the Community Resource Centre to present a large-scale projection nightly on the Discovery Centre and the Shark Bay Arts Council to present MODA 1616 – featuring hand-crafted replica garments from the 17th Century. This funding will boost the already diverse and exciting festival program whilst engaging and encouraging the community to develop skills that will endure beyond the life of the celebrations.

I sincerely thank the Shire staff who are putting a lot of time and effort into continuing to provide and maintain our amenities, including infrastructure, roads and grounds, to such a high standard. Thanks also to the Shire Councillors for their support and contribution to the Shark Bay community during the past year.

The role that volunteers play in the community cannot be underestimated and I acknowledge the sacrifice of time effort and that they all give to make Shark Bay a better place to live.

Thank you!

The more attractions we have locally which invite an increase in visitation, the greater the opportunities to advance the sustainable, economic growth of the area, which in turn will support additional businesses and provide more facilities and services for the local population.

A key focus for Council is therefore the promotion of tourism enterprises which have the potential to enhance our enviable lifestyle whilst also maintaining our area's natural assets.



Cheryl Cowell
SHIRE PRESIDENT

GENERAL INFORMATION

The Shire of Shark Bay is made up of two peninsulas on the western most point of Australia it includes 1,500 km of coastline, together with some 25,000 square kilometres of hinterland. The Bay's main body of water covers an area of approximately 8,000 square kilometres with average water depth of 10-15 metres and is divided by shallow banks and many peninsulas and islands.

The town of Denham, the main settlement within the Shire, is 833 km from Perth, 405 km from Geraldton, 330 km from Carnarvon and 129 km from the Overlander turnoff on the North West Coastal Highway. Shark Bay has a permanent population of 950 people and it is estimated that this figure doubles during the tourist season April to October.

Shark Bay enjoys a mild climate all year round with an average temperature of 26.5 degrees Celsius. The average annual rainfall is 228 mm, most of which occurs between May and August.

Outside Denham, settlements also exist at Monkey Mia, Nanga, Overlander, Billabong (Wannoo) and Useless Loop. Useless Loop is a "closed" mining town located 250 km from Denham by road or 25 km across the bay. The region's landscapes and habitats range from rugged sea cliffs along the coast to tranquil bays and inlets fringed with wide beaches of sand and shells. Shark Bay has a strong community spirit with several sporting, recreational, educational, youth, special interest groups, clubs and committees. Many of these groups organise annual and weekly events for residents and visitors in the Shire of Shark Bay.

Tourist Attractions

Shark Bay World Heritage Discovery and Visitor Centre, World Heritage Listing, Monkey Mia, Stromatolites, Shell Beach, Steep Point (the most western point on mainland Australia), fishing, indigenous culture, Dirk Hartog Island, Peron Peninsula, aquaculture and Cape Inscription (first documented landing by Europeans on Australian soil in 1616).

Local Industries

Pastoral, tourism, fishing, salt production, pearl culturing, shell grit mining.

Significant Local Events

Far Western Speedway Championship – July, Denham Golf Open – August, Bowling Club Anniversary Meeting – July, Fishing Fiesta – May, Bare Foot and Black Tie - May

STRATEGIC OBJECTIVES

In order to discharge its responsibilities to the community, the Shire of Shark Bay has developed a set of operational and financial objectives. These objectives have been established on an overall basis reflected by the Shire’s Vision Statement and for each of its broad activities/programs. These objectives provide a framework for the future direction of the Shire of Shark Bay.

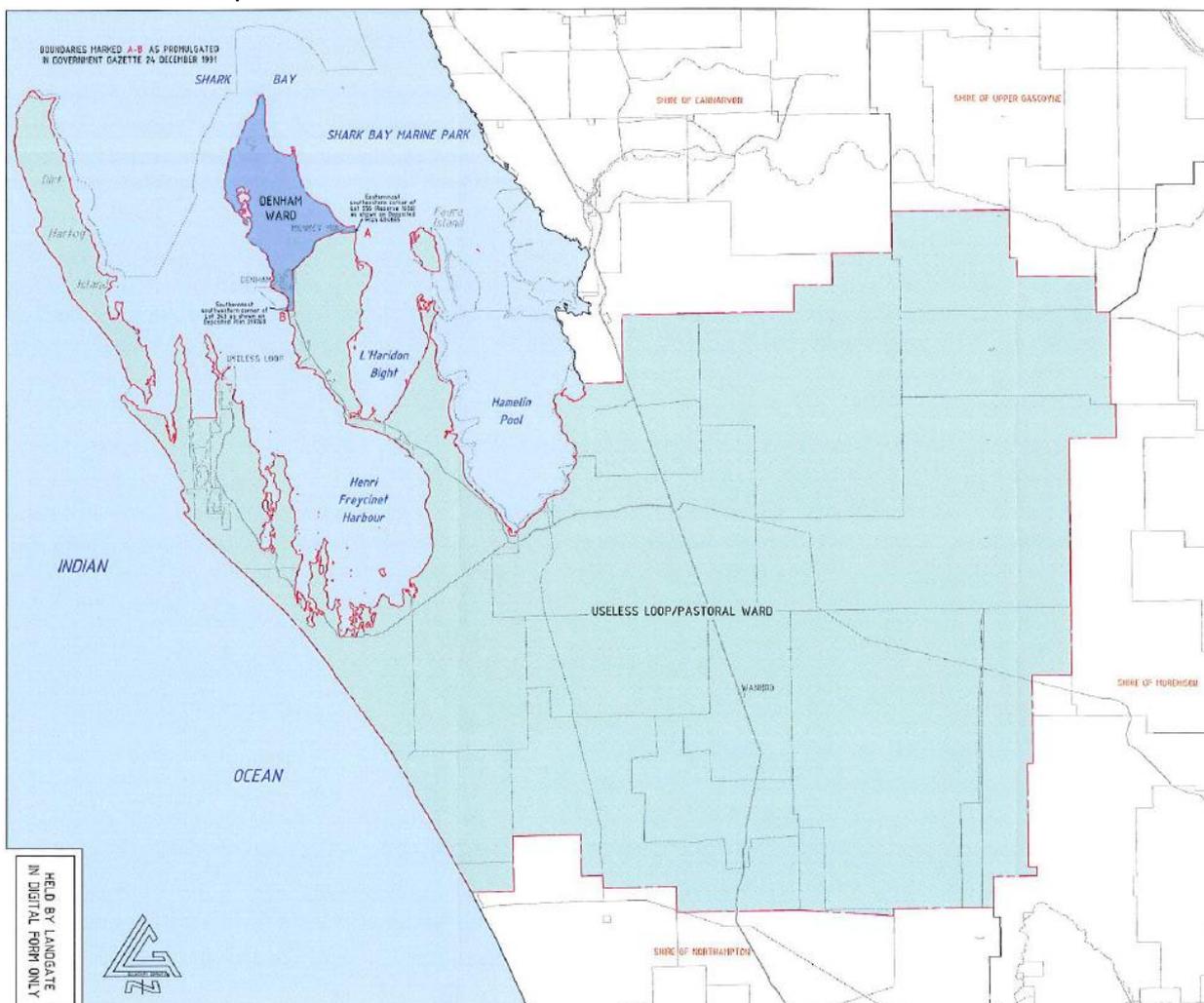
Shire of Shark Bay Vision Statement

Shark Bay is a proud united community, respecting and sharing our pristine environment and celebrating our great lifestyle.

THE COUNCIL WARDS

There are two Wards in the Shire of Shark Bay

- Denham Ward
- Useless Loop / Pastoral Ward



Chief Executive Officer's Report

I am pleased to report to residents of the Shire of Shark Bay that the Shire has continued to maintain an ethos of continuous improvement and is operating in an open, efficient and accountable manner.

I would like to thank the dedicated employees of the Shire who have continued to provide a quality service to the community while an evolving environment of continuous improvement in the often challenging Local Government environment.

The Shire has due to the effective management finalized the year in a healthy financial position and it is planned to continue this practice through prudent and responsible financial management. However due to projects being completed that were funded in advance and reduced grant funding the Council will need to be more vigilant in its allocation of resources and ensure that funding is kept within known funding parameters.

The impact of new community assets has increased operating costs and will continue to draw upon the resources and they are utilized to a greater degree, at present these impacts are being maintained within reasonable limits, however they have the ability to significantly draw upon the resources in line with community demand and expectations.

The continuation of the Strategic Community Plan which was introduced in 2011 and updated each year has provided the Council with a clear future direction and is addressing the issues that the community considers to be significant.

This combined with the Forward Capital Works Plan has greatly assisted the Council in its ongoing development and provision of services for the community.

The Capital Works Schedule has been progressing well and further upgrade of the shires Boat Ramps, the installation of new footpaths, sealing of sections of the useless loop road, the installation of the Woodleigh Byro Road Floodway and significant drainage upgrades.

The Main Street and Foreshore Revitalization planning project was finalized during the year and it was encouraging to see that community participation in this project. This project was commenced in the latter stages of the 2015/2016 year and will be finalized prior to the October 2016 celebrations.

The Shire is also continuing to provide a number of programs through the community development section which are being well supported and contribute to the wellbeing of the residents. This has been greatly assisted by the Shark Bay Community Resource Centre and I look forward to this collaboration continuing.

I look forward to continuing the significant Capital Works projects that are currently in the planning stages and continuously improving the governance process and provision of services to the community in the Shire.

However as in previous years I would stress that the Shire and community remain vigilant in ensuring that ongoing operational costs of new and existing facilities do not significantly impact upon the ability of the Council to provide for future projects.

The Shire has continued to address the many challenges of providing services in a remote location during the 2015/2016 year and I am confident that the Shire is providing for the residents of the district while positioning itself well to address future opportunities and I look forward to assisting the community achieve the long term goals in an economic, social and environmentally sustainable manner.



Paul Anderson
CHIEF EXECUTIVE OFFICER

FINANCE AND ADMINISTRATION

Overall Financial Position

The financial position of the Shire of Shark Bay remains stable. The carried forward balance as at the 30 June 2016 is \$1,386,714. This result is made up of unrestricted cash and grants for specific projects of \$898,473 which will be carried forward to the 2016/2017 financial year. These projects are detailed in Note 2(c) of the financial statements and are planned to be completed in the 2016/2017 financial year.

Overall Income

Overall income of \$8,424,129 was lower than the budgeted amount of \$12,743,762 due to the advance payment of the Financial Assistance Grant (\$948,945) being received in the 2015/2016 year and delay in the receipt of Royalties for Regions funding for the Foreshore Redevelopment.

Operating Income

Operating income of \$6,070,386 was greater than the budgeted amount of \$5,161,502 due to the accounting treatment of Royalties for Regions funding for the Department of Transport area as part of the Foreshore Redevelopment.

Rates

The total net general rate revenue for 2015/2016 was \$1,220,639 which represented an increase over 2014/2015 of \$66,704 or 5.8%. In 2015/2016, general rates made up 20% of the Shire's operating revenue. Rates outstanding at year end totalled \$32,320 which represents a 98% collection rate for the year.

Operating Expenditure

Operating expenditure of \$8,177,149 was greater than the budgeted amount of \$6,827,793 due to the accounting treatment of construction of the Department of Transport area as part of the Foreshore Redevelopment and the disposal of redundant assets from the asset register.

Capital Expenditure

Capital expenditure of \$3,632,475 was less than the budgeted amount of \$9,865,604 due to major projects not being finished in 2015/2016 and carried forward into 2016/2017.

Major projects carried forward include:

Roads to Recovery projects	\$291,522
Waste Initiatives	\$387,341
Refurbishment of Jail and Stables	\$ 30,000
Recreation Centre Grounds	\$ 52,000
Entry Statement Upgrade	\$ 50,000
Foreshore Redevelopment	\$4,092,231

Total Debt

No new loans were raised in 2015/2016 and therefore the Shire's loan liability did not increase during this period. The Shire's total loan liability as at 30 June 2016 was \$364,648.

This loan liability is made up of the following:

Staff Housing	\$142,360
Monkey Mia Bore	\$222,288

Cash Backed Reserves

The Shire's cash backed reserves decreased over the year by \$80,236. Significant transfers from these reserves in 2015/2016 included \$411,415 for the infrastructure upgrades, \$418,843 for plant replacement and \$50,000 for Shark Bay Recreation Centre upgrades. Transfers to reserves included \$406,452 for plant replacement and \$433,690 for strategic infrastructure renewal.

WORKS REPORT

I would like to thank the Shire of Shark Bay's outside employees, both Country and Town, for their continued support and integrity throughout the year.

The Shire's outside employees contributed to most of the capital projects undertaken either as total construction or in a supporting role with outside contractors. Their performance was admirable and with the addition of normal operational duties, they performed in a positive and enthusiastic manner throughout 2015/2016.

During the 2015/2016 year numerous new capital projects were undertaken and finalised including the upgrade of the Recreational Boat Ramp, 7 Km of sealing on the Useless Loop Road, Woodleigh-Byro Floodway, Hamelin Pool Road Reseal, Overflow Carpark, Shire Office Carpark with drainage upgrades to Barnard Street, Foreshore Shade Shelter upgrades and the initialisation of the Foreshore Revitalisation Project to name a few.

The Foreshore Revitalisation Project works commenced in the second half of 2015/2016 and will progress into 2016/2017 with anticipated completion dates before the 2016 celebrations.

The Recreational Boat Ramp upgrade has seen all the suspended panels replaced with non-slip panels. Earthworks to the eroded revetment wall was also undertaken whilst the panels were removed. The lower panels were lifted back into their original alignment and concreted into place.

Another 7 Kilometres of the Useless Loop Road was sealed bring the total seal of the Useless Loop Road up to 16 Kilometres. 13 Kilometres from the Shark Bay Road intersection and 3.2 Kilometres through the bitumen hills. We expect to accomplish another sealing program in the 2017/2018 year.

With the Shires commitment to footpaths within Denham, new footpaths were constructed along Stella Rowley Drive from Freycinet Drive to the School Gates and along Miller Street from Hoult Street to Mead Street. This commitment is expected to continue in future years.

Normal maintenance and operational activities associated with day to day operations have been conducted throughout the year as per usual. These activities are essential to the successful operations of the Shire of Shark Bay and should not go unnoticed or be seen to be mundane or menial.

Plant and machinery has been purchased during the year and was in accordance with the plant replacement program. This ensures that Plant and Machinery used in Shire operations is safe and fit for purpose.

2015/2016 was positive and productive and we look forward to continued performances in the forthcoming 2016/2017 financial year.

TOURISM, COMMUNITY AND ECONOMIC DEVELOPMENT REPORT

Community Engagement

Social Media

Social Media tools provide a mechanism for engaging larger numbers of diverse groups and the broader community in general. The Shire of Shark Bay maximises the use of the mobile phone SMS system allowing a multidirectional communication strategy. SMS communications go out to over 200 people in one hit, thus proving to be an efficient way to keep the community informed.

The Facebook page – Shark Bay Buy, Swap & Sell is working well as an advertising medium for the Shire, and has almost 2000 members. The Shire has its own Facebook page and information is shared from this on the local Shark Bay Buy Sell and Shark Bay News and Views pages.

The Shire and Discovery & Visitor Centre websites are continuously updated and act as a dual promotion of what is happening in Denham and the Shire.

2016 Dirk Hartog Voyage of Discovery Festival & 400 Years Commemoration

The 25 October 2016, marks the 400th anniversary of the arrival of the first European explorer to Western Australia - Dutchman – Dirk Hartog. Shark Bay's Cape Inscription is the location in which Dirk Hartog made landfall and left evidence in the form of an inscribed pewter plate.

In response to an anticipated expectation by local residents, State, National and International visitors wishing to engage in the commemorations, the Shire of Shark Bay in conjunction with a wide range of stakeholders including the State Government, the WA Museum, Tourism WA, the Gascoyne Development Commission and the Dutch Embassy have combined their resources in planning for a 5-day Voyage of Discovery Festival.

Community Development

Community Assistance Grants

In the 2015/2016 financial year the Shire allocated \$60,000 to the Community Assistance Grants.

The grants program facilitates the Shire's investment in people, community, health & wellness at the grassroots level by assisting local groups/organisations to strengthen their skills and capacity.

Shows and Concerts

The fifth annual Barefoot Black Tie event was organised by the Shark Bay Arts Council in conjunction with Country Arts WA. The event included comedy performances, music, dance and fire sculptures with over 300 people attending. In 2016 Barefoot Black Tie and the Shark Bay Fishing Fiesta joined forces to make a spectacular opening night on the Denham foreshore.

Events

In October 2015, the Geraldton Astronomy Group held a Star Gazing night at Peron Homestead, with an educational talk on the stars and set up their own telescopes for use by the forty attendees to view the stars and planets.

National Seniors Week was celebrated with morning tea functions at Ocean Park and the Shark Bay Discovery and Visitor Centre. Shire staff worked closely with Home and Community Care and Silver Chain to ensure that this Council on the Ageing funded event was a success.

The Shire donated funds to Home and Community Care and Silver Chain to assist with running a seniors Christmas lunch at the Denham Town Hall. Home and Community Care and Silver Chain provided Christmas lunch and seniors were treated to Christmas carols and a small gift.

The *Thank a Volunteer* event was held in December 2015 at the Rose Freycinet Gallery to acknowledge all volunteers in the community for their valuable contribution towards building community capacity. Their commitment and contribution to the community was recognised with the presentation of Certificates of recognition and light refreshments. This event was funded by the Department for Communities and coordinated by the Shire of Shark Bay.

An *Australia Day* community breakfast was held at the Shark Bay Recreation Centre and attended by over 80 people. Brian McKellar received the Premier's Active Citizenship Award and the Shark Bay Entertainers received the Premier's Active Citizenship Award for a community group.

ANZAC Day Dawn Services were held at Monkey Mia and Denham. The Denham service was coordinated by the Shark Bay RSL and the Shire of Shark Bay. Over 100 people attended the Dawn Service, and a further 120 people attended the 11am service.

National Youth Week was celebrated in Denham with two days of Laser Tag and the Town Oval. The event attracted over 90 participants aged between 6-18 years. The activity facilitated team work, coordination and socialisation skills. The event was funded by the Department for Communities and the Shire of Shark Bay.

The *Winter Festival* was held in the middle weekend of the July school holidays. All events experienced a record number of attendance including the Far Western Speedway Championships. Additional entertainment was organised to complement the activities of the weekend, this resulted in positive feedback from both locals and visitors. The Winter Markets and activities were funded and coordinated by the Shire of Shark Bay.

Shark Bay Recreation Centre

The Shark Bay Recreation Centre was again well utilised throughout the year with over 719 visits. Users participated in a range of programmed activities with after school and open court sessions proving very popular. School holiday programs are well attended with holiday visitor's children joining in the activities.

The Federally funded Sporting Schools Program was run in collaboration with the Shire, the Shark Bay Community Resource Centre and the Shark Bay School, with over 30 children and young people attending twice weekly sessions to increase physical activity.

Pensioner Units

The Units are a desirable place for aged people in the community to reside. The Shire of Shark Bay work to keep the moral of the residents high and encourage them to engage in the many activities provided in the Shark Bay community.

All but two of the Units at the Hughes Street facility are tenanted. There is a waiting list for people wanting to reside in the units. Eighty percent of the Units in the facility have been upgraded with new kitchens, bathrooms, and wall and floor coverings.

Child Care

Based in Hughes Street, Denham Day Care accommodates up to five children and is run by an accredited service provider. The provision of professional child care enables parents to seek employment or pursue other activities. Currently all spaces in the centre are full and there is a waiting list for children to attend.

Tourism Development**Shark Bay World Heritage Discovery and Visitor Centre**

The Shark Bay World Heritage Discovery and Visitor Centre has enjoyed another successful year of operation. With the introduction of experienced tourism industry staff, the Centre is set to strengthen its role with local, regional and state industry sectors.

Local Operator support

With effort going into adding tours to the Bookeasy reservation system and an emphasis on gold membership, local operators are slowly coming on board and enjoying the benefits of this type of support. Gold membership indicates that tours and accommodation availability is confirmed at the time of booking. In a digital age where confirmation is immediate, this aspect to booking accommodation or an experience in Shark Bay is a necessity.

Staff at the Shark Bay World Heritage Discovery & Visitor Centre are actively building relationships with local operators and the increased confidence and reliability is now demonstrated in the significant increase in the level of tour and accommodation bookings for 2016.

A strategy around elevating the quality of merchandise has seen some great results and items such as the 1616 Salt and the Shark Bay Flora engraved wine glasses are very popular.

Merchandise displays were overhauled with displays created around a theme or story. Merchandise relating to the Dirk Hartog celebrations in October 2016 arrived early April 2016 and have contributed to merchandise sales figures for the year.

The Shark Bay World Heritage Discovery and Visitor Centre reception display screens have been updated with new imagery and current tour and accommodation information.

The Shark Bay World Heritage Discovery & Visitor Centre is planning to staff a marquee at the forthcoming Voyage of Discovery Festival with the view to promoting merchandise, tours and accommodation.

Rose de Freycinet Gallery

The Gallery was host to the Shark Bay Art and Photographic Awards in October 2015.

Exhibitions and events were held throughout the year including a display of works by local school children. The *War at Sea* Naval History banners was well received as was the world-renown Aboriginal artist - Jimmy Pike collection. The last exhibition for the year was a display of botanical macro photography called Botanica.

The Gallery was also utilised for children's activities during the school holidays as a value added experience to their museum entry ticket. These activities were well attended with highly complementary feedback.

Future bookings for the Gallery are strong for the new financial year and include several exhibitions from the WA Museum, art and photographic exhibitions. Forward bookings are confirmed until May 2017.

OTHER INFORMATION

Prescribed Information for Payments to Employees

Section 5.53(2)(g) of the Local Government Act requires disclosure of information as prescribed in relation to payments above \$100,000 made to employees. For the 2015/2016 year there was one employee entitled to an annual salary in the band of \$140,000 to \$150,000.

Report on Complaints made against Councillor's

Section 5.53(2)(hb) of the Local Government Act requires disclosure of entries made in the register of complaints against Councillor's for the year.

For 2015/2016 there were no complaints lodged, of any Breaches **of the Local Government Act 1995**.

Record Keeping Plan

The Shire's Record Keeping Plan outlines the control, retention and disposal policies and procedures for all shire records. The Shire's Record Keeping Plan was formally approved by the State Records Commission on 18 March 2008 in accordance with Section 28 of the *State Records Act 2000*. This plan was reviewed at the Ordinary Meeting of Council held on the 27 February 2013 and will be due for another review before the 18 March 2018.

Adequate storage space is becoming an impediment to the operation of the Shires records system. This is being addressed by the disposal of records that have reached their expiry date for archival purposes under the State Records Act as well as developing new procedures to increase our storage of records in electronic format.

The State Records Act also requires the shire to maintain a recordkeeping training program that is to be reviewed on a regular basis. To comply with this requirement a records induction program has been developed and a review of the Records Policy and Procedures manual has commenced. This will ensure that all future Shire employees are informed of their responsibilities in regard to recordkeeping.

FREEDOM OF INFORMATION

Access to information / documents may be granted to members of the community under the *Freedom of Information Act 1992*. The Shire of Shark Bay complies with the Freedom of Information Act 1992. An Information Statement is available along with application forms on the Council's website. The statement is a guide on the Freedom of Information process and also lists the types of documents available outside of Freedom of Information. The Chief Executive Officer is the Shire's Freedom of Information Coordinator. Any formal application information that is not already freely available at the Council may be made through the Freedom of Information Coordinator.

Between 1 July 2015 and 30 June 2016, the Shire received one (1) Freedom of Information request.

NATIONAL COMPETITION POLICY

The National Competition Policy statement requires Local Governments to include in the Annual Report, ongoing statements on the following.

- 1) Competitive Neutrality – To remove benefits (and costs) that accrue to government business as a result of their public ownership.
- 2) Structural Reform – Local government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition.
- 3) Legislative Review – To review legislation that restricts competition.

The full requirements are contained in a statement issued by the Department of Local Government and Regional Development.

Competitive Neutrality

There are several tests to apply that assist in determining if there is a “significant business enterprise”:

- 1) Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (This threshold excludes grant income, internal charges and statutory fees)
- 2) Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the income statement of the Shire of Shark Bay for 2015/2016, there is no activity that satisfies this first part of the test, and therefore the principles of competitive neutrality do not apply to any of the Shire of Shark Bay’s activities.

Structural Reform of public monopolies

The Shire of Shark Bay is not classified as a natural monopoly, nor does it conduct any business activities that could be classed as public monopolies. Therefore the principle of structural monopolies does not apply to the Shire of Shark Bay.

Legislation Review

The Shire has a portfolio of local laws (previously known as by-laws), which may or may not conflict with the Competition Principles Agreement. The Shire of Shark Bay has undertaken a review of its local laws and has made a repeal of inappropriate provisions and the adoption of new local laws where necessary.

The Shire also has an obligation under the Local Government Act 1995 to review its Local Laws every 8 years. This was undertaken in May 2014.

DISABILITY ACCESS AND INCLUSION PLAN

Progress since 1995

The Shire of Shark Bay is committed to facilitating the inclusion of people with disabilities through the improvement of access to its information facilities and services. Towards this goal the Shire adopted its first Disability Service Plan in 1995 to address the access barriers within the community.

Since the adoption of the initial Disability Service Plan, the Shire has implemented many initiatives and made significant progress towards better access. This includes but is not limited to the following, new public buildings and facilities that incorporate Disability Service Plan being, Shark Bay World Heritage Discovery and Visitor Centre, public school, Silver Chain medical facility, Recreation Centre, new footpaths, dual use paths and finalised new Town Planning Scheme along with a Town Centre Strategy.

Council's Disability Access and Inclusion Plan has been reviewed and received approval from the Disability Services Commission in 2014.

STRATEGIC COMMUNITY PLAN

Section 5.53 (e) of the *Local Government Act 1995* requires that the Annual Report has an overview of the strategic community plan for the Shire made in accordance with section 5.56 of the *Local Government Act 1995*, including major initiatives that are proposed to commence or to continue in the next financial year.

Principal Objective	Objectives and Performance
<p>1. Sustainable Growth and Progress.</p>	<p>Develop infrastructure and investment that is sustainable and an on-going legacy to the Shire.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Community committee established for the 2016 Hartog celebrations • Progress towards an Economic Strategy • Finalisation of a Denham Townsite Structure Plan • Working group formed for increased air services to the area
<p>2. Environment – Protecting our precious natural environment and retaining our lifestyle values and community spirit.</p>	<p>Increase the awareness of Shark Bay as an attractive place to live, work, visit and invest.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • development of Heritage Precinct with old jail and police station • Cape Inscription Restoration • Denham Townsite Structure Plan • Foreshore and Main Street Revitalisation Plan
<p>3. Social – A safe and welcoming community where everyone is valued and has the opportunity to contribute and belong</p>	<p>To retain low crime levels and a safe environment.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Ongoing refurbishment of pensioner units • Upgrade to town hall • Improvements to facilities on the foreshore
<p>4. Civic Leadership – Respect for the rights of citizens, appropriate service delivery and a commitment to openness, transparency, honesty and fairness.</p>	<p>A long term strategically focused Council that functions efficiently and is united.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Staging of community events • Training for administration and operational staff • Adoption of Long Term Financial Plan • Utilise social media for announcing events and activities

SHIRE OF SHARK BAY

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2016

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**SHIRE OF SHARK BAY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 11th day of October 2016



Paul Anderson
Chief Executive Officer

SHIRE OF SHARK BAY				
STATEMENT OF COMPREHENSIVE INCOME				
BY NATURE OR TYPE				
FOR THE YEAR ENDED 30TH JUNE 2016				
	NOTE	2016	2016	2015
		\$	Budget	\$
			\$	
Revenue				
Rates	22	1,259,107	1,206,379	1,192,403
Operating grants, subsidies and contributions	29	3,027,252	2,382,428	3,438,654
Fees and charges	28	1,288,567	1,231,425	1,547,131
Interest earnings	2(a)	206,283	75,694	125,578
Other revenue	2(a)	245,033	237,175	288,639
		6,026,242	5,133,101	6,592,405
Expenses				
Employee costs		(2,003,884)	(1,938,330)	(1,778,356)
Materials and contracts		(3,381,619)	(2,026,613)	(1,945,835)
Utility charges		(160,926)	(158,750)	(140,053)
Depreciation on non-current assets	2(a)	(1,954,894)	(2,355,680)	(2,226,363)
Interest expenses	2(a)	(22,890)	(20,432)	(27,055)
Insurance expenses		(149,196)	(129,668)	(144,018)
Other expenditure		(294,067)	(170,462)	(176,022)
		(7,967,476)	(6,799,935)	(6,437,702)
		(1,941,234)	(1,666,834)	154,703
Non-operating grants, subsidies and contributions	29	2,353,743	7,582,260	2,643,464
Profit on asset disposals	20	44,144	28,401	4,000
(Loss) on asset disposals	20	(209,673)	(27,858)	(301,065)
Net result		246,980	5,915,969	2,501,102
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(321,612)	0	61,828,332
Total other comprehensive income		(321,612)	0	61,828,332
Total comprehensive income		(74,632)	5,915,969	64,329,434

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		40,643	6,250	60,231
General purpose funding		2,406,879	3,176,574	4,163,290
Law, order, public safety		103,391	93,350	166,510
Health		1,006	750	751
Housing		86,977	88,660	75,289
Community amenities		297,558	272,000	283,884
Recreation and culture		247,719	307,900	263,836
Transport		2,014,705	435,550	435,131
Economic services		775,554	727,067	1,111,056
Other property and services		51,810	25,000	32,427
		<u>6,026,242</u>	<u>5,133,101</u>	<u>6,592,405</u>
Expenses	2(a)			
Governance		(204,535)	(294,590)	(271,337)
General purpose funding		(197,993)	(122,096)	(99,309)
Law, order, public safety		(389,603)	(334,324)	(332,166)
Health		(58,479)	(55,358)	(59,205)
Housing		(183,826)	(174,916)	(162,666)
Community amenities		(593,881)	(639,881)	(627,698)
Recreation and culture		(1,986,275)	(1,932,180)	(1,739,436)
Transport		(3,080,651)	(2,001,041)	(1,753,463)
Economic services		(1,205,972)	(1,200,117)	(1,323,833)
Other property and services		(43,371)	(25,000)	(41,534)
		<u>(7,944,586)</u>	<u>(6,779,503)</u>	<u>(6,410,647)</u>
Finance costs	2(a)			
Governance		(11,235)	(10,235)	(13,899)
Economic services		(11,655)	(10,197)	(13,156)
		<u>(22,890)</u>	<u>(20,432)</u>	<u>(27,055)</u>
		<u>(1,941,234)</u>	<u>(1,666,834)</u>	<u>154,703</u>
Non-operating grants, subsidies and contributions	29	2,353,743	7,582,260	2,643,464
Profit on disposal of assets	20	44,144	28,401	4,000
(Loss) on disposal of assets	20	(209,673)	(27,858)	(301,065)
Net result		246,980	5,915,969	2,501,102
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(321,612)	0	61,828,332
Total other comprehensive income		(321,612)	0	61,828,332
Total comprehensive income		(74,632)	5,915,969	64,329,434

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

SHIRE OF SHARK BAY				
STATEMENT OF FINANCIAL POSITION				
AS AT 30TH JUNE 2016				
	NOTE		2016	2015
			\$	\$
CURRENT ASSETS				
Cash and cash equivalents	3		7,159,798	9,999,507
Trade and other receivables	4		728,827	523,807
Inventories	5		190,159	110,379
TOTAL CURRENT ASSETS			8,078,784	10,633,693
NON-CURRENT ASSETS				
Other receivables	4		12,090	10,306
Property, plant and equipment	6		24,089,005	25,179,465
Infrastructure	7		85,134,132	83,091,929
TOTAL NON-CURRENT ASSETS			109,235,227	108,281,700
TOTAL ASSETS			117,314,011	118,915,393
CURRENT LIABILITIES				
Trade and other payables	8		4,539,701	5,938,676
Current portion of long term borrowings	9		63,588	111,745
Provisions	10		197,101	226,944
TOTAL CURRENT LIABILITIES			4,800,390	6,277,365
NON-CURRENT LIABILITIES				
Long term borrowings	9		301,060	364,648
Provisions	10		67,839	54,026
TOTAL NON-CURRENT LIABILITIES			368,899	418,674
TOTAL LIABILITIES			5,169,289	6,696,039
NET ASSETS			112,144,722	112,219,354
EQUITY				
Retained surplus			39,577,227	39,250,011
Reserves - cash backed	11		1,955,268	2,035,504
Revaluation surplus	12		70,612,227	70,933,839
TOTAL EQUITY			112,144,722	112,219,354
This statement is to be read in conjunction with the accompanying notes.				

SHIRE OF SHARK BAY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		36,789,448	1,994,965	9,105,507	47,889,920
Comprehensive income					
Net result		2,501,102	0	0	2,501,102
Changes on revaluation of assets	12	0	0	61,828,332	61,828,332
Total comprehensive income		2,501,102	0	61,828,332	64,329,434
Transfers from/(to) reserves		(40,539)	40,539	0	0
Balance as at 30 June 2015		39,250,011	2,035,504	70,933,839	112,219,354
Comprehensive income					
Net result		246,980	0	0	246,980
Changes on revaluation of assets	12	0	0	(321,612)	(321,612)
Total comprehensive income		246,980	0	(321,612)	(74,632)
Transfers from/(to) reserves		80,236	(80,236)	0	0
Balance as at 30 June 2016		39,577,227	1,955,268	70,612,227	112,144,722

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

SHIRE OF SHARK BAY				
STATEMENT OF CASH FLOWS				
FOR THE YEAR ENDED 30TH JUNE 2016				
	NOTE	2016 Actual	2016 Budget	2015 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,237,613	1,206,379	1,193,114
Operating grants, subsidies and contributions		2,839,628	2,089,121	4,050,073
Fees and charges		1,288,567	1,231,425	1,547,131
Interest earnings		206,283	75,694	125,578
Other revenue		245,033	237,175	288,639
		<u>5,817,124</u>	<u>4,839,794</u>	<u>7,204,535</u>
Payments				
Employee costs		(1,998,432)	(1,893,330)	(1,796,499)
Materials and contracts		(4,876,676)	(2,120,325)	(1,981,924)
Utility charges		(160,926)	(158,750)	(140,053)
Interest expenses		(25,756)	(20,432)	(29,658)
Insurance expenses		(149,196)	(129,668)	(144,018)
Other expenditure		(294,067)	(170,462)	(176,022)
		<u>(7,505,053)</u>	<u>(4,492,967)</u>	<u>(4,268,174)</u>
Net cash provided by (used in) operating activities	13(b)	<u>(1,687,929)</u>	<u>346,827</u>	<u>2,936,361</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(845,168)	(1,003,675)	(1,304,697)
Payments for construction of infrastructure		(2,787,308)	(8,861,929)	(3,078,407)
Non-operating grants, subsidies and contributions		2,353,743	7,582,260	8,343,464
Proceeds from sale of fixed assets		238,698	206,000	135,454
Net cash provided by (used in) investment activities		<u>(1,040,035)</u>	<u>(2,077,344)</u>	<u>4,095,814</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(111,745)	(111,745)	(105,311)
Net cash provided by (used in) financing activities		<u>(111,745)</u>	<u>(111,745)</u>	<u>(105,311)</u>
Net increase (decrease) in cash held		(2,839,709)	(1,842,262)	6,926,864
Cash at beginning of year		9,999,507	9,999,507	3,072,643
Cash and cash equivalents at the end of the year	13(a)	<u>7,159,798</u>	<u>8,157,245</u>	<u>9,999,507</u>

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

SHIRE OF SHARK BAY				
RATE SETTING STATEMENT				
FOR THE YEAR ENDED 30TH JUNE 2016				
	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		2,432,569	657,981	1,789,436
		2,432,569	657,981	1,789,436
Revenue from operating activities (excluding rates)				
Governance		47,400	12,605	60,231
General purpose funding		1,186,240	2,008,663	3,007,853
Law, order, public safety		103,391	93,350	166,510
Health		1,006	750	751
Housing		86,977	88,660	75,289
Community amenities		297,558	272,000	283,884
Recreation and culture		247,719	307,900	263,836
Transport		2,052,092	454,556	439,131
Economic services		775,554	730,107	1,111,056
Other property and services		51,810	25,000	32,427
		4,849,747	3,993,591	5,440,968
Expenditure from operating activities				
Governance		(318,648)	(304,825)	(285,236)
General purpose funding		(197,993)	(122,096)	(99,309)
Law, order, public safety		(389,603)	(334,324)	(355,485)
Health		(91,790)	(55,358)	(59,205)
Housing		(183,826)	(174,916)	(162,666)
Community amenities		(593,881)	(639,881)	(627,698)
Recreation and culture		(1,992,145)	(1,932,180)	(1,932,601)
Transport		(3,145,803)	(2,028,899)	(1,838,044)
Economic services		(1,220,089)	(1,210,314)	(1,336,989)
Other property and services		(43,371)	(25,000)	(41,534)
		(8,177,149)	(6,827,793)	(6,738,767)
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(44,144)	(28,401)	(4,000)
Loss on disposal of assets	20	209,673	27,858	301,065
Movement in deferred pensioner rates (non-current)		(1,784)	0	(1,655)
Movement in employee benefit provisions (non-current)		13,813	0	13,760
Depreciation and amortisation on assets	2(a)	1,954,894	2,355,680	2,226,363
Amount attributable to operating activities		1,237,619	178,916	3,027,170
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,353,743	7,582,260	2,643,464
Proceeds from disposal of assets	20	238,698	206,000	135,454
Purchase of property, plant and equipment	6(b)	(845,168)	(1,003,675)	(1,304,697)
Purchase and construction of infrastructure	7(b)	(2,787,308)	(8,861,929)	(3,078,407)
Amount attributable to investing activities		(1,040,035)	(2,077,344)	(1,604,186)
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(111,745)	(111,745)	(105,311)
Transfers to reserves (restricted assets)	11	(871,764)	(519,027)	(1,170,752)
Transfers from reserves (restricted assets)	11	952,000	1,361,289	1,130,213
Amount attributable to financing activities		(31,509)	730,517	(145,850)
Surplus(deficiency) before general rates		166,075	(1,167,911)	1,277,134
Total amount raised from general rates	22	1,220,639	1,167,911	1,155,435
Net current assets at June 30 c/fwd - surplus/(defic	23	1,386,714	0	2,432,569

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings		10 to 50 years
Furniture and Equipment		5 to 10 years
Plant and Equipment		5 to 10 years
Heritage		25 to 100 years
Sealed Roads and Streets		
- Subgrade		Not Depreciated
- Pavement		80 to 100 years
- Seal	Bituminous Seals	15 to 22 years
	Asphalt Surfaces	30 years
Formed Roads (Unsealed)		
- Subgrade		Not Depreciated
- Pavement		18 years
Footpaths		40 to 80 years
Drainage Systems		
- Drains and Kerbs		20 to 60 years
- Culverts		60 years
- Pipes		80 years
- Pits		60 years

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

SHIRE OF SHARK BAY					
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT					
FOR THE YEAR ENDED 30TH JUNE 2016					
2. REVENUE AND EXPENSES (Continued)					
(b) Statement of Objective					
In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.					
COMMUNITY VISION					
<i>Shark Bay is a proud, unified community, respecting and sharing our pristine environment and great lifestyle.</i>					
Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.					
GOVERNANCE					
Objective:					
To provide a decision making process for the efficient allocation of scarce resources.					
Activities:					
Expenses associated with the provision of services to members of council and elections.					
GENERAL PURPOSE FUNDING					
Objective:					
To collect revenue to allow for the provision of services.					
Activities:					
Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on Police Licensing. This also includes the costs associated with raising these revenues e.g. valuation expenses, debt collection and overheads.					
LAW, ORDER, PUBLIC SAFETY					
Objective:					
To provide services to help ensure a safer and environmentally conscious community.					
Activities:					
Enforcement of Local Laws, fire prevention, animal control and the provision of ranger services.					
HEALTH					
Objective:					
To provide an operational framework for environmental and community health.					
Activities:					
Health inspection services, food quality control and mosquito control.					
HOUSING					
Objective:					
To provide and maintain housing for the elderly and staff.					
Activities:					
Provision and maintenance of rented housing accommodation for pensioners and employees.					

SHIRE OF SHARK BAY						
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT						
FOR THE YEAR ENDED 30TH JUNE 2016						
2. REVENUE AND EXPENSES (Continued)						
(b) Statement of Objective (Continued)						
COMMUNITY AMENITIES						
Objective:						
To provide services required by the community.						
Activities:						
Sanitation, stormwater drainage, protection of the environment, public conveniences, cemeteries and town planning.						
RECREATION AND CULTURE						
Objective:						
To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.						
Activities:						
Parks, gardens and recreation reserves, library services, television and radio re-broadcasting, swimming facilities, walk trails, youth recreation, Shark Bay World Heritage Discovery and Visitor Centre, foreshore, public halls and the Shark Bay Recreation Centre.						
TRANSPORT						
Objective:						
To provide safe, effective and efficient transport services to the community.						
Activities:						
Construction and maintenance fo roads, footpaths, drainage, parking facilities, traffic control, depot operations, marine facilities and street cleaning.						
ECONOMIC SERVICES						
Objective:						
To help promote the Shire and its economic wellbeing.						
Activities:						
Tourism, community development, building services and private works.						
OTHER PROPERTY AND SERVICES						
Objective:						
To monitor and control council's overhead operating accounts.						
Activities:						
Plant maintenance, administration, labour overheads and stock.						

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

SHIRE OF SHARK BAY								
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT								
FOR THE YEAR ENDED 30TH JUNE 2016								
2. REVENUE AND EXPENSES (Continued)								
(c) Conditions Over Grants/Contributions								
Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Roads to Recovery	Transport	164,436	0	(164,436)	0	571,187	(279,665)	291,522
Northern Planning Grants	Community Amenities	132,190	0	(118,565)	13,625	0	(6,081)	7,544
CLGF Individual Allocation	Housing	111,120	0	(111,120)	0	0	0	0
Royalties for Regions - Monkey Mia	Transport	233,683	1,750,000	(1,907,697)	75,986	0	(75,986)	0
FESA Operating Grant	Other Law, Order and Public Safety	13,401	55,862	(58,604)	10,659	44,703	(43,182)	12,180
Gascoyne Development Commission Style Guide	Economic Services	0	12,727	0	12,727	0	(12,727)	0
Royalties for Regions - 2016 Celebrations	Economic Services	0	100,000	0	100,000	0	(100,000)	0
GLCF - Waste Initiatives	Community Amenities	0	378,341	0	378,341	0	0	378,341
Regional Road Group	Transport	0	97,446	0	97,446	216,540	(313,986)	0
Royalties for Regions - Foreshore Redevelopment	Transport	0	8,831	0	8,831	2,598,582	(2,427,023)	180,390
Tourism WA -Shark Bay Discovery Centre	Recreation and Culture	0	0	0	0	8,496	0	8,496
Department of Premier and Cabinet - 1616 Celebrations	Economic Services	0	0	0	0	35,000	(15,000)	20,000
Total		654,830	2,403,207	(2,360,422)	697,615	3,474,508	(3,273,650)	898,473
Notes:								
(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.								
(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.								
(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.								

SHIRE OF SHARK BAY				
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT				
FOR THE YEAR ENDED 30TH JUNE 2016				
		Note	2016	2015
			\$	\$
3. CASH AND CASH EQUIVALENTS				
Unrestricted			1,106,057	1,566,388
Restricted			6,053,741	8,433,119
			<u>7,159,798</u>	<u>9,999,507</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:				
Leave Reserve		11	87,921	126,569
Plant Replacement Reserve		11	140,462	152,853
Infrastructure Reserve		11	1,302,198	1,279,923
Pensioner Unit Maintenance Reserve		11	10,160	28,049
Recreation Facilities Upgrade Reserve		11	366,294	401,657
Monkey Mia Jetty Reserve		11	20,627	19,866
Shared Fire System Reserve		11	27,606	26,587
Unspent Grants - Liability		8	3,200,000	5,700,000
Unspent Grants-Revenue		2(c)	898,473	697,615
			<u>6,053,741</u>	<u>8,433,119</u>
4. TRADE AND OTHER RECEIVABLES				
Current				
Rates outstanding			32,320	12,610
Sundry debtors			696,507	489,731
Interest Receivable			0	19,152
Prepayments			0	2,314
			<u>728,827</u>	<u>523,807</u>
Non-current				
Rates outstanding - pensioners			12,090	10,306
			<u>12,090</u>	<u>10,306</u>
5. INVENTORIES				
Current				
Fuel and materials			26,162	26,120
Merchandise			163,997	84,259
			<u>190,159</u>	<u>110,379</u>

SHIRE OF SHARK BAY						
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT						
FOR THE YEAR ENDED 30TH JUNE 2016						
				2016		2015
				\$		\$
6 (a).	PROPERTY, PLANT AND EQUIPMENT					
	Land and buildings					
	Land - freehold at:					
	- Independent valuation 2014 - level 2			2,273,115		2,273,115
				2,273,115		2,273,115
	Land - vested in and under the control of Council at:					
	- Management valuation 2013 - level 3			23,000		23,000
				23,000		23,000
	Total Land			2,296,115		2,296,115
	Buildings - non-specialised at:					
	- Independent valuation 2014 - level 2			3,664,565		3,664,565
	- Additions after valuation - cost			286,985		215,290
	Less: accumulated depreciation			(277,885)		(130,035)
				3,673,665		3,749,820
	Buildings - specialised at:					
	- Independent valuation 2014 - level 2			14,175,316		14,131,504
	- Additions after valuation - cost			396,304		308,292
	Less: accumulated depreciation			(769,595)		(368,989)
				13,802,025		14,070,807
	Total Buildings			17,475,690		17,820,627
	Total Land and Buildings			19,771,805		20,116,742
	Furniture and equipment at:					
	- Management valuation 2013 - level 3			0		1,947,878
	- Independent valuation 2016 - level 2			1,139,900		0
	- Additions after valuation - cost			0		50,644
	Less accumulated depreciation			0		(357,855)
				1,139,900		1,640,667
	Plant and equipment at:					
	- Management valuation 2013 - level 3			0		1,850,868
	- Independent valuation 2016 - level 2			2,515,791		0
	- Additions after valuation - cost			0		1,675,999
	Less accumulated depreciation			0		(783,626)
				2,515,791		2,743,241
	Heritage Assets at:					
	- Management valuation 2015 - level 3			678,815		678,815
	- Additions after valuation - cost			13,811		0
	Less accumulated amortisation			(31,117)		0
				661,509		678,815
				24,089,005		25,179,465
<p>The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.</p>						

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	2,273,115	0	0	0	0	0	0	0	2,273,115
Land - vested in and under the control of Council	23,000	0	0	0	0	0	0	0	23,000
Total land	2,296,115	0	0	0	0	0	0	0	2,296,115
Buildings - non-specialised	3,749,820	71,695	0	0	0	0	(147,850)	0	3,673,665
Buildings - specialised	14,070,807	88,012	(33,311)	0	0	0	(404,964)	81,481	13,802,025
Total buildings	17,820,627	159,707	(33,311)	0	0	0	(552,814)	81,481	17,475,690
Total land and buildings	20,116,742	159,707	(33,311)	0	0	0	(552,814)	81,481	19,771,805
Furniture and equipment	1,640,667	4,075	(105,261)	(249,334)	0	0	(150,247)	0	1,139,900
Plant and equipment	2,743,241	667,575	(265,655)	(72,278)	0	0	(475,611)	(81,481)	2,515,791
Heritage Assets	678,815	13,811	0	0	0	0	(31,117)	0	661,509
Total property, plant and equipment	25,179,465	845,168	(404,227)	(321,612)	0	0	(1,209,789)	0	24,089,005

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2014	Price per hectare/market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach.	Management Valuation	June 2014	Improvements to land using construction costs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Registered Valuers	June 2014	Price per metre/market borrowing rate
Buildings - specialised	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2014	Price per metre/market borrowing rate
Furniture and equipment					
	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2016	Purchase cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Plant and equipment					
	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2016	Purchase cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Heritage Assets					
	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Purchase cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					

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

7. INFRASTRUCTURE (Continued)
(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	66,247,312	552,449	0	0	0	0	(353,956)	0	66,445,805
Infrastructure - Footpaths	2,041,065	46,407	0	0	0	0	(33,843)	0	2,053,629
Infrastructure - Drainage	3,265,011	48,451	0	0	0	0	(38,014)	0	3,275,448
Infrastructure - Streetscapes	247,000	3,709	0	0	0	0	(8,747)	0	241,962
Infrastructure - Town Streets	4,588,195	279,665	0	0	0	0	(37,596)	0	4,830,264
Infrastructure - Public Facilities	6,703,346	1,856,627	0	0	0	0	(272,949)	0	8,287,024
Total infrastructure	83,091,929	2,787,308	0	0	0	0	(745,105)	0	85,134,132

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Streetscapes	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2015	Purchase cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Town Streets	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Public Facilities	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2015	Purchase cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.

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

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



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

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave Reserve	126,569	4,419	(43,067)	87,921	126,489	13,162	0	139,651	134,189	3,080	(10,700)	126,569
Plant Replacement Reserve	152,853	406,452	(418,843)	140,462	152,977	403,825	(493,000)	63,802	114,832	452,876	(414,855)	152,853
Infrastructure Reserve	1,279,923	433,690	(411,415)	1,302,198	1,175,218	81,661	(819,614)	437,265	1,163,060	701,863	(585,000)	1,279,923
Pensioner Unit Maintenance Reserve	28,049	10,786	(28,675)	10,160	28,375	10,709	(28,675)	10,409	56,875	1,174	(30,000)	28,049
Recreation Facilities Upgrade Reserve	401,657	14,637	(50,000)	366,294	343,195	8,505	(20,000)	331,700	469,092	10,462	(77,897)	401,657
Monkey Mia Jetty Reserve	19,866	761	0	20,627	19,917	498	0	20,415	19,418	448	0	19,866
Shared Fire System Reserve	26,587	1,019	0	27,606	26,737	667	0	27,404	37,499	849	(11,761)	26,587
	2,035,504	871,764	(952,000)	1,955,268	1,872,908	519,027	(1,361,289)	1,030,646	1,994,965	1,170,752	(1,130,213)	2,035,504

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 Reseve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	To be used for the provision of employees' long service leave.
Plant Replacement Reserve	2016/17	To be used for the purchase of major plant and equipment.
Infrastructure Reserve	2016/17	To be used to fund the future replacement and construction of infrastructure in the Shire.
Pensioner Unit Maintenance Reserve	2016/17	To be used to fund the replacement and major maintenance of the pensioner units.
Recreation Facilities Upgrade Reserve	Ongoing	To be used to fund the upgrade/maintenance of the Shire recreation facilities.
Monkey Mia Jetty Reserve	Ongoing	To be used for the upgrade and major maintenance of the Monkey Mia Jetty.
Shared Fire System Reserve	Ongoing	Shared with the Department of Parks and Wildlife and to be used to fund the future system replacement.

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

12. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	7,512,427	0	0	0	7,512,427	7,512,427	0	0	0	7,512,427
Furniture and equipment	780,571	0	(249,334)	(249,334)	531,237	780,571	0	0	0	780,571
Plant and equipment	812,509	0	(72,278)	(72,278)	740,231	812,509	0	0	0	812,509
Heritage Assets	108,384	0	0	0	108,384	0	108,384	0	108,384	108,384
Infrastructure - Roads	54,675,231	0	0	0	54,675,231	0	54,675,231	0	54,675,231	54,675,231
Infrastructure - Footpaths	980,453	0	0	0	980,453	0	980,453	0	980,453	980,453
Infrastructure - Drainage	2,861,406	0	0	0	2,861,406	0	2,861,406	0	2,861,406	2,861,406
Infrastructure - Streetscapes	65,946	0	0	0	65,946	0	65,946	0	65,946	65,946
Infrastructure - Town Streets	2,541,687	0	0	0	2,541,687	0	2,541,687	0	2,541,687	2,541,687
Infrastructure - Public Facilities	595,225	0	0	0	595,225	0	595,225	0	595,225	595,225
	70,933,839	0	(321,612)	(321,612)	70,612,227	9,105,507	61,828,332	0	61,828,332	70,933,839

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

SHIRE OF SHARK BAY				
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT				
FOR THE YEAR ENDED 30TH JUNE 2016				
13. NOTES TO THE STATEMENT OF CASH FLOWS				
(a) Reconciliation of Cash				
For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:				
		2016	2016	2015
		\$	Budget	\$
			\$	
	Cash and cash equivalents	7,159,798	8,157,245	9,999,507
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result				
	Net result	246,980	5,915,969	2,501,102
	Non-cash flows in Net result:			
	Depreciation	1,954,894	2,355,680	2,226,363
	(Profit)/Loss on sale of asset	165,529	(543)	297,065
	Reversal of loss on revaluation of fixed assets	0		
	Changes in assets and liabilities:			
	(Increase)/Decrease in receivables	(206,804)	(293,307)	612,132
	(Increase)/Decrease in inventories	(79,780)	0	36,166
	Increase/(Decrease) in payables	(1,398,975)	(93,712)	5,615,444
	Increase/(Decrease) in provisions	(16,030)	45,000	(8,447)
	Grants contributions for			
	the development of assets	(2,353,743)	(7,582,260)	(8,343,464)
	Net cash from operating activities	(1,687,929)	346,827	2,936,361
(c) Undrawn Borrowing Facilities				
Credit Standby Arrangements				
	Bank overdraft limit	50,000		50,000
	Bank overdraft at balance date	0		0
	Credit card limit	10,000		10,000
	Credit card balance at balance date	(4,268)		(3,224)
	Total amount of credit unused	55,732		56,776
Loan facilities				
	Loan facilities - current	63,588		111,745
	Loan facilities - non-current	301,060		364,648
	Total facilities in use at balance date	364,648		476,393
	Unused loan facilities at balance date	NIL		NIL

SHIRE OF SHARK BAY			
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
FOR THE YEAR ENDED 30TH JUNE 2016			
	2016	2015	2014
18. FINANCIAL RATIOS			
Current ratio	1.34	4.88	2.91
Asset sustainability ratio	1.50	0.77	0.76
Debt service cover ratio	(0.96)	15.95	(0.15)
Operating surplus ratio	(0.72)	(0.05)	(0.67)
Own source revenue coverage ratio	0.36	0.45	0.46
The above ratios are calculated as follows:			
Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$		
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$		
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$		
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$		
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$		
Notes:			
Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 59 of this document.			
Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.			
The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$948,945.			
The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:			
	2016	2015	
Current Ratio		2.78	
Debt service cover ratio	6.09	8.81	
Operating surplus ratio	(0.40)	(0.36)	

SHIRE OF SHARK BAY								
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT								
FOR THE YEAR ENDED 30TH JUNE 2016								
19. TRUST FUNDS								
Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:								
			1 July 2015	Amounts Received	Amounts Paid	30 June 2016		
			\$	\$	(\$)	\$		
Election Deposits			0	480	(480)	0		
Library Card Bond			200	550	(650)	100		
Kerb/Footpath Deposit			4,200	4,000	(3,900)	4,300		
Building Completion Bond			0	60	(60)	0		
Bond Key			2,310	1,880	(1,740)	2,450		
Police Licensing			2,386	274,997	(272,913)	4,470		
Marquee Deposit			700	0	(700)	0		
Sunter Place - Rec Reserve			92,321	3,022	0	95,343		
BCITF Levy			0	1,492	(1,380)	112		
Hall Bond			0	270	(270)	0		
Building Licence Levy			41	2,239	(2,280)	0		
Bookeasy Sales			0	465,629	(465,629)	0		
			102,158	754,919	(750,302)	106,775		
20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR								
The following assets were disposed of during the year.								
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget
	Net Book	Sale	Actual	Actual	Net Book	Sale	Profit	Loss
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
CEO Vehicle	44,152	50,909	6,757	0	43,026	44,000	974	0
EMFA Vehicle	19,852	16,364	0	(3,488)	22,619	28,000	5,381	0
Misc Furniture and Equipment	99,390	0	0	(99,390)	0	0	0	0
Health								
Ambulance Building Demolish	33,311	0	0	(33,311)	0	0	0	0
Recreation and culture								
Misc Furniture and Equipment	5,870	0	0	(5,870)	0	0	0	0
Transport								
Ute - Ranger	12,682	16,364	3,682	0	12,682	20,000	7,318	0
Ute - Country Supervisor	27,347	27,789	442	0	26,666	21,000	0	(5,666)
5 Tonne Tip Truck	25,676	38,182	12,506	0	26,621	25,000	0	(1,621)
Truck - Gardeners	22,585	24,545	1,960	0	21,843	5,000	0	(16,843)
Case Tractor	13,740	12,000	0	(1,740)	12,480	10,000	0	(2,480)
Slasher/Road Broom/ Auger	1,375	0	0	(1,375)	1,248	0	0	(1,248)
Front End Loader	14,203	33,000	18,797	0	13,312	25,000	11,688	0
26000L Semi Water Tanker	15,226	0	0	(15,226)	0	0	0	0
32000L Semi Water Tanker	14,583	0	0	(14,583)	0	0	0	0
Misc Plant and Equipment	32,228	0	0	(32,228)	0	0	0	0
Economic services								
EMCD Vehicle	22,007	19,545	0	(2,462)	24,960	28,000	3,040	0
	404,227	238,698	44,144	(209,673)	205,457	206,000	28,401	(27,858)

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

SHIRE OF SHARK BAY									
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT									
FOR THE YEAR ENDED 30TH JUNE 2016									
21. INFORMATION ON BORROWINGS									
(a) Repayments - Debentures									
Particulars	Principal	New	Principal		Principal		Interest		
	1 July		Loans	Actual	Budget	Actual	Budget	Actual	
	2015		\$	\$	\$	\$	\$	\$	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance									
Loan 48 McCleary Property	23,638	0	23,638	23,638	0	0	453	415	
Loan 53 Staff Housing	81,388	0	18,444	18,444	62,944	62,944	4,812	4,382	
Loan 56 Staff Housing	94,378	0	14,962	14,962	79,416	79,416	5,971	5,438	
Economic services									
Loan 48 McCleary Property	27,749	0	27,749	27,749	0	0	530	487	
Loan 57 Monkey Mia Bore	249,240	0	26,952	26,952	222,288	222,288	11,124	9,710	
Other property and services									
	476,393	0	111,745	111,745	364,648	364,648	22,890	20,432	
	476,393	0	111,745	111,745	364,648	364,648	22,890	20,432	
All loan repayments were financed by general purpose revenue except for Loan 57 Monkey Mia Bore which is financed by a Specified Area Rate.									
(b) New Debentures - 2015/16									
The Shire did not take up any new debentures during the year ended 30 June 2016.									
(c) Unspent Debentures									
The Shire did not have any unspent debentures as at 30 June 2016.									
(d) Overdraft									
Council established an overdraft facility of \$50,000 in 1983 to assist with short term liquidity.									
The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil.									

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

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
Differential general rate											
Gross rental value valuations											
Residential	0.0888	276	3,270,514	282,144	(27)		282,117	290,321	1,000		291,321
Residential Vacant	0.0888	22	605,530	57,643			57,643	53,752			53,752
Commercial	0.0888	43	2,088,443	183,587			183,587	185,389			185,389
Industrial/Residential	0.0888	44	673,769	56,817			56,817	59,810			59,810
Industrial/Residential Vacant	0.0888	1	12,150	3,132			3,132	1,079			1,079
Rural Commercial	0.0888	5	316,160	28,065			28,065	28,065			28,065
Resort	0.0888	2	1,220,800	108,369			108,369	108,369			108,369
Unimproved value valuations											
General	0.1959	5	691,348	135,406	64,587		199,993	135,406	1,000		136,406
Mining	0.1959	1	21,367	4,185			4,185	4,184			4,184
Pastoral	0.1254	12	654,760	82,115			82,115	82,115			82,115
Exploration	0.2189	9	637,806	139,593			139,593	142,398			142,398
Sub-Total		420	10,192,647	1,081,056	64,560	0	1,145,616	1,090,888	2,000	0	1,092,888

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

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR (Continued)

	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Minimum payment	Minimum \$										
Gross rental value valuations											
Residential	800	91	709,720	72,800			72,800	72,800			72,800
Residential Vacant	800	81	306,870	64,800			64,800	65,600			65,600
Commercial	800	26	177,274	20,800			20,800	20,800			20,800
Industrial/Residential	800	4	31,263	3,200			3,200	3,200			3,200
Industrial/Residential Vacant	800	1	7,850	800			800	800			800
Rural Commercial	800	0	0	0			0	0			0
Resort	800	0	0	0			0	0			0
Unimproved value valuations											
General	800	5	7,858	4,000			4,000	4,000			4,000
Mining	800	3	3,058	2,400			2,400	2,400			2,400
Pastoral	800	0	0	0			0	0			0
Exploration	800	1	0	800			800	0			0
							0				0
Sub-Total		212	1,243,893	169,600	0	0	169,600	169,600	0	0	169,600
		632	11,436,540	1,250,656	64,560	0	1,315,216	1,260,488	2,000	0	1,262,488
Discounts/concessions (refer note 26)							(94,577)				(94,577)
Total amount raised from general rate							1,220,639				1,167,911
Specified Area Rate (refer note 24)							38,468				38,468
Totals							1,259,107				1,206,379

SHIRE OF SHARK BAY			
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
FOR THE YEAR ENDED 30TH JUNE 2016			
23. NET CURRENT ASSETS			
Composition of net current assets			
	2016	2016	2015
	(30 June 2016	(1 July 2015	(30 June 2015
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 15 brought forward	1,386,714	2,432,569	2,432,569
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,106,057	1,566,388	1,566,388
Restricted	6,053,741	8,433,119	8,433,119
Receivables			
Rates outstanding	32,320	12,610	12,610
Sundry debtors	696,507	489,731	489,731
Interest Receivable	0	19,152	19,152
Prepayments	0	2,314	2,314
Inventories			
Fuel and materials	26,162	26,120	26,120
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,308,058)	(225,649)	(225,649)
Accrued interest on debentures	(5,075)	(7,941)	(7,941)
Accrued salaries and wages	(26,568)	0	0
ATO liabilities	0	(5,086)	(5,086)
Royalties for Regions Grant Funding	(3,200,000)	(5,700,000)	(5,700,000)
Current portion of long term borrowings			
Secured by floating charge	(63,588)	(111,745)	(111,745)
Provisions			
Provision for annual leave	(143,747)	(137,386)	(137,386)
Provision for long service leave	(53,354)	(89,558)	(89,558)
Unadjusted net current assets	3,278,394	4,356,328	4,356,328
Adjustments			
Less: Reserves - restricted cash	(1,955,268)	(2,035,504)	(2,035,504)
Add: Current portion of long term borrowings	63,588	111,745	111,745
Secured by floating charge			
Adjusted net current assets - surplus/(deficit)	1,386,714	2,432,569	2,432,569
Difference			
There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.			

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

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

Rates Discounts

The Shire did not provide any rate discounts in 2015/16.

Waivers or Concessions

**Rate or Fee and Charge to which the
Waiver or Concession is Granted**

	Type	Actual \$	Budget \$
UV Pastoral	Concession	45,478	45,478
UV Exploration	Concession	49,099	49,099
UV General	Write Off	66,827	3,500
		161,404	98,077

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
General Rate	UV Pastoral	To address disparity between UV Rates	To provide equitable rates for properties in this category
General Rate	UV Exploration	To address inequalities of the valuation system	To recognise that these properties are not in the production phase
General Rate	Australian Wildlife Conservancy Faure Island - Landing	To address anomalies in the valuation system	To recognise the use of the land as a landing point

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

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

	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
Instalment Options				
Option One				
Single full payment	17 August 2015	9.00	0.00%	11.00%
Option Two				
First Instalment	17 August 2015			
Second Instalment	17 November 2015			
Option Three				
First Instalment	17 August 2015			
Second Instalment	17 November 2015			
Third Instalment	17 February 2016			
Fourth Instalment	17 April 2016			

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	5,902	4,400
Interest on instalment plan	0	0
Charges on instalment plan	3,474	3,000
	9,376	7,400

SHIRE OF SHARK BAY				
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT				
FOR THE YEAR ENDED 30TH JUNE 2016				
			2016	2015
			\$	\$
28. FEES & CHARGES				
Governance			56	0
General purpose funding			4,600	4,622
Law, order, public safety			7,345	5,282
Health			1,006	751
Housing			80,880	74,421
Community amenities			297,559	283,884
Recreation and culture			176,611	198,532
Transport			31,926	30,361
Economic services			688,584	949,278
			<u>1,288,567</u>	<u>1,547,131</u>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.				
29. GRANT REVENUE				
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:				
			2016	2015
			\$	\$
By Nature or Type:				
Operating grants, subsidies and contributions				
General Purpose Funding			913,679	2,818,604
Law, Order, and Public Safety			44,703	55,861
Recreation and Culture			8,495	6,636
Transport			1,973,900	392,150
Economic Services			86,475	165,403
			<u>3,027,252</u>	<u>3,438,654</u>
Non-operating grants, subsidies and contributions				
Law, Order, and Public Safety			0	125,505
Community Amenities			0	378,341
Recreation and Culture			1,333,192	17,617
Transport			1,020,551	2,122,001
			<u>2,353,743</u>	<u>2,643,464</u>
			<u>5,380,995</u>	<u>6,082,118</u>
30. EMPLOYEE NUMBERS				
The number of full-time equivalent employees at balance date				
			27	26
31. ELECTED MEMBERS REMUNERATION				
			2016	2015
			Budget	
			\$	\$
The following fees, expenses and allowances were paid to council members and/or the president.				
Meeting Fees			45,050	37,058
President's allowance			11,806	9,795
Deputy President's allowance			2,952	2,448
Travelling expenses			1,815	3,566
Telecommunication Allowance			14,781	12,505
			<u>76,404</u>	<u>65,372</u>

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

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016 \$	2015 \$	2016 \$	2015 \$
Financial assets				
Cash and cash equivalents	7,159,798	9,999,507	7,159,798	9,999,507
Receivables	740,917	534,113	740,917	534,113
	<u>7,900,715</u>	<u>10,533,620</u>	<u>7,900,715</u>	<u>10,533,620</u>
Financial liabilities				
Payables	4,539,701	5,938,676	4,539,701	5,938,676
Borrowings	364,648	476,393	364,648	476,393
	<u>4,904,349</u>	<u>6,415,069</u>	<u>4,904,349</u>	<u>6,415,069</u>

Fair value is determined as follows:

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

SHIRE OF SHARK BAY			
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
FOR THE YEAR ENDED 30TH JUNE 2016			
34. FINANCIAL RISK MANAGEMENT (Continued)			
(a) Cash and Cash Equivalents			
Financial assets at fair value through profit and loss			
Available-for-sale financial assets			
Held-to-maturity investments			
<p>The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.</p>			
<p>The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.</p>			
<p>Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.</p>			
<p>Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.</p>			
<p>The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by <i>Local Government (Financial Management) Regulation 19C</i>. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.</p>			
		2016	2015
		\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash			
	- Equity	71,598	99,995
	- Statement of Comprehensive Income	71,598	99,995
Notes:			
⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.			

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	1%	1%
- Overdue	99%	99%
Percentage of other receivables		
- Current	94%	95%
- Overdue	6%	5%

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	4,539,701	0	0	4,539,701	4,539,701
Borrowings	82,873	270,611	74,301	427,785	364,648
	<u>4,622,574</u>	<u>270,611</u>	<u>74,301</u>	<u>4,967,486</u>	<u>4,904,349</u>
<u>2015</u>					
Payables	5,938,676	0	0	5,938,676	5,938,676
Borrowings	137,374	305,737	122,048	565,159	476,393
	<u>6,076,050</u>	<u>305,737</u>	<u>122,048</u>	<u>6,503,835</u>	<u>6,415,069</u>

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

34. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debentures	0	0	62,945	0	79,415	222,288	364,648	4.88%
Weighted average Effective interest rate			6.38%		5.99%	4.06%		
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	51,387	0	0	81,389	0	343,617	476,393	5.13%
Weighted average Effective interest rate	6.81%			6.38%		4.59%		



INDEPENDENT AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF SHARK BAY

REPORT ON THE FINANCIAL REPORT

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

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

MOORE STEPHENS**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF SHARK BAY (CONTINUED)****Report on Other Legal and Regulatory Requirements**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 58 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i. reasonably calculated; and
 - ii. based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Signed at Perth this 11th day of October 2016.

SHIRE OF SHARK BAY						
SUPPLEMENTARY RATIO INFORMATION						
FOR THE YEAR ENDED 30TH JUNE 2016						
RATIO INFORMATION						
The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report						
				2016	2015	2014
Asset consumption ratio				0.98	0.99	0.82
Asset renewal funding ratio				1.25	0.87	N/A
The above ratios are calculated as follows:						
Asset consumption ratio				$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$		
Asset renewal funding ratio				$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$		