

Shire of Shark Bay

Long Term Financial Plan

2016 - 2031

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1.0 FOREWORD

We are pleased to present to the Community the Shire of Shark Bay Long Term Financial Plan for 2016 - 2031.

This Plan is part of the Shire's ongoing commitment to an integrated approach to planning for the District's future. It provides the Council and the community with a picture of the Shire's long term financial circumstances and assists us to meet our strategic outcomes and objectives.

The Shire will encounter many challenges and opportunities over the next 15 years. Changes in population levels and demographics bring with them changing community needs and expectations. Council will require a clear understanding of its capacity to meet these service expectations as it maintains a strong focus on sound financial management.

Council welcomes community participation in the planning process as we develop the strategic direction for a promising future for our District. We invite members of the community to contact a Councillor or Council staff if they have any questions.

The Shire of Shark Bay's Long Term Financial Plan is an important planning tool as we strive to achieve the strategies set out in Council's Strategic Community Plan.

This Plan will be used with the Corporate Business Plan and Workforce Plan to achieve our goals and drive the Shire in achieving its vision: "Shark Bay is a proud, unified community, respecting and sharing our pristine environment and great lifestyle".

The Shire has recently devoted significant resources into improving its strategic planning. This work continues as we constantly seek to improve our systems and service delivery.

Cheryl Cowell
Shire President

Paul Anderson
Chief Executive Officer

2.0 PLANNING OVERVIEW

2.1 PLANNING FOR A SUSTAINABLE AND STABLE FUTURE

The Shire of Shark Bay is planning for a positive, sustainable and stable future. The Shire seeks to maintain, and where possible, improve service levels into the future while maintaining a healthy financial position.

2.2 PLANNING PROCESS

The provision and maintenance of assets and facilities to the community while maintaining a healthy financial position is a high priority for the Shire of Shark Bay.

Built on the most recent audited Annual Financial Report and adopted Annual Budget, a baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the 15 year term of the Plan to forecast changes in operating revenue and expenditure.

An important element of long term financial planning is planning for the future renewal of Shire assets. The Shire's Asset Management Plan applies a condition based estimation of remaining useful life where possible. Where condition information was unavailable, an age based estimation of remaining useful life was applied within the planning process.

Detailed planning is required for buildings due to the scale of renewal expenditure for these assets and the likelihood of usage/design upgrades when renewal occurs. Unfortunately, planning for the renewal of long lived assets is problematic due to the uncertainty of receiving future external contributions which are often subject to sudden unexpected change. It is important to note, capital works identified in this Plan where external contributions are a source of funding may be postponed if this funding does not eventuate. If renewal is postponed past its estimated useful life and optimum intervention point there is an increased risk of sudden asset failure resulting in a possible loss of service level.

A combination of financing techniques involving the use of cash backed reserves and long term borrowings have been utilised in the Plan to provide for asset expenditure requirements.

2.3 ASSUMPTIONS

The Plan has been prepared based on the following broad assumptions:

- The Shire population is forecast to remain stable;
- The Shire will maintain its current service levels and, where financially prudent, increase services;
- The level of grants and contributions for capital projects and operations will remain relatively stable over the term of the Plan;
- The District and State economy will remain stable over the long term; and
- Assets are expected to be adequately maintained and continue to provide existing levels of service.

For a detailed analysis of all assumptions and their associated risks please refer to section 13.0

3.0 FINANCIAL STRATEGIC OVERVIEW

3.1 FORECAST SIGNIFICANT EVENTS

Road maintenance and road renewal remains a high priority for the Shire due to the strategic economic benefit the road network provides to the district. Although of high importance, adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions.

Finalisation of the Denham Foreshore Redevelopment is the short term priority, along with construction of aged care units planned for the fourth year of the Plan.

3.2 FINANCIAL MANAGEMENT STRATEGY

As a local government, the Shire of Shark Bay provides essential transport, facilities and community services to support the Shark Bay community. To undertake this role the Shire has in the past and expects in the future, to receive grants and contributions from external bodies including the State and Federal Governments. In the absence of this external assistance the Shire would not be able to support, by reliance on property rate revenue alone, the extent of the facilities and services it currently provides to the community. In this regard, the Shire is not in a position to independently fund or support the current service levels as they were established and are maintained with support from external contributions. Although not expecting to achieve independent financial status, the Shire considers that it can maintain long term financial sustainability providing it continues to receive external grants and contributions, in line with past levels, to support both operations and the renewal of significant community assets. It is within this context that the Shire plans for a sustainable financial future and applies the following overall financial strategy.

Structuring operational revenues and expenditure to ensure adequate provision for assets renewal into the future is a cornerstone of the Shire's overall financial strategy. To achieve its strategy, rate increases marginally higher than consumer price index (CPI) are forecast combined with maintenance of operating expenditure in line with the CPI forecast.

Borrowings are forecast to remain at low levels throughout the Plan to protect future borrowing capacity and allow the Shire to respond to sudden and unexpected expenditure requirements or the loss of planned external grant contributions. This strategy also provides scope to leverage against future grant funding opportunities when, and if, they become available. The strategy also includes the use of cash backed reserves to save for significant future asset renewal spikes.

4.0 COMMUNITY PROFILE, VISION AND OBJECTIVES

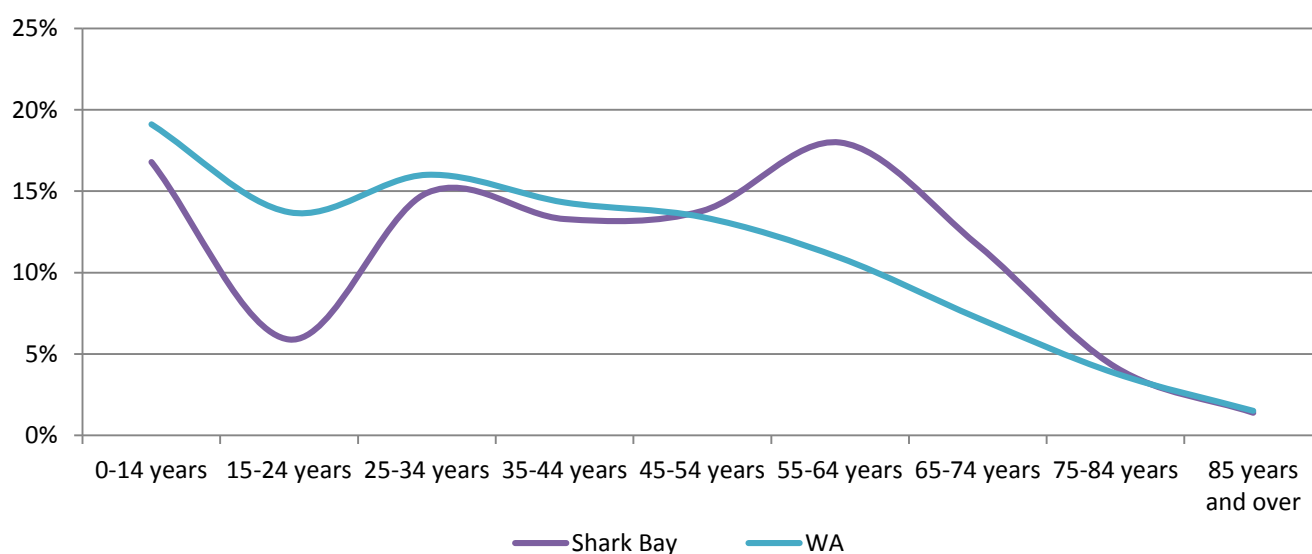
4.1 COMMUNITY

Situated 129 km from the North West Coastal Highway on the Peron Peninsula, the fishing and tourist town of Denham is the centre of administration and community services in the Shire.

The community is serviced by ancillary medical services, a local school, which offers distance education after Year 10, a community hall and recreational facilities.

The age demographic of the resident population, illustrates that the Shire of Shark Bay has a disproportionately higher percentage of residents aged 55-84, compared to the State of Western Australia, and a significantly lower percentage of youth, young adults and adults aged 25-44. This suggests the Shire is regarded as a lifestyle community.

4.1.1 SHIRE OF SHARK BAY RESIDENT POPULATION BY AGE GROUP



4.0 COMMUNITY PROFILE, VISION AND OBJECTIVES (Continued)

4.2 VISION

The Shire's strategic vision adopted in the Strategic Community Plan 2016 – 2031 is:

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

4.3 GOALS

The following key goals are captured in the Shire's Strategic Community Plan and considered within the Long Term Financial Plan:

SUSTAINABLE GROWTH AND PROGRESS – especially with regards to protecting our precious natural environment and retaining our lifestyle values and community spirit.

RESPECT FOR THE RIGHTS OF CITIZENS – provide appropriate service delivery and providing the opportunity to participate in the governance of the Shire.

INTEGRITY – commitment to openness, transparency, honesty and fairness.

LIFESTYLE – safe and welcoming community where everyone is valued and has the opportunity to contribute and belong.

5.0 KEY CURRENT INFORMATION

5.1 KEY STATISTICS: SHIRE OF SHARK BAY 2015

Number of Elected Members	7
Number of Staff	26
Number of Electors	538
Number of Dwellings	490
Distance from Perth (km)	832
Area (sq km) ¹	24,140
Population (Est.)	984

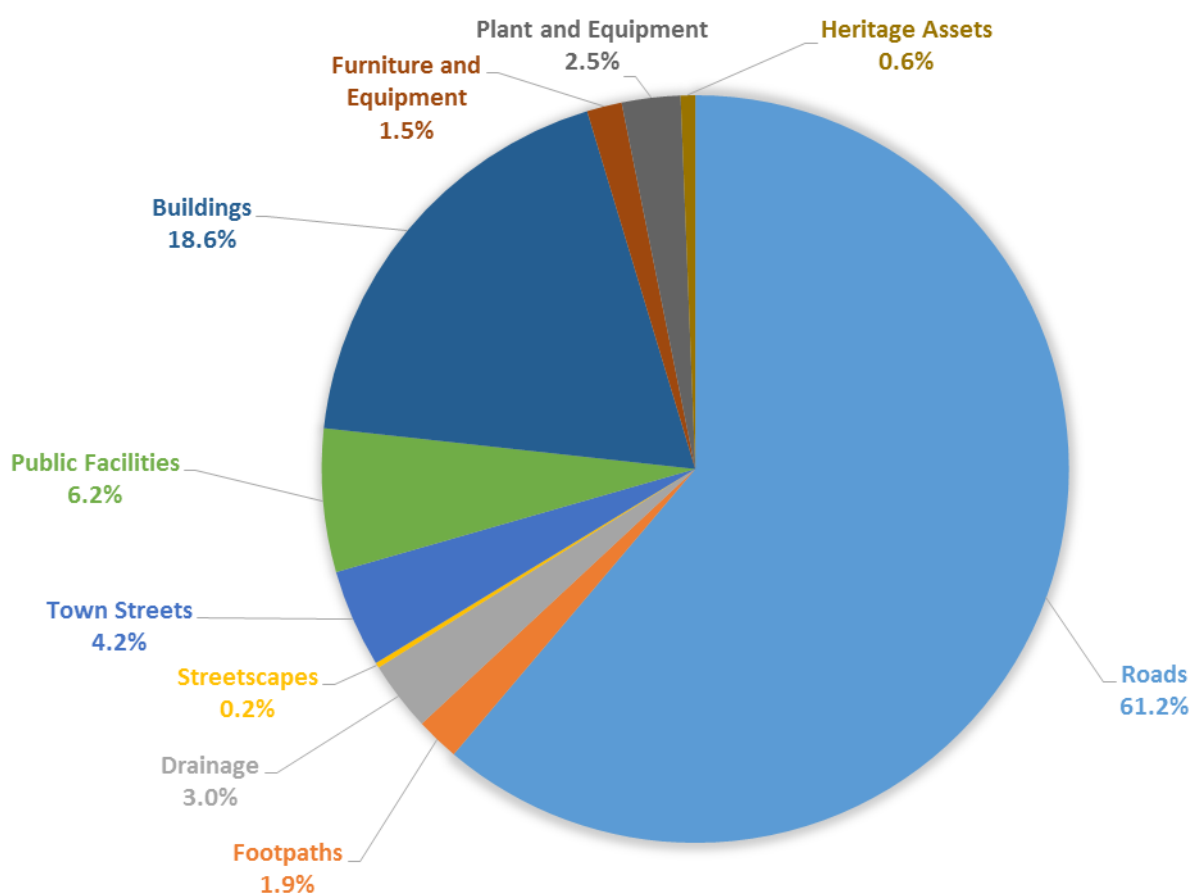
5.2 KEY FINANCIAL INFORMATION²

Rates Revenue	\$1,192,403
Fees and Charges	\$1,547,131
Operating Revenue	\$6,592,405
Operating Expenditure	\$6,437,702
Net Assets	\$112,219,354
Cash Backed Reserves	\$2,035,504
Long Term Borrowings	\$476,393

5.3 KEY ASSET INFORMATION

The Shire controls an asset network with a written down value of over \$108.2m, of which Roads and Buildings constitute the largest component values, as reflected in the chart below.

5.3.1 ASSET VALUE BY CLASS SHIRE OF SHARK BAY 2015



¹ Australian Bureau of Statistics, Basic Community Profile (LGA 57770)

² Shire of Shark Bay, Audited Annual Financial Report 2015

6.0 STRATEGIC PLANNING AND POLICIES

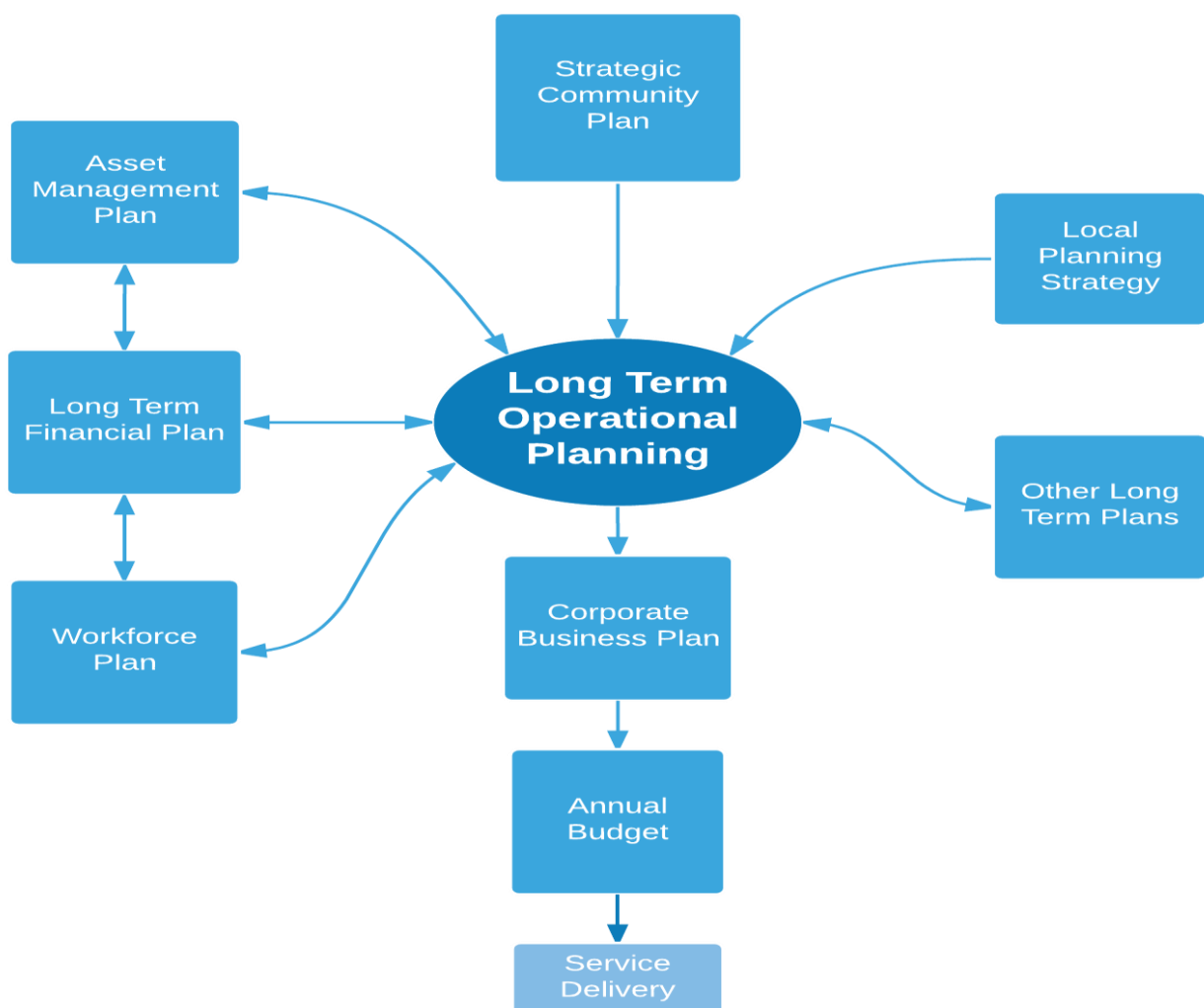
6.1 LINKAGE WITH OTHER PLANS

The Long Term Financial Plan (LTFP) is one component of a number of integrated strategic planning practices the Shire has developed and has been prepared to achieve compliance with the Local Government (Administration) Regulations 1996.

Development of the Plan has been influenced by the Department of Local Government and Communities Integrated Planning Framework and Guidelines.

This Plan includes (and influences) other strategic planning activities as a mechanism to action the strategies contained in the Shire’s Strategic Community Plan, as illustrated in the diagram below.

6.2 STRATEGIC DOCUMENTS LINKAGE



6.0 STRATEGIC PLANNING AND POLICIES (Continued)

6.3 STRATEGIC COMMUNITY PLAN

The Strategic Community Plan was prepared to cover 10+ years and sets out the community's vision, aspirations and values. To achieve the vision, a series of outcomes and strategies were developed.

Individual strategies require actions that may involve additional human, physical and financial resources. In addition, achieving these strategies may require a series of actions over time as they may not be able to be achieved concurrently taking into account limited resources.

To achieve the Shire's strategic outcomes requires careful operational planning and prioritisation. This planning process is formalised as a Corporate Business Plan on a rolling four year basis.

6.4 CORPORATE BUSINESS PLAN

The Corporate Business Plan contains details of the actions and resources (human, asset and financial) to achieve each strategy. The Plan acts as an organisational guide for the Council and management.

The financial capacity and asset management practices to support the Corporate Business Plan are set out in the Long Term Financial Plan for the period. This long term planning provides an assurance the actions contained in the Corporate Business Plan can be adequately resourced over the next four years and highlight the long term consequences of the application of resources to undertaking various projects.

6.5 WORKFORCE AND OTHER STRATEGIC PLANS

The Workforce Plan and other strategic plans, integrate with the Long Term Financial Plan through their requirement for assets and financial resources. As far as possible, these requirements are met in the Plan.

6.6 ASSET MANAGEMENT PLANNING

On 8th June 2015, the Shire released its Asset Management Plan in accordance with its Asset Management Policy. Ensuring the maintenance and renewal of assets over the long term is a priority of Council. Required asset renewals have been considered within the Long Term Financial Plan and adequate funding provided over the term.

6.7 BORROWING POLICY

As part of its financial strategy, the Council intends to minimise the level of borrowings to provide the capacity to borrow in the event of an emergency. No formal borrowing policy has been adopted by Council.

7.0 OPERATIONS OVERVIEW

7.1 OPERATIONS

The chart below shows the operating revenues and expenses over the years (as columns) and the net result (being revenues less expenses, excluding asset revaluation changes) as a line.

Forecast capital grants during the first four years of the Plan result in significant fluctuations in revenue and the net result. From year five onwards, revenue and expenditure increase in line with inflation resulting in a positive net result. A small increase in non-operating grants and contributions in 2023-24 results in a marginally higher net result from this year onwards.

The Shire is reliant on receiving more than \$58.4m over the 15 years in untied operating grants, subsidies and contributions to maintain its current level of operations and services.

7.1.1 FORECAST REVENUE, EXPENSES AND NET RESULT



7.2 RATES REVENUE

General rate revenue is forecast to increase by 4% (CPI 2% + 2%) throughout the life of the Plan. These increases are to assist in the long term financial sustainability of the Shire and to maintain the level of service to the community in the face of forecast reductions in external grants and contributions. Rates are expected to generate \$1.3m in 2016-17, increasing to \$2.2m in 2030-2031.

7.3 NON OPERATING GRANTS AND CONTRIBUTIONS

Non-operating grants and contributions decrease significantly below the 2015-2016 budget in year one due to the completion of the foreshore redevelopment. Current forecasts are for receipt of a grant of \$3.5 million for the development of aged care units in 2019-2020 to meet forecast demand. The timing and extent of development of these units will be dependent on the availability of the grant funding. A marginal increase in road grant funding is planned to occur in 2023-2024.

7.0 OPERATIONS OVERVIEW (Continued)

7.4 WORKFORCE PLANNING

The Shire currently employs 26 full time equivalent (FTE) employees to deliver a range of services to the community and maintain existing assets.

The Shire's Workforce Plan has been considered in the development of this Long Term Financial Plan. No financial impacts are expected from the Workforce Plan with employee costs forecast to rise in line with CPI at 2%.

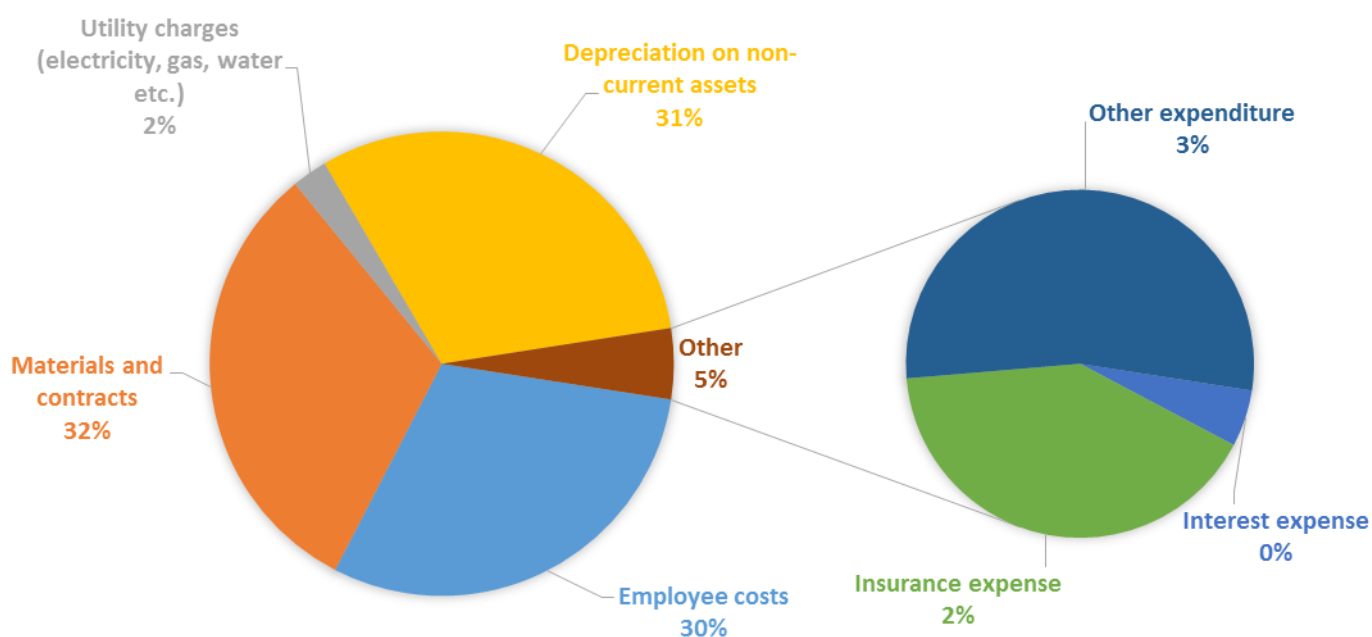
Council encourages a work life balance, multi skilling, flexibility and effective application of staff capability.

7.5 OPERATING EXPENDITURE

Over the duration of the Plan the operating expenditure components are forecast to remain relatively stable with the most significant change in the mix resulting from the decrease in interest expense as borrowings are repaid.

Employee costs, materials and contracts and depreciation remain the dominant operating expenditure components as reflected in the chart below.

7.5.1 COMPOSITION OF FORECAST OPERATING EXPENDITURE 2016-17 (TOTAL OPERATING EXPENDITURE \$6.5M)



7.6 MAINTENANCE EXPENDITURE

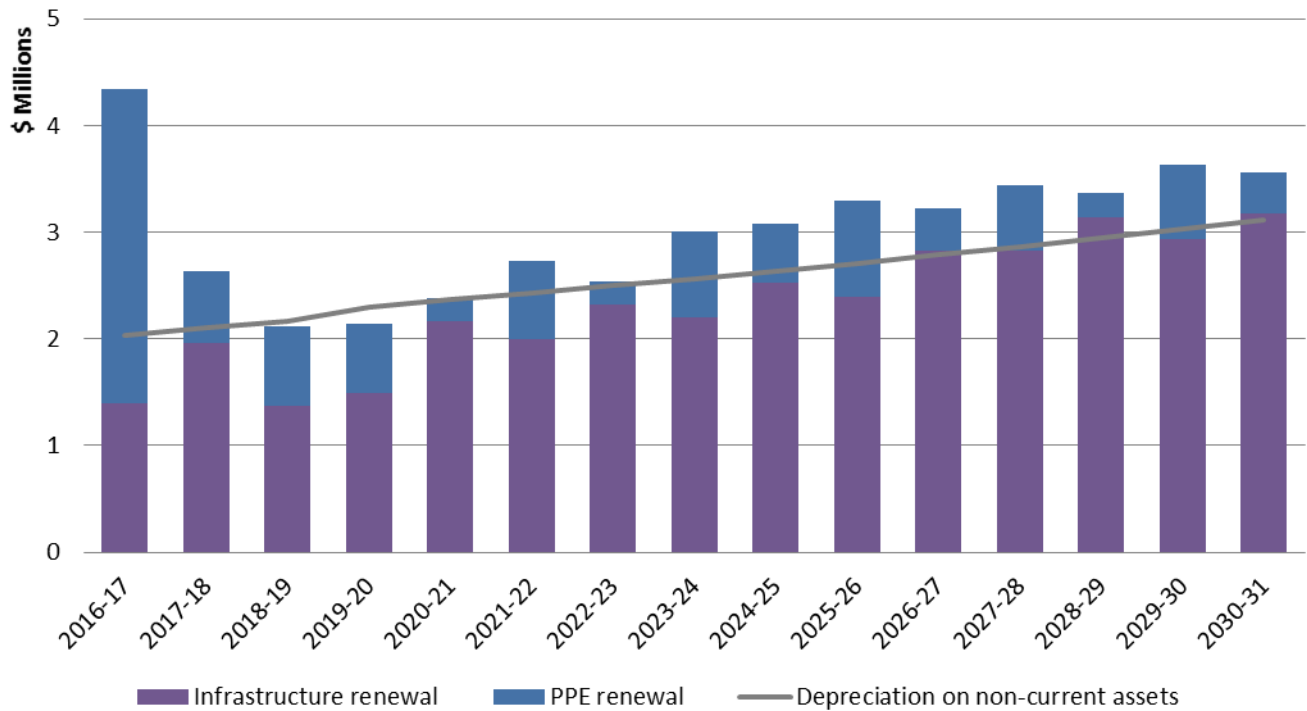
The current maintenance expenditure allocated in the annual operating budget is expected to continue at present levels with inflationary increases occurring each year.

7.7 DEPRECIATION EXPENSE

Depreciation expense increases throughout the Plan from \$2.0m in year 1 to \$3.1m in year 15 as assets are revalued and renewed. Depreciation of infrastructure over the 15 years is \$38.6m, shown by the grey line in the chart on the following page. The planned level of infrastructure asset renewal expenditure at \$45.4m is higher than estimated depreciation expense. Planned infrastructure asset renewals of \$34.7 million is reflected by the purple columns with planned property, plant and equipment renewals totalling \$10.7m over the 15 years reflected by the blue columns.

7.0 OPERATIONS OVERVIEW (Continued)

7.7.1 DEPRECIATION EXPENSE V ASSET RENEWAL EXPENDITURE



Where the planned asset renewals are greater than depreciation the written down value of these assets will increase over time as existing assets are renewed.

7.7.2 MOVEMENT IN ASSET VALUE



The above graph shows an increase in assets value in Infrastructure over the term of the Plan and, to a lesser extent, Property, Plant and Equipment over the initial four years of the Plan. The value of Property, Plant and Equipment assets decreases marginally from 2021 to the end of the Plan with infrastructure renewals prioritised.

8.0 CAPITAL OVERVIEW

8.1 COMMUNITY DEMAND

User demand for a number of community buildings has changed over time due to the aging of the community and the corresponding lifestyle changes. The fishing and tourist industries continue to place a demand for boating facilities.

Community demand for aged care units and staff housing was identified within the Strategic Community Plan.

8.2 UPGRADE/NEW EXPENDITURE

Construction of aged care units and upgrades to existing footpath infrastructure are planned to occur over the next 15 years in response to demand. The footpath upgrades and new works have not been separately identified within the planned asset renewal expenditure however, where money is available after undertaking essential renewal works, these funds will be utilised for improvement and new works. Detailed annual planning is to be undertaken for footpath infrastructure assets.

The exact timing and extent of the construction of the aged care units is dependent on the receipt of grants and contributions to undertake this work.

8.3 LEVEL OF SERVICE

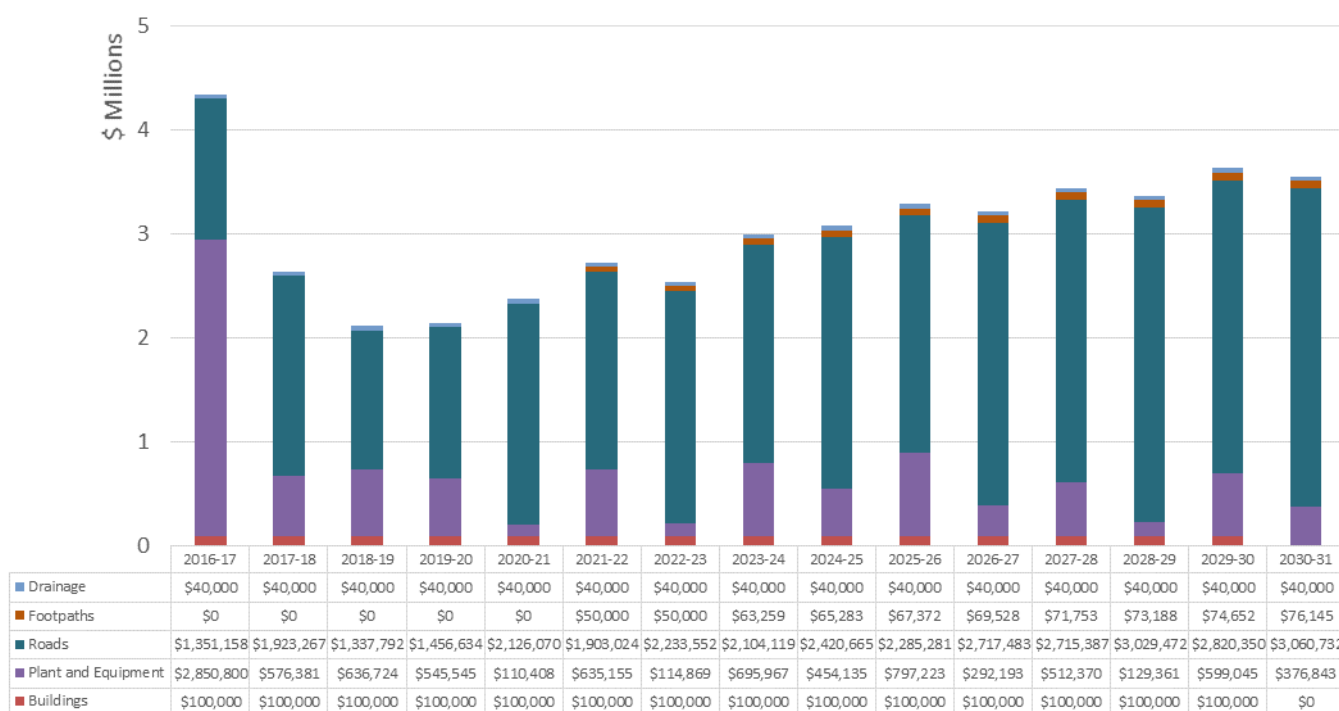
The level of service of assets is forecast to be maintained over the long term however this is dependent on receipt of forecast grants and contributions both for maintenance of assets and for renewal of assets. Changes to the level of these grants may directly impact on forecast service levels.

8.0 CAPITAL OVERVIEW (Continued)

8.4 RENEWAL EXPENDITURE

Planned asset renewal expenditure has been determined by allocating the funds available after operating requirements to asset renewals. Allocation of these funds across the various asset classes has been undertaken to best meet the asset renewal expenditure required. The timing and level of planned asset renewal expenditure for each asset class is summarised in the chart below.

8.4.1 PLANNED ASSET RENEWAL EXPENDITURE BY ASSET CLASS



8.5 NEW/UPGRADE EXPENDITURE

New/upgrade asset expenditure has been determined by allocating available resources and expected future capital grants to meet community demand identified in the Strategic Community Plan.

	2016-17	2017-18	2018-19	2019-20	2020-21
Jinker upgrade	\$250,000				
Aged units				\$4,000,000	
Cycle / footpaths program	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

9.0 FORECAST CAPITAL PROJECTS

9.1 PLANNED CAPITAL EXPENDITURE

The table below sets out the total value of planned capital expenditure (detailed by project) as included over the 15 years of the Plan.

Asset class	Project	Total Expenditure \$
Buildings	Buildings Renewal	5,400,000
Footpaths	Cyclepath/Footpath Program	835,035
Plant and Equipment	Plant Replacement	6,650,176
	Jinker	250,000
	Foreshore Redevelopment	2,200,000
Drainage	Drainage Program	560,000
Roads	Road Renewal RRG	3,836,000
	Road Renewal RTR	6,949,402
	Road Renewal	19,638,852
Grand Total		46,319,465

10.0 FINANCING OVERVIEW

In general, the finances of the Shire are expected to improve over the term of the Plan with a reduction in the level of outstanding borrowings and a minor decrease in cash savings (reserves) as represented in the graph below.

10.1 BORROWINGS

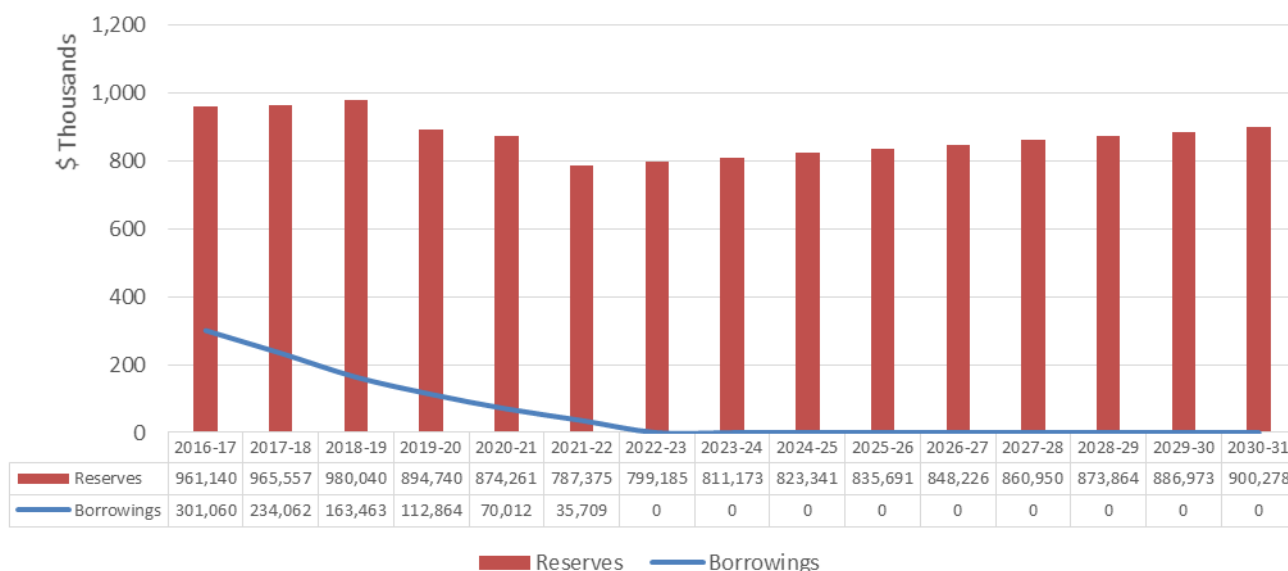
The principal outstanding on borrowings reduces over the life of the Plan, with all loans paid out by 2022-23.

As existing loans come to an end, no new borrowings have been specifically identified. This provides the Shire with increasing capacity to borrow in reaction to unplanned events or urgent issues over the life of the Plan.

10.2 CASH RESERVES

The balance of cash reserves is forecast to fluctuate over the term of the Plan as they are used to fund the renewals of assets whilst trending down over the first six years before moving upward up in line with inflation.

10.2.1 FORECAST BORROWINGS AND CASH RESERVES



11.0 SCENARIO MODELLING

11.1 SCENARIO MODELLING

Scenarios were developed to test the financial impact of reduced levels of operating funding with modelling occurring to consider the impact on the Shire of various reduced funding levels.

To ascertain the effect of reduced funding levels through scenario modelling, a base scenario was developed with a rate yield increase of 2% above inflation. Two alternative scenarios were also developed from this base. In scenario one the rates yield increase is 1% above inflation for the life of the Plan and for scenario two there was no increase above inflation for the duration of the Plan.

All other assumptions remained the same across the two scenarios.

Over the fifteen years of the Plan the reduction in the estimated surplus/(deficit) as a consequence of reduced rate revenue is shown in the table at 11.2.

The base scenario was selected as the most appropriate and has been used for the remainder of the Plan. The base scenario includes levels of rate revenue to ensure the current levels of service are maintained.

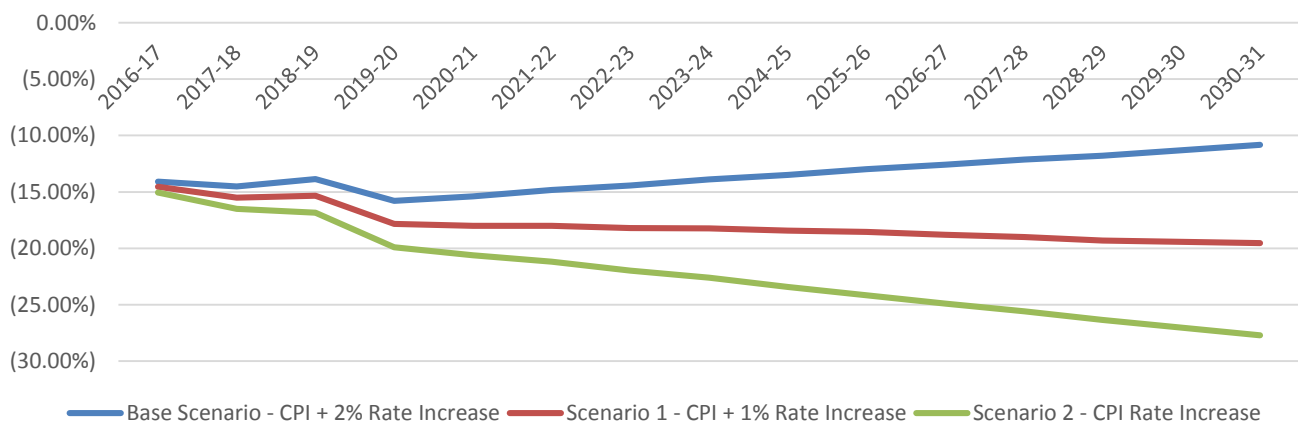
The table below reflects the impact of a change in total rates yield and the total effect of a 1% change in rate yield per annum (other assumptions remaining the same).

11.2 ESTIMATED SURPLUS/DEFICIT JUNE 30 CARRIED FORWARD

Funding Level	Variance from Base Level in Year 15	Average Variance per Annum
(Scenario one) 1% rate increase above inflation	(\$2,066,226)	(\$712,599)
(Scenario two) No rate increase above inflation	(\$3,881,805)	(\$1,365,021)

The chart below reflects the impact of the same change in total rates yield on the Operating Surplus Ratio (other assumptions remaining the same). The base scenario was selected as it achieved an improvement in the operating surplus ratio toward the target ratios levels set out in the Department of Local Government and Communities' published Advisory Standard.

11.2.1 SCENARIO COMPARISON – OPERATING SURPLUS RATIO



12.0 RISK MANAGEMENT

12.1 RISK MANAGEMENT

The Shire provides a diverse range of services and facilities to the general public which exposes it to risks. As part of the implementation of Integrated Planning and Reporting, the Shire intends to formalise its risk based management practices to improve the management of identified risks.

The Shire has a practice of conducting a regular review of insurance levels of its assets by the Chief Executive/Executive Managers to ensure the level is adequate to protect the Shire's assets. The Shire's insurer is LGIS.

Recent amendments to applicable Financial Management Regulations requires the investment of surplus funds (including cash reserves) to be in term deposits held by authorised deposit taking institutions or Treasury bonds.

The Shire seeks to engage experienced and qualified personnel in areas of high risk and provides them with appropriate ongoing training and equipment to ensure they are able to undertake their roles with minimal risk to the community and the Shire.

12.2 CERTAINTY OF ASSUMPTIONS

Included in the Plan is a detailed analysis of the assumptions used during the planning process and the level of risk associated with each assumption.

The impact of the assumptions applied on issues identified as carrying a high risk have been separately disclosed, as has the sensitivity of movements in these assumptions on the financial forecasts set out in this Plan.

12.3 SENSITIVITY ANALYSIS

Where an assessment has been made that a high level of uncertainty applies to the assumptions, sensitivity analysis has been used to help quantify the potential financial impact of a change in the assumption.

Assumptions with a high level of uncertainty and a higher dollar value present the greatest risk that a movement will result in unexpected and detrimental consequences. The details of this analysis are shown adjacent to each assumption on the following pages.

13.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

13.1 REVENUE – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
District Growth in Population: The number of residents in the Shire is expected to remain stable.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Rates Level Increase: Annual rates have been based on an increase in the total rate yield of 2% higher than forecast inflation rate of 2%.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Operating Grants and Contributions: Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$33,790 to the value of operating grants and contributions per 1% movement in the value in the first year of the Plan.
Non-operating Grants and Contributions: Remain in line with funding requirements identified for various capital works.	High	The capital works program is highly dependent on Government grants and contributions. Change in these levels would impact directly on the amount spent on capital projects and ultimately impact on service levels.	Medium	± \$160,445 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
Fees and Charges: Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Interest Earnings: Interest earning of an average rate of 2.5% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Revenue: Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Profit on Asset Disposal: Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

13.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (Continued)

13.2 EXPENDITURE – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Employee Costs: Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Materials and Contracts: Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$357,476 to the value of materials and contracts per 1% movement in the value over the life of the Plan.
Depreciation: Depreciation has been calculated using an average depreciation rate based on historical rates.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Insurance: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Expenditure: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Loss on Asset Disposal: A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan, no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

13.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (Continued)

13.3 ASSETS – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Revaluations: In line with annual inflation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation, leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$264,330 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,812,583 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
Impairment of Assets: No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
Infrastructure Assets: Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$160,445 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan.
Property, Plant and Equipment: Building expenditure is in accordance with the 10 Year Capital Plan and plant expenditure is based on the Plant Replacement Program.	Medium	Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds.	Medium	Not assessed as high level of uncertainty.

13.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (Continued)

13.4 LIABILITIES – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Borrowings: New borrowings to be considered for capital works where required.	High	If the Shire is not able to secure borrowings in the future the likely impact will be the cancellation or postponement of related asset acquisitions leading to a reduction in service levels over the short to medium term.	Low	Not assessed as high level of uncertainty.
Employee Entitlements: It has been assumed the Shire will be in a position to meet its obligations in relation to employee entitlements.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

13.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (Continued)

13.5 EQUITY RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY
Cash Backed Reserves: It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Revaluation Surplus: Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$264,330 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,812,583 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

13.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (Continued)

13.6 OTHER – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Ownership of Strategic Assets: The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
Inflators: Forecast inflation at 3% per annum.	Medium	Not assessed as high financial risk.	High	± \$1,098,248 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,166,612 to operating expenditure per 1% movement in the inflators over the life of the Plan.
Commercial Activities: The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
General Economic Forecasts for State: The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to decline in the short term with a corresponding tightening of the state economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
General Economic Forecasts for Region: Mining has been by far the highest contributor of Shark Bay's GRP, this being solely from the Useless Loop Salt Mine. The region's dependence on this remains the assumption for the term of this Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

14.0 MONITORING AND PERFORMANCE

14.1 MONITORING

The Plan will be the subject of a desktop review each year to take into account changing circumstances with a full revision scheduled every two years in line with the review of the Strategic Community Plan.

Monitoring the Shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios.

14.2 PERFORMANCE ASSESSMENT

A series of performance indicators, in the form of financial ratios, have been used to assess the financial performance of the Shire.

To maintain comparability across the industry, these ratios and their respective target ranges, have been derived from the Department of Local Government and Communities, Long Term Financial Planning Guidelines and Regulation 50 of Local Government (Financial Management) Regulation 1996.

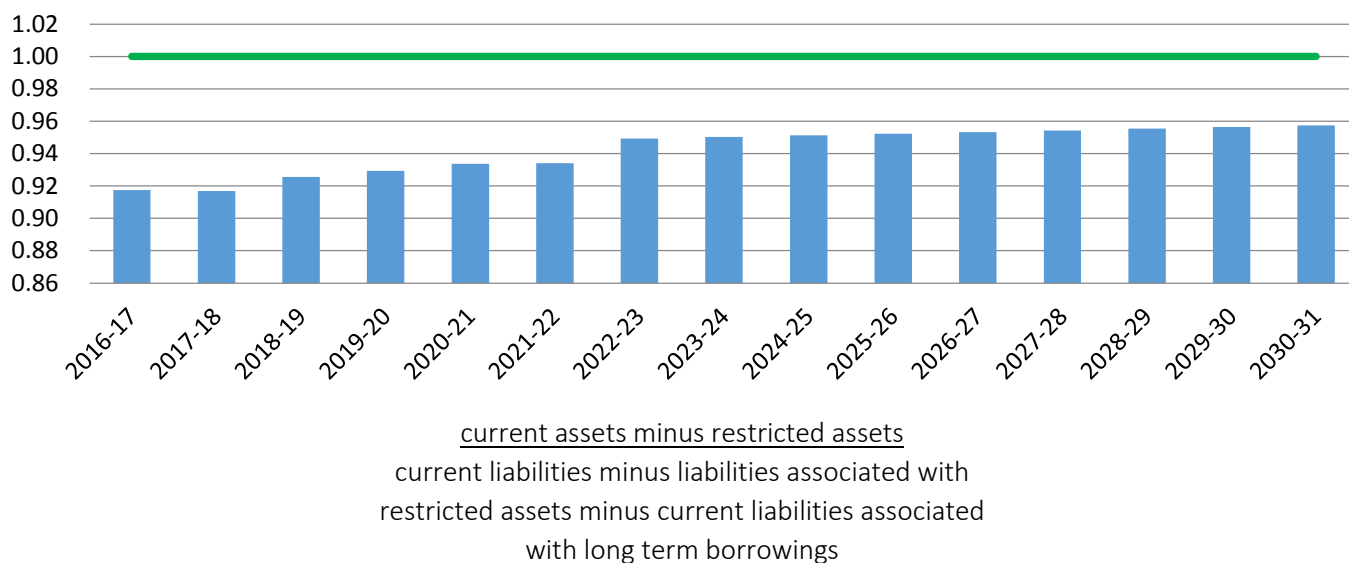
Graphs of these financial ratios are presented on the following pages together with the formula used to calculate the ratio, a brief description of what the ratio indicates and an assessment of the impact of the ratio on the Shire's finances in the future.

14.3 RATIO TARGETS

The Department of Local Government and Communities Advisory Standard provides target levels for each of the ratios. These target levels are represented on the ratio graphs as a red or green line. The red line represents the level at which a 'basic standard' is met, the green line representing the level at which an 'advanced standard' is met.

14.0 MONITORING AND PERFORMANCE (Continued)

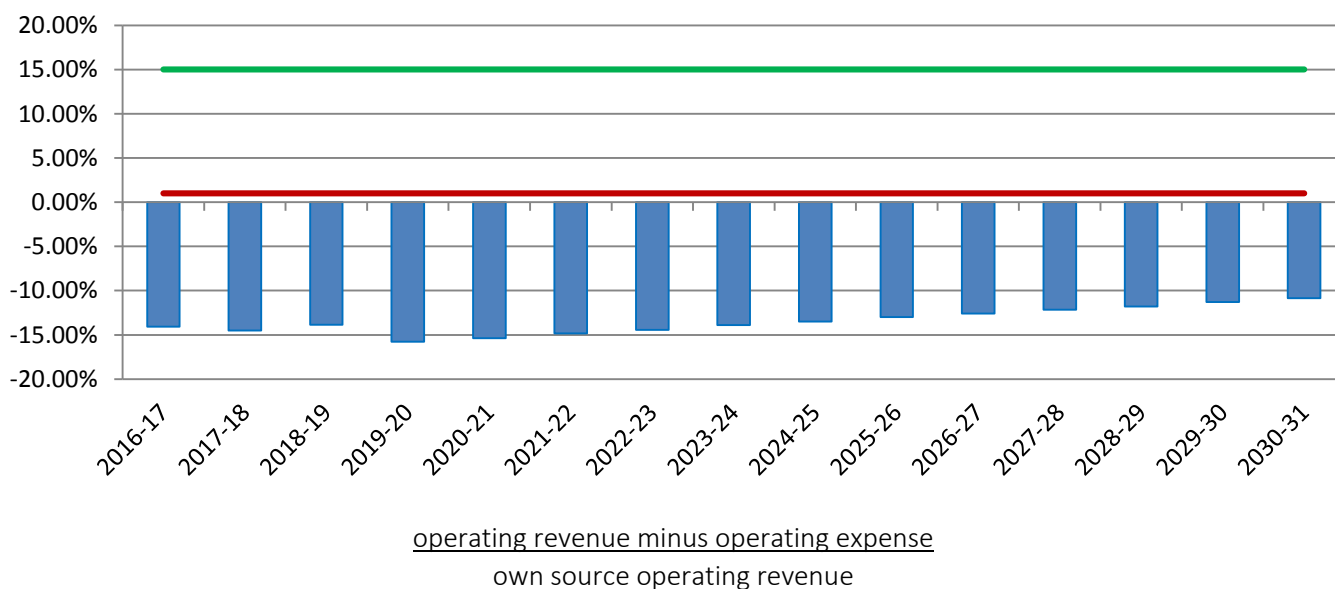
14.4 FORECAST RATIO ANALYSIS – CURRENT RATIO



Indication: A measure of the Shire’s immediate liquidity and the capacity to meet short term financial obligations from unrestricted current assets.

Commentary: As expected for a Shire with a forecast balanced funding surplus position and current borrowing liabilities, the ratio is less than 1.0. As borrowings are settled the ratio improves towards the target of 1. The target is not considered to indicate a threat to the Shire’s long term financial position.

14.5 FORECAST RATIO ANALYSIS – OPERATING SURPLUS RATIO

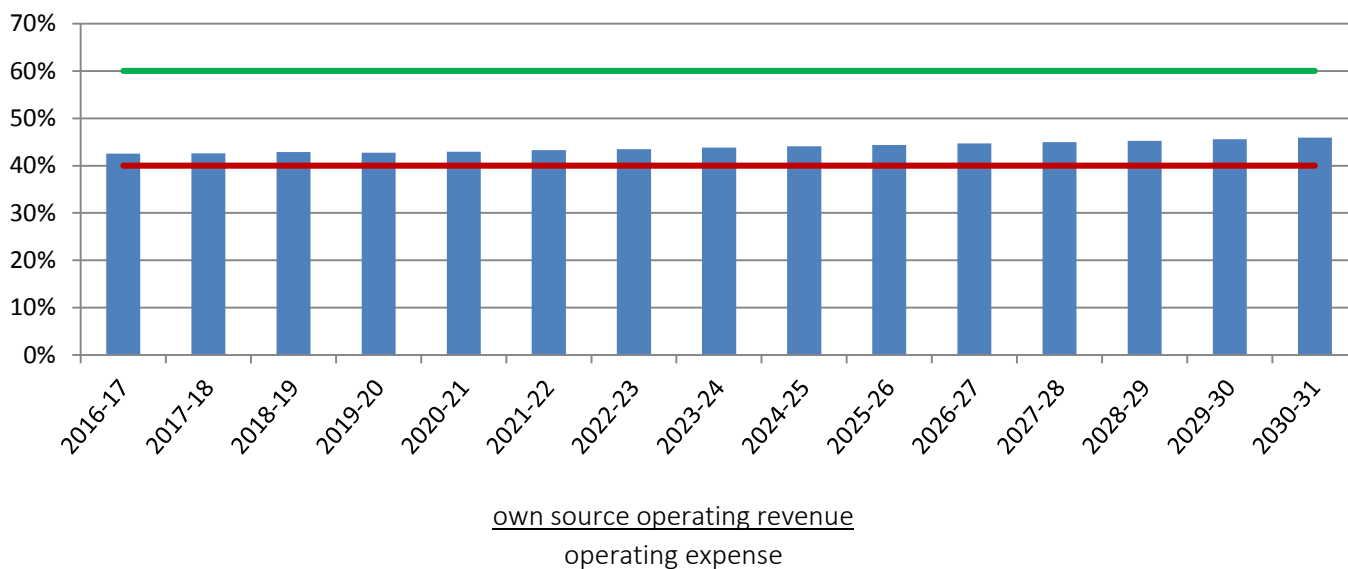


Indication: A measure of the extent to which own source revenues raised cover operational expenses.

Commentary: While the ratio is below the target and decreases marginally over the first four years, the ratio is demonstrating a steady improvement over the term of the Plan indicating an increasing capacity to renew assets into the future.

14.0 MONITORING AND PERFORMANCE (Continued)

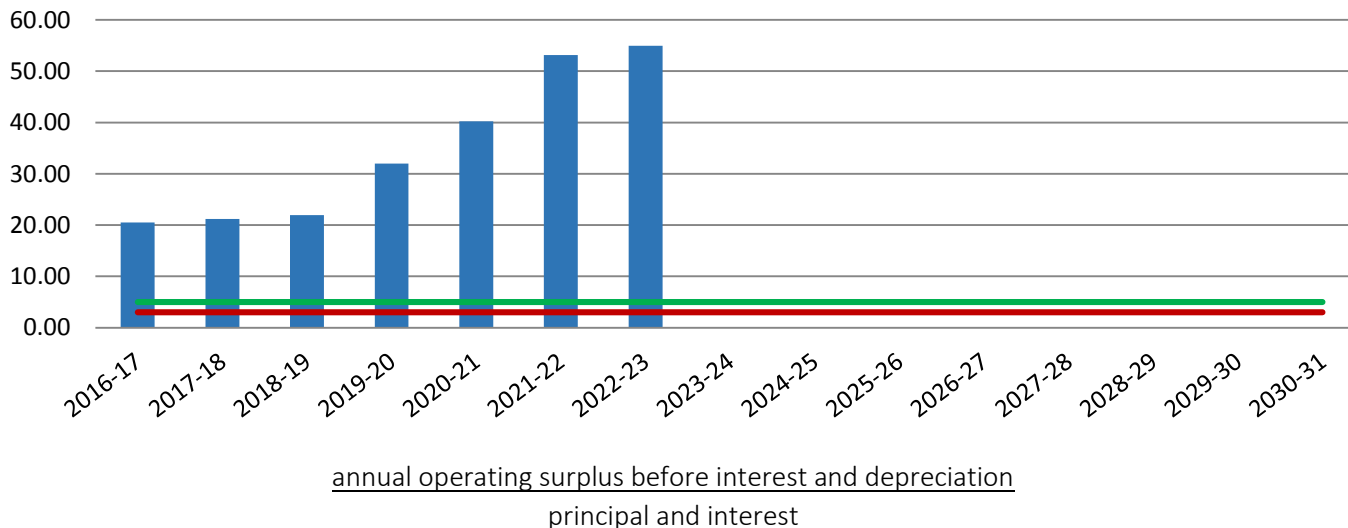
14.6 FORECAST RATIO ANALYSIS – OWN SOURCE REVENUE COVERAGE RATIO



Indication: A measure of the extent of the Shire’s ability to cover costs using only discretionary revenue.

Commentary: The ratio is just above the target range and improving throughout the length of the Plan indicating the Shire is able to continue to operate in the event of a minor loss of external grants and contributions.

14.7 FORECAST RATIO ANALYSIS – DEBT SERVICE COVERAGE RATIO

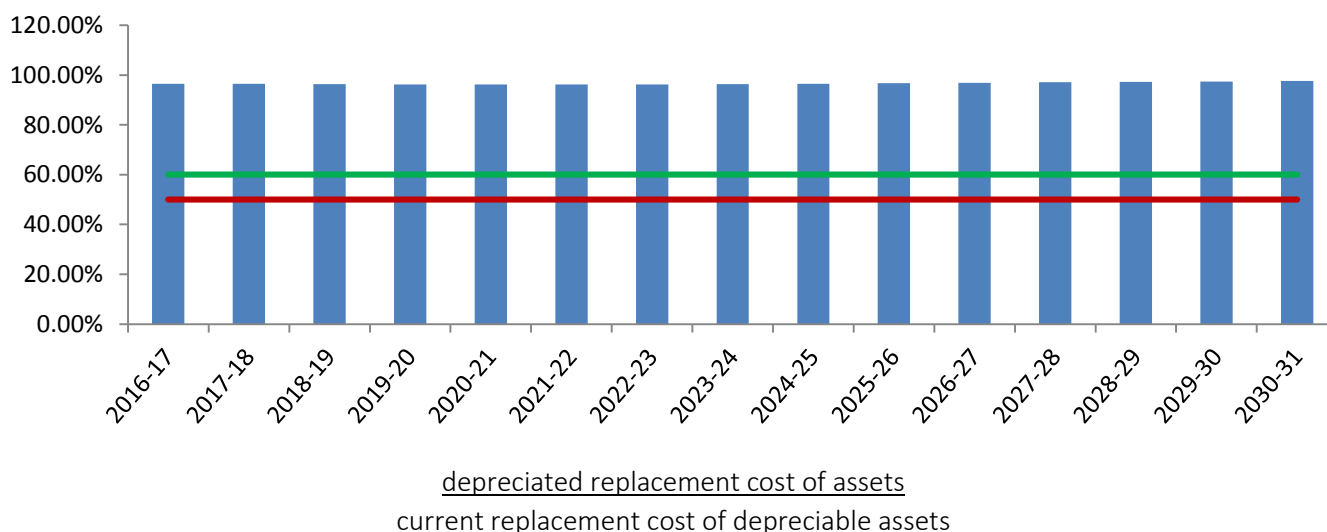


Indication: A measure of the extent of the Shire’s capacity to generate sufficient cash to cover debt payments.

Commentary: The ratio is in the advanced range and continues to improve over time as existing borrowings are paid off. This indicates the Shire has a capacity to borrow in the short term with increasing capacity from year 3 onwards.

14.0 MONITORING AND PERFORMANCE (Continued)

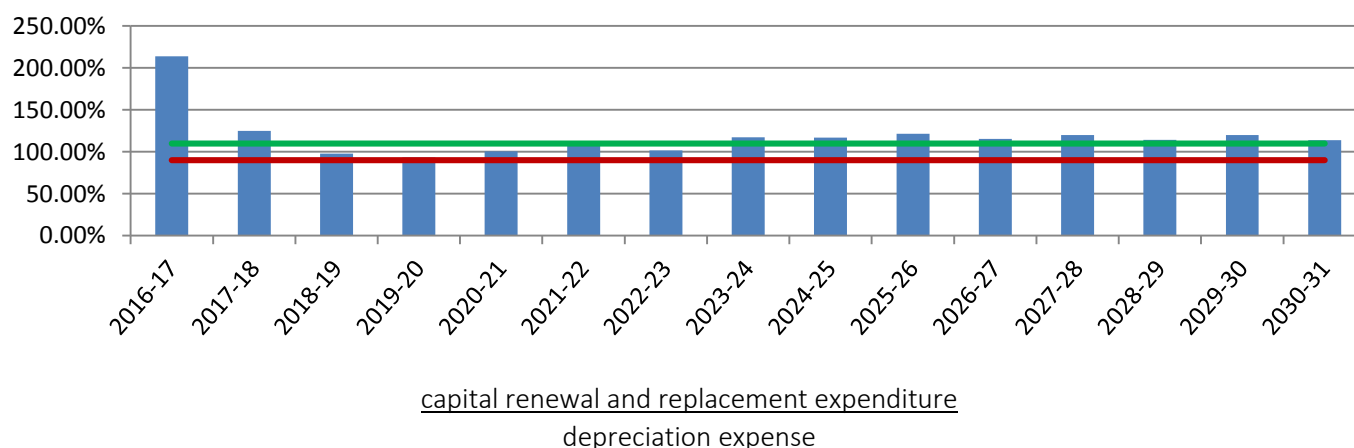
14.8 FORECAST RATIO ANALYSIS – ASSET CONSUMPTION RATIO



Indication: A measure of the aged condition of the Shire’s physical assets.

Commentary: The ratio is above the target range indicating the majority of assets are relatively new. Unfortunately, this ratio is somewhat distorted by a lack of information on the Current Replacement Cost of assets. The true level of the ratio is unknown without this information however, importantly the ratio is maintained throughout the Plan.

14.9 FORECAST RATIO ANALYSIS –ASSET SUSTAINABILITY RATIO

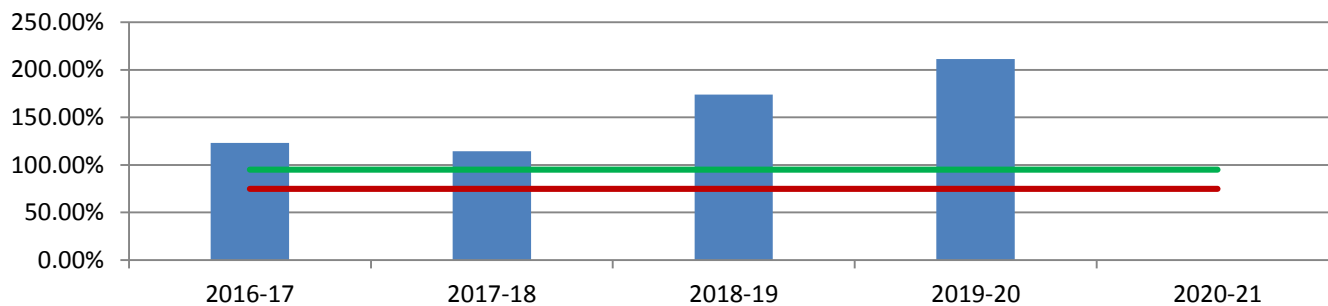


Indication: A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.

Commentary: The ratio highlights asset renewal expenditure relative to depreciation and fluctuates as expected. The ratio averages at 118.84% over the term of the Plan which is above the guideline level and indicates the Shire is generally renewing assets in line with their forecast useful lives.

14.0 MONITORING AND PERFORMANCE (Continued)

14.10 FORECAST RATIO ANALYSIS – ASSET RENEWAL FUNDING RATIO



NPV of planned capital renewals over 10 years
NPV of required capital expenditure over 10 years

Indication: The Shire’s financial capacity to fund asset renewal to support existing service levels. (This ratio is based on the ten years forecast expenditure and as such is only able to be calculated of the first five years of the Plan).

Commentary: The ratio is above the target ratio with planned asset renewal expenditure being higher than the required asset renewal expenditure as set out in the Asset Management Plan.

APPENDIX B1 – FORECAST FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

The following forecast financial statements have been prepared and are included at the end of the Plan.

These forecast statements have been prepared within a framework which accords with the Australian Accounting Standards.

STATEMENTS OF COMPREHENSIVE INCOME

Often referred to as the operating statement, it shows the revenues and expenses over the periods classified by two methods (by Program and Nature or Type) to disclose a net result.

STATEMENT OF FINANCIAL POSITION

More commonly referred to as the Balance Sheet, this statement discloses the forecast changes in the balance of assets and liability accounts over the periods.

STATEMENT OF CHANGES IN EQUITY

This statement discloses the changes in equity over the forecast period. It shows the impact of operations on net assets and the movement in cash backed and revaluation reserves.

STATEMENT OF CASHFLOWS

Represents the forecast cash inflows and outflows and discloses the changes to the balance of cash over the period.

STATEMENT OF FUNDING

A statement combining operating and capital revenues and expenses and discloses the opening and closing net current budget surplus (deficit) funding position for each year.

STATEMENT OF NET CURRENT ASSET COMPOSITION

A statement showing how the closing estimated surplus/deficit has been calculated.

STATEMENT OF FIXED ASSET MOVEMENTS

A summary of the impact of the Plan on the value of fixed assets over the period. It discloses the movements in the net value of property, plant, and equipment and infrastructure.

STATEMENT OF FIXED ASSET FUNDING

A summary of the capital expenditure by asset class and the source of funding for each class.

FORECAST RATIOS

The forecast ratios required by the regulations and discussed earlier under monitoring and performance.

NATURE OR TYPE

A number of statements in the Plan are disclosed using nature or type descriptors of revenue and expenditure (for example Rates and Employee Costs). This classification is in accordance with Schedule 1 of the Local Government (Financial Management) Regulation 1996.

APPENDIX B1 – FORECAST FINANCIAL STATEMENTS (CONTINUED)

SERVICE PROGRAMS

The Shire provides a wide variety of services to the community in order to achieve its vision and objectives. The following service program descriptions are used in the Plan to represent these services.

Objectives	Services	Objectives	Services
Governance	Members of Council Governance – general	Recreation and culture	Public halls, civic centre Swimming areas and beaches Other recreation and sport Television and radio re-broadcasting Libraries Other culture
General purpose funding	Rates Other general purpose funding	Transport	Streets, roads, bridges, depots - Construction (not capitalised) - Maintenance Road plant purchase (if not capitalised) Parking facilities Traffic control Aerodromes Water transport facilities
Law, order, public safety	Fire prevention Animal control Other law, order, public safety	Economic services	Rural services Tourism and area promotion Building control Other economic services
Health	Maternal and infant health Preventative services - Immunisation - Meat inspection - Administration and inspection - Pest control - Other Other health	Other property and services	Private works Public works overheads Plant operation Salaries and wages Unclassified Town Planning Schemes
Education and welfare	Pre-school Other education Care of families and children Aged and disabled Other welfare		
Housing	Staff housing Other housing		
Community amenities	Sanitation - Household refuse - Other Sewerage Urban stormwater drainage Protection of environment Town planning and regional development Other community amenities		

APPENDIX B2 – FORECAST STATEMENT OF COMPREHENSIVE INCOME 2016-2031

	2013-14	2014-15	Base	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues																		
Rates	1,123,603	1,192,403	1,206,380	1,253,866	1,303,235	1,354,564	1,407,933	1,463,417	1,521,108	1,581,085	1,643,443	1,708,277	1,775,691	1,845,780	1,918,658	1,994,429	2,073,210	2,155,122
Operating grants, subsidies and contributions	1,440,371	3,438,654	2,382,428	3,379,022	3,446,602	3,515,534	3,585,845	3,657,563	3,730,714	3,805,328	3,881,434	3,959,063	4,038,245	4,119,011	4,201,391	4,285,419	4,371,129	4,458,552
Fees and charges	1,436,600	1,547,131	1,231,425	1,256,048	1,281,169	1,306,789	1,332,920	1,359,581	1,386,767	1,414,503	1,442,787	1,471,646	1,501,085	1,531,099	1,561,716	1,592,947	1,624,809	1,657,305
Interest earnings	135,113	125,578	75,694	36,858	33,377	33,443	33,660	32,383	32,074	30,770	30,948	31,128	31,310	31,495	31,684	31,874	32,069	32,265
Other revenue	177,135	288,639	237,175	241,919	246,758	251,693	256,726	261,860	267,096	272,438	277,887	283,447	289,118	294,901	300,799	306,815	312,953	319,215
	4,312,822	6,592,405	5,133,102	6,167,713	6,311,141	6,462,023	6,617,084	6,774,804	6,937,759	7,104,124	7,276,499	7,453,561	7,635,449	7,822,286	8,014,248	8,211,484	8,414,170	8,622,459
Expenses																		
Employee costs	(1,620,267)	(1,778,356)	(1,938,330)	(1,977,098)	(2,016,633)	(2,056,953)	(2,098,085)	(2,140,041)	(2,182,829)	(2,226,491)	(2,271,020)	(2,316,440)	(2,362,772)	(2,410,033)	(2,458,239)	(2,507,403)	(2,557,558)	(2,608,712)
Materials and contracts	(2,145,138)	(1,945,835)	(2,026,613)	(2,067,148)	(2,108,488)	(2,150,641)	(2,193,649)	(2,237,517)	(2,282,246)	(2,327,893)	(2,374,437)	(2,421,923)	(2,470,394)	(2,519,810)	(2,570,199)	(2,621,619)	(2,674,064)	(2,727,558)
Utility charges (electricity, gas, water etc.)	(162,035)	(140,053)	(158,750)	(161,925)	(165,161)	(168,459)	(171,825)	(175,260)	(178,763)	(182,342)	(185,984)	(189,701)	(193,500)	(197,371)	(201,311)	(205,337)	(209,449)	(213,643)
Depreciation on non-current assets	(1,880,511)	(2,226,363)	(2,355,680)	(2,030,933)	(2,110,860)	(2,165,525)	(2,300,649)	(2,366,259)	(2,428,982)	(2,498,011)	(2,565,232)	(2,638,149)	(2,709,689)	(2,788,189)	(2,866,868)	(2,951,319)	(3,034,188)	(3,119,878)
Interest expense	(33,186)	(27,055)	(20,432)	(17,031)	(13,621)	(10,020)	(6,596)	(4,145)	(2,497)	(1,091)	0	0	0	0	0	0	0	0
Insurance expense	(142,824)	(144,018)	(129,667)	(132,263)	(134,906)	(137,605)	(140,358)	(143,165)	(146,029)	(148,954)	(151,931)	(154,966)	(158,066)	(161,229)	(164,453)	(167,743)	(171,100)	(174,519)
Other expenditure	(155,643)	(176,022)	(170,464)	(173,871)	(177,341)	(180,881)	(184,495)	(188,176)	(191,932)	(195,771)	(199,679)	(203,676)	(207,752)	(211,898)	(216,127)	(220,445)	(224,856)	(229,352)
	(6,139,604)	(6,437,702)	(6,799,936)	(6,560,269)	(6,727,010)	(6,870,084)	(7,095,657)	(7,254,563)	(7,413,278)	(7,580,553)	(7,748,283)	(7,924,855)	(8,102,173)	(8,288,530)	(8,477,197)	(8,673,866)	(8,871,215)	(9,073,662)
	(1,826,782)	154,703	(1,666,834)	(392,556)	(415,869)	(408,061)	(478,573)	(479,759)	(475,519)	(476,429)	(471,784)	(471,294)	(466,724)	(466,244)	(462,949)	(462,382)	(457,045)	(451,203)
Non-operating grants, subsidies and contributions	3,612,978	2,643,464	7,582,260	2,612,667	872,558	412,544	4,112,421	512,667	512,667	512,667	756,682	776,010	795,957	816,542	837,786	837,786	837,786	837,786
Profit on disposal of assets	4,310	4,000	28,401	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(111,225)	(301,065)	(27,858)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	1,679,281	2,501,102	5,915,969	2,220,111	456,689	4,483	3,633,848	32,908	37,148	36,238	284,898	304,716	329,233	350,298	374,837	375,404	380,741	386,583
Other Comprehensive Income	0	61,828,332	0	3,690,305	4,385,255	3,888,573	4,084,971	4,918,605	4,833,261	5,273,041	5,250,140	5,684,349	5,663,427	6,227,797	6,354,573	6,812,345	6,738,578	7,127,236
TOTAL COMPREHENSIVE INCOME	1,679,281	64,329,434	5,915,969	5,910,416	4,841,944	3,893,056	7,718,819	4,951,513	4,870,409	5,309,279	5,535,038	5,989,065	5,992,660	6,578,095	6,729,410	7,187,749	7,119,319	7,513,819

APPENDIX B3 – FORECAST STATEMENT OF COMPREHENSIVE INCOME 2016-2031

	2013-14	2014-15	Base	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue																		
Governance	44,618	60,231	6,250	6,375	6,502	6,633	6,765	6,900	7,038	7,179	7,322	7,469	7,619	7,771	7,927	8,086	8,248	8,413
General purpose funding	2,211,775	4,163,290	3,176,575	4,172,060	4,275,574	4,385,748	4,499,290	4,614,652	4,734,410	4,856,708	4,984,142	5,115,350	5,250,466	5,389,610	5,532,925	5,680,537	5,832,598	5,989,253
Law, order, public safety	51,157	166,510	93,350	95,217	97,121	99,063	101,044	103,065	105,126	107,228	109,372	111,560	113,793	116,069	118,390	120,757	123,173	125,637
Health	1,203	751	750	765	780	796	812	828	845	862	879	897	915	933	952	971	990	1,010
Housing	72,598	75,289	88,660	90,428	92,241	94,085	95,962	97,883	99,836	101,836	103,868	105,945	108,067	110,222	112,424	114,672	116,966	119,307
Community amenities	257,668	283,884	272,000	277,440	282,988	288,649	294,422	300,311	306,317	312,443	318,693	325,066	331,567	338,198	344,962	351,860	358,898	366,075
Recreation and culture	289,967	263,836	307,900	314,058	320,338	326,742	333,278	339,943	346,741	353,674	360,746	367,963	375,322	382,828	390,482	398,291	406,259	414,384
Transport	452,222	435,131	435,550	444,261	453,146	462,208	471,452	480,882	490,499	500,309	510,313	520,521	530,933	541,551	552,380	563,428	574,698	586,192
Economic services	922,556	1,111,056	727,067	741,609	756,441	771,569	786,999	802,739	818,794	835,169	851,873	868,913	886,292	904,019	922,099	940,540	959,351	978,539
Other property and services	9,058	32,427	25,000	25,500	26,010	26,530	27,060	27,601	28,153	28,716	29,291	29,877	30,475	31,085	31,707	32,342	32,989	33,649
	4,312,822	6,592,405	5,133,102	6,167,713	6,311,141	6,462,023	6,617,084	6,774,804	6,937,759	7,104,124	7,276,499	7,453,561	7,635,449	7,822,286	8,014,248	8,211,484	8,414,170	8,622,459
Expenses Excluding Finance Costs																		
Governance	(349,176)	(271,337)	(294,590)	(290,225)	(297,112)	(303,394)	(311,991)	(318,771)	(325,568)	(332,648)	(339,775)	(347,166)	(354,636)	(362,402)	(370,280)	(378,438)	(386,664)	(395,090)
General purpose funding	(101,057)	(99,309)	(122,099)	(124,541)	(127,033)	(129,573)	(132,164)	(134,807)	(137,502)	(140,253)	(143,056)	(145,917)	(148,837)	(151,814)	(154,850)	(157,947)	(161,107)	(164,329)
Law, order, public safety	(241,040)	(332,166)	(334,323)	(331,522)	(339,155)	(346,255)	(355,520)	(363,129)	(370,781)	(378,720)	(386,733)	(395,018)	(403,403)	(412,093)	(420,919)	(430,027)	(439,237)	(448,660)
Health	(52,403)	(59,205)	(55,357)	(56,465)	(57,592)	(58,744)	(59,918)	(61,115)	(62,339)	(63,587)	(64,857)	(66,155)	(67,480)	(68,827)	(70,202)	(71,607)	(73,040)	(74,500)
Education and welfare	0	(162,666)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing	(110,168)	(627,698)	(174,916)	(166,669)	(171,241)	(175,051)	(181,451)	(185,697)	(189,895)	(194,341)	(198,765)	(203,418)	(208,079)	(213,006)	(217,984)	(223,196)	(228,418)	(233,780)
Community amenities	(756,777)	(1,739,436)	(639,881)	(648,637)	(662,029)	(675,404)	(689,908)	(703,918)	(718,159)	(732,741)	(747,584)	(762,774)	(778,236)	(794,062)	(810,190)	(826,685)	(843,480)	(860,619)
Recreation and culture	(1,570,524)	(1,753,463)	(1,932,181)	(1,871,178)	(1,919,128)	(1,960,835)	(2,024,657)	(2,070,401)	(2,115,924)	(2,163,727)	(2,211,613)	(2,261,635)	(2,311,911)	(2,364,660)	(2,418,088)	(2,473,725)	(2,529,603)	(2,586,901)
Transport	(1,833,395)	(1,323,833)	(2,001,041)	(1,876,995)	(1,931,878)	(1,976,000)	(2,056,022)	(2,105,777)	(2,154,677)	(2,206,795)	(2,258,548)	(2,313,253)	(2,367,815)	(2,425,906)	(2,484,535)	(2,546,192)	(2,607,638)	(2,670,832)
Economic services	(1,092,458)	(1,323,833)	(1,200,116)	(1,209,914)	(1,235,613)	(1,260,792)	(1,289,516)	(1,316,052)	(1,342,955)	(1,370,594)	(1,398,665)	(1,427,465)	(1,456,732)	(1,486,796)	(1,517,406)	(1,548,788)	(1,580,675)	(1,613,245)
Other property and services	580	(41,534)	(25,000)	32,908	27,392	25,984	12,086	9,249	7,019	3,944	1,313	(2,054)	(5,044)	(8,964)	(12,743)	(17,261)	(21,353)	(25,706)
	(6,106,418)	(7,734,480)	(6,779,504)	(6,543,238)	(6,713,389)	(6,860,064)	(7,089,061)	(7,250,418)	(7,410,781)	(7,579,462)	(7,748,283)	(7,924,855)	(8,102,173)	(8,288,530)	(8,477,197)	(8,673,866)	(8,871,215)	(9,073,662)
Finance Costs																		
Governance	(17,213)	(13,899)	(10,234)	(8,288)	(6,029)	(3,626)	(1,449)	(296)	0	0	0	0	0	0	0	0	0	0
Economic services	(15,973)	(13,156)	(10,198)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other property and services	0	0	0	(8,743)	(7,592)	(6,394)	(5,147)	(3,849)	(2,497)	(1,091)	0	0	0	0	0	0	0	0
	(33,186)	(27,055)	(20,432)	(17,031)	(13,621)	(10,020)	(6,596)	(4,145)	(2,497)	(1,091)	0	0	0	0	0	0	0	0
Non Operating Grants, Subsidies and Contributions																		
Law, order, public safety	1,037,648	125,505	50,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing	378,341	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community amenities	0	378,341	0	0	0	0	3,500,000	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	867,692	17,617	6,570,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	1,029,297	2,122,001	962,260	2,612,667	872,558	412,544	612,421	512,667	512,667	512,667	756,682	776,010	795,957	816,542	837,786	837,786	837,786	837,786
Economic services	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	3,612,978	2,643,464	7,582,260	2,612,667	872,558	412,544	4,112,421	512,667	512,667	512,667	756,682	776,010	795,957	816,542	837,786	837,786	837,786	837,786
Profit/(Loss) on Disposal of Assets																		
Governance	4,134	0	6,355	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Law, order, public safety	0	(23,319)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	(21,889)	(193,165)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	(88,984)	(80,581)	(8,852)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic services	(176)	0	3,040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(106,915)	(297,065)	543	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	1,679,281	1,177,269	5,915,969	2,220,111	456,689	4,483	3,633,848	32,908	37,148	36,238	284,898	304,716	329,233	350,298	374,837	375,404	380,741	386,583
Other Comprehensive Income	0	61,828,332	0	3,690,305	4,385,255	3,888,573	4,084,971	4,918,605	4,833,261	5,273,041	5,250,140	5,684,349	5,663,427	6,227,797	6,354,573	6,812,345	6,738,578	7,127,236
TOTAL COMPREHENSIVE INCOME	1,679,281	63,005,601	5,915,969	5,910,416	4,841,944	3,893,056	7,718,819	4,951,513	4,870,409	5,309,279	5,535,038	5,989,065	5,992,660	6,578,095	6,729,410	7,187,749	7,119,319	7,513,819

APPENDIX B4 – FORECAST STATEMENT OF FINANCIAL POSITION 2016-2031

	2014	2015	Base	30 June 17	30 June 18	30 June 19	30 June 20	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS																		
Unrestricted Cash and Equivalents	422,848	1,566,388	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003
Restricted Cash and Cash Equivalent	2,649,795	8,433,119	1,193,242	961,140	965,557	980,040	894,740	874,261	787,375	799,185	811,173	823,341	835,691	848,226	860,950	873,864	886,973	900,278
Trade and Other Receivables	1,137,594	523,807	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114
Inventories	146,545	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379
TOTAL CURRENT ASSETS	4,356,782	10,633,693	3,384,738	3,152,636	3,157,053	3,171,536	3,086,236	3,065,757	2,978,871	2,990,681	3,002,669	3,014,837	3,027,187	3,039,722	3,052,446	3,065,360	3,078,469	3,091,774
NON-CURRENT ASSETS																		
Other Receivables	8,651	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306	10,306
Property Plant and Equipment	25,126,671	25,179,465	24,759,903	27,181,164	27,113,441	27,190,189	30,934,626	30,476,124	30,339,332	29,822,009	29,725,699	29,380,089	29,224,284	28,712,952	28,262,644	27,551,363	27,083,759	26,432,978
Infrastructure	19,592,167	83,091,929	92,862,490	96,520,159	101,358,411	105,089,637	109,098,720	114,486,362	119,546,146	125,325,229	130,944,589	137,267,096	143,403,211	150,480,103	157,647,097	165,533,213	173,107,027	181,258,322
TOTAL NON-CURRENT ASSETS	44,727,489	108,281,700	117,632,699	123,711,629	128,482,158	132,290,132	140,043,652	144,972,792	149,895,784	155,157,544	160,680,594	166,657,491	172,637,801	179,203,361	185,920,047	193,094,882	200,201,092	207,701,606
TOTAL ASSETS	49,084,271	118,915,393	121,017,437	126,864,265	131,639,211	135,461,668	143,129,888	148,038,549	152,874,655	158,148,225	163,683,263	169,672,328	175,664,988	182,243,083	188,972,493	196,160,242	203,279,561	210,793,380
CURRENT LIABILITIES																		
Trade and Other Payables	323,230	5,938,676	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496	2,191,496
Current Portion of Long-term Liabilities	105,311	476,393	80,619	66,998	70,599	50,599	42,852	34,303	35,709	0	0	0	0	0	0	0	0	0
Provisions	249,151	226,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944	271,944
TOTAL CURRENT LIABILITIES	677,692	6,642,013	2,544,059	2,530,438	2,534,039	2,514,039	2,506,292	2,497,743	2,499,149	2,463,440	2,463,440	2,463,440	2,463,440	2,463,440	2,463,440	2,463,440	2,463,440	2,463,440
NON-CURRENT LIABILITIES																		
Long-term Borrowings	476,393	0	284,029	234,062	163,463	112,864	70,012	35,709	0	0	0	0	0	0	0	0	0	0
Provisions	40,266	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026
TOTAL NON-CURRENT LIABILITIES	516,659	54,026	338,055	288,088	217,489	166,890	124,038	89,735	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026	54,026
TOTAL LIABILITIES	1,194,351	6,696,039	2,882,114	2,818,526	2,751,528	2,680,929	2,630,330	2,587,478	2,553,175	2,517,466	2,517,466	2,517,466	2,517,466	2,517,466	2,517,466	2,517,466	2,517,466	2,517,466
NET ASSETS	47,889,920	112,219,354	118,135,323	124,045,739	128,887,683	132,780,739	140,499,558	145,451,071	150,321,480	155,630,759	161,165,797	167,154,862	173,147,522	179,725,617	186,455,027	193,642,776	200,762,095	208,275,914
EQUITY																		
Retained Surplus	36,789,448	39,250,011	46,008,242	48,460,455	48,912,727	48,902,727	52,621,875	52,675,262	52,799,296	52,823,724	53,096,634	53,389,182	53,706,065	54,043,828	54,405,941	54,768,431	55,136,063	55,509,341
Reserves - Cash Backed	1,994,965	2,035,504	1,193,242	961,140	965,557	980,040	894,740	874,261	787,375	799,185	811,173	823,341	835,691	848,226	860,950	873,864	886,973	900,278
Reserves - Revaluation	9,105,507	70,933,839	70,933,839	74,624,144	79,009,399	82,897,972	86,982,943	91,901,548	96,734,809	102,007,850	107,257,990	112,942,339	118,605,766	124,833,563	131,188,136	138,000,481	144,739,059	151,866,295
TOTAL EQUITY	47,889,920	112,219,354	118,135,323	124,045,739	128,887,683	132,780,739	140,499,558	145,451,071	150,321,480	155,630,759	161,165,797	167,154,862	173,147,522	179,725,617	186,455,027	193,642,776	200,762,095	208,275,914

APPENDIX B5 – FORECAST STATEMENT OF CHANGES IN EQUITY 2016-2031

	2014	2015	Base	30 June 17	30 June 18	30 June 19	30 June 20	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS																		
Opening Balance	35,231,463	36,789,448	39,250,011	46,008,242	48,460,455	48,912,727	48,902,727	52,621,875	52,675,262	52,799,296	52,823,724	53,096,634	53,389,182	53,706,065	54,043,828	54,405,941	54,768,431	55,136,063
Net Result	1,679,281	2,501,102	5,915,969	2,220,111	456,689	4,483	3,633,848	32,908	37,148	36,238	284,898	304,716	329,233	350,298	374,837	375,404	380,741	386,583
Amount transferred (to)/from Reserves	(121,296)	(40,539)	842,262	232,102	(4,417)	(14,483)	85,300	20,479	86,886	(11,810)	(11,988)	(12,168)	(12,350)	(12,535)	(12,724)	(12,914)	(13,109)	(13,305)
Closing Balance	36,789,448	39,250,011	46,008,242	48,460,455	48,912,727	48,902,727	52,621,875	52,675,262	52,799,296	52,823,724	53,096,634	53,389,182	53,706,065	54,043,828	54,405,941	54,768,431	55,136,063	55,509,341
RESERVES - CASH/INVESTMENT BACKED																		
Opening Balance	1,873,669	1,994,965	2,035,504	1,193,242	961,140	965,557	980,040	894,740	874,261	787,375	799,185	811,173	823,341	835,691	848,226	860,950	873,864	886,973
Amount transferred to/(from) Retained Surplus	121,296	40,539	(842,262)	(232,102)	4,417	14,483	(85,300)	(20,479)	(86,886)	11,810	11,988	12,168	12,350	12,535	12,724	12,914	13,109	13,305
Closing Balance	1,994,965	2,035,504	1,193,242	961,140	965,557	980,040	894,740	874,261	787,375	799,185	811,173	823,341	835,691	848,226	860,950	873,864	886,973	900,278
ASSET REVALUATION RESERVES																		
Opening Balance	9,105,507	9,105,507	70,933,839	70,933,839	74,624,144	79,009,399	82,897,972	86,982,943	91,901,548	96,734,809	102,007,850	107,257,990	112,942,339	118,605,766	124,833,563	131,188,136	138,000,481	144,739,059
Total Other Comprehensive Income	0	61,828,332	0	3,690,305	4,385,255	3,888,573	4,084,971	4,918,605	4,833,261	5,273,041	5,250,140	5,684,349	5,663,427	6,227,797	6,354,573	6,812,345	6,738,578	7,127,236
Closing Balance	9,105,507	70,933,839	70,933,839	74,624,144	79,009,399	82,897,972	86,982,943	91,901,548	96,734,809	102,007,850	107,257,990	112,942,339	118,605,766	124,833,563	131,188,136	138,000,481	144,739,059	151,866,295
TOTAL EQUITY																		
	47,889,920	112,219,354	118,135,323	124,045,739	128,887,683	132,780,739	140,499,558	145,451,071	150,321,480	155,630,759	161,165,797	167,154,862	173,147,522	179,725,617	186,455,027	193,642,776	200,762,095	208,275,914

APPENDIX B6 – FORECAST STATEMENT OF CASHFLOWS 2016-2031

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows From Operating Activities															
Receipts															
Rates	1,253,866	1,303,235	1,354,564	1,407,933	1,463,417	1,521,108	1,581,085	1,643,443	1,708,277	1,775,691	1,845,780	1,918,658	1,994,429	2,073,210	2,155,122
Operating grants, subsidies and contributions	3,379,022	3,446,602	3,515,534	3,585,845	3,657,563	3,730,714	3,805,328	3,881,434	3,959,063	4,038,245	4,119,011	4,201,391	4,285,419	4,371,129	4,458,552
Fees and charges	1,256,048	1,281,169	1,306,789	1,332,920	1,359,581	1,386,767	1,414,503	1,442,787	1,471,646	1,501,085	1,531,099	1,561,716	1,592,947	1,624,809	1,657,305
Interest earnings	36,858	33,377	33,443	33,660	32,383	32,074	30,770	30,948	31,128	31,310	31,495	31,684	31,874	32,069	32,265
Other revenue	241,919	246,758	251,693	256,726	261,860	267,096	272,438	277,887	283,447	289,118	294,901	300,799	306,815	312,953	319,215
	6,167,713	6,311,141	6,462,023	6,617,084	6,774,804	6,937,759	7,104,124	7,276,499	7,453,561	7,635,449	7,822,286	8,014,248	8,211,484	8,414,170	8,622,459
Payments															
Employee costs	(1,977,098)	(2,016,633)	(2,056,953)	(2,098,085)	(2,140,041)	(2,182,829)	(2,226,491)	(2,271,020)	(2,316,440)	(2,362,772)	(2,410,033)	(2,458,239)	(2,507,403)	(2,557,558)	(2,608,712)
Materials and contracts	(2,067,148)	(2,108,488)	(2,150,641)	(2,193,649)	(2,237,517)	(2,282,246)	(2,327,893)	(2,374,437)	(2,421,923)	(2,470,394)	(2,519,810)	(2,570,199)	(2,621,619)	(2,674,064)	(2,727,558)
Utility charges	(161,925)	(165,161)	(168,459)	(171,825)	(175,260)	(178,763)	(182,342)	(185,984)	(189,701)	(193,500)	(197,371)	(201,311)	(205,337)	(209,449)	(213,643)
Interest expenses	(17,031)	(13,621)	(10,020)	(6,596)	(4,145)	(2,497)	(1,091)	0	0	0	0	0	0	0	0
Insurance expenses	(132,263)	(134,906)	(137,605)	(140,358)	(143,165)	(146,029)	(148,954)	(151,931)	(154,966)	(158,066)	(161,229)	(164,453)	(167,743)	(171,100)	(174,519)
Other expenditure	(173,871)	(177,341)	(180,881)	(184,495)	(188,176)	(191,932)	(195,771)	(199,679)	(203,676)	(207,752)	(211,898)	(216,127)	(220,445)	(224,856)	(229,352)
	(4,529,336)	(4,616,150)	(4,704,559)	(4,795,008)	(4,888,304)	(4,984,296)	(5,082,542)	(5,183,051)	(5,286,706)	(5,392,484)	(5,500,341)	(5,610,329)	(5,722,547)	(5,837,027)	(5,953,784)
Net Cash Provided By (Used In) Operating Activities	1,638,377	1,694,991	1,757,464	1,822,076	1,886,500	1,953,463	2,021,582	2,093,448	2,166,855	2,242,965	2,321,945	2,403,919	2,488,937	2,577,143	2,668,675
Cash Flows from Investing Activities															
Payments for purchase of property, plant & equipment	(3,100,800)	(676,381)	(736,724)	(4,645,545)	(210,408)	(735,155)	(214,869)	(795,967)	(554,135)	(897,223)	(392,193)	(612,370)	(229,361)	(699,045)	(376,843)
Payments for construction of infrastructure	(1,441,158)	(2,013,267)	(1,427,792)	(1,546,634)	(2,216,070)	(1,993,024)	(2,323,552)	(2,207,378)	(2,525,948)	(2,392,653)	(2,827,011)	(2,827,140)	(3,142,660)	(2,935,002)	(3,176,877)
Non-operating grants, subsidies and contributions	2,612,667	872,558	412,544	4,112,421	512,667	512,667	512,667	756,682	776,010	795,957	816,542	837,786	837,786	837,786	837,786
Proceeds from sale of plant & equipment	122,400	193,514	79,590	222,981	49,684	209,466	51,691	165,203	149,386	263,304	93,252	210,529	58,212	232,227	60,564
Net Cash Provided By (Used In) Investing Activities	(1,806,891)	(1,623,576)	(1,672,382)	(1,856,777)	(1,864,127)	(2,006,046)	(1,974,063)	(2,081,460)	(2,154,687)	(2,230,615)	(2,309,410)	(2,391,195)	(2,476,023)	(2,564,034)	(2,655,370)
Cash Flows from Financing Activities															
Repayment of debentures	(63,588)	(66,998)	(70,599)	(50,599)	(42,852)	(34,303)	(35,709)	0	0	0	0	0	0	0	0
Net Cash Provided By (Used In) Financing Activities	(63,588)	(66,998)	(70,599)	(50,599)	(42,852)	(34,303)	(35,709)	0	0	0	0	0	0	0	0
Net Increase (Decrease) in Cash Held															
Cash at beginning of year	2,457,245	2,225,143	2,229,560	2,244,043	2,158,743	2,138,264	2,051,378	2,063,188	2,075,176	2,087,344	2,099,694	2,112,229	2,124,953	2,137,867	2,150,976
Cash and Cash Equivalents at the End of Year	2,225,143	2,229,560	2,244,043	2,158,743	2,138,264	2,051,378	2,063,188	2,075,176	2,087,344	2,099,694	2,112,229	2,124,953	2,137,867	2,150,976	2,164,281
Reconciliation of Net Cash Provided By Operating Activities to Net Result															
Net Result	2,220,111	456,689	4,483	3,633,848	32,908	37,148	36,238	284,898	304,716	329,233	350,298	374,837	375,404	380,741	386,583
Depreciation	2,030,933	2,110,860	2,165,525	2,300,649	2,366,259	2,428,982	2,498,011	2,565,232	2,638,149	2,709,689	2,788,189	2,866,868	2,951,319	3,034,188	3,119,878
Grants/Contributions for the development of assets	(2,612,667)	(872,558)	(412,544)	(4,112,421)	(512,667)	(512,667)	(512,667)	(756,682)	(776,010)	(795,957)	(816,542)	(837,786)	(837,786)	(837,786)	(837,786)
Net Cash from Operating Activities	1,638,377	1,694,991	1,757,464	1,822,076	1,886,500	1,953,463	2,021,582	2,093,448	2,166,855	2,242,965	2,321,945	2,403,919	2,488,937	2,577,143	2,668,675

APPENDIX B7 – FORECAST STATEMENT OF FUNDING 2016-2031

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM OPERATIONAL ACTIVITIES															
Revenues															
Rates	1,253,866	1,303,235	1,354,564	1,407,933	1,463,417	1,521,108	1,581,085	1,643,443	1,708,277	1,775,691	1,845,780	1,918,658	1,994,429	2,073,210	2,155,122
Operating grants, subsidies and contributions	3,379,022	3,446,602	3,515,534	3,585,845	3,657,563	3,730,714	3,805,328	3,881,434	3,959,063	4,038,245	4,119,011	4,201,391	4,285,419	4,371,129	4,458,552
Fees and charges	1,256,048	1,281,169	1,306,789	1,332,920	1,359,581	1,386,767	1,414,503	1,442,787	1,471,646	1,501,085	1,531,099	1,561,716	1,592,947	1,624,809	1,657,305
Interest earnings	36,858	33,377	33,443	33,660	32,383	32,074	30,770	30,948	31,128	31,310	31,495	31,684	31,874	32,069	32,265
Other revenue	241,919	246,758	251,693	256,726	261,860	267,096	272,438	277,887	283,447	289,118	294,901	300,799	306,815	312,953	319,215
	6,167,713	6,311,141	6,462,023	6,617,084	6,774,804	6,937,759	7,104,124	7,276,499	7,453,561	7,635,449	7,822,286	8,014,248	8,211,484	8,414,170	8,622,459
Expenses															
Employee costs	(1,977,098)	(2,016,633)	(2,056,953)	(2,098,085)	(2,140,041)	(2,182,829)	(2,226,491)	(2,271,020)	(2,316,440)	(2,362,772)	(2,410,033)	(2,458,239)	(2,507,403)	(2,557,558)	(2,608,712)
Materials and contracts	(2,067,148)	(2,108,488)	(2,150,641)	(2,193,649)	(2,237,517)	(2,282,246)	(2,327,893)	(2,374,437)	(2,421,923)	(2,470,394)	(2,519,810)	(2,570,199)	(2,621,619)	(2,674,064)	(2,727,558)
Utility charges (electricity, gas, water etc.)	(161,925)	(165,161)	(168,459)	(171,825)	(175,260)	(178,763)	(182,342)	(185,984)	(189,701)	(193,500)	(197,371)	(201,311)	(205,337)	(209,449)	(213,643)
Depreciation on non-current assets	(2,030,933)	(2,110,860)	(2,165,525)	(2,300,649)	(2,366,259)	(2,428,982)	(2,498,011)	(2,565,232)	(2,638,149)	(2,709,689)	(2,788,189)	(2,866,868)	(2,951,319)	(3,034,188)	(3,119,878)
Interest expense	(17,031)	(13,621)	(10,020)	(6,596)	(4,145)	(2,497)	(1,091)	0	0	0	0	0	0	0	0
Insurance expense	(132,263)	(134,906)	(137,605)	(140,358)	(143,165)	(146,029)	(148,954)	(151,931)	(154,966)	(158,066)	(161,229)	(164,453)	(167,743)	(171,100)	(174,519)
Other expenditure	(173,871)	(177,341)	(180,881)	(184,495)	(188,176)	(191,932)	(195,771)	(199,679)	(203,676)	(207,752)	(211,898)	(216,127)	(220,445)	(224,856)	(229,352)
	(6,560,269)	(6,727,010)	(6,870,084)	(7,095,657)	(7,254,563)	(7,413,278)	(7,580,553)	(7,748,283)	(7,924,855)	(8,102,173)	(8,288,530)	(8,477,197)	(8,673,866)	(8,871,215)	(9,073,662)
	(392,556)	(415,869)	(408,061)	(478,573)	(479,759)	(475,519)	(476,429)	(471,784)	(471,294)	(466,724)	(466,244)	(462,949)	(462,382)	(457,045)	(451,203)
Funding Position Adjustments															
Depreciation on non-current assets	2,030,933	2,110,860	2,165,525	2,300,649	2,366,259	2,428,982	2,498,011	2,565,232	2,638,149	2,709,689	2,788,189	2,866,868	2,951,319	3,034,188	3,119,878
Net Funding From Operational Activities	1,638,377	1,694,991	1,757,464	1,822,076	1,886,500	1,953,463	2,021,582	2,093,448	2,166,855	2,242,965	2,321,945	2,403,919	2,488,937	2,577,143	2,668,675
FUNDING FROM CAPITAL ACTIVITIES															
Inflows															
Proceeds on disposal	122,400	193,514	79,590	222,981	49,684	209,466	51,691	165,203	149,386	263,304	93,252	210,529	58,212	232,227	60,564
Non-operating grants, subsidies and contributions	2,612,667	872,558	412,544	4,112,421	512,667	512,667	512,667	756,682	776,010	795,957	816,542	837,786	837,786	837,786	837,786
Outflows															
Purchase of property plant and equipment	(3,100,800)	(676,381)	(736,724)	(4,645,545)	(210,408)	(735,155)	(214,869)	(795,967)	(554,135)	(897,223)	(392,193)	(612,370)	(229,361)	(699,045)	(376,843)
Purchase of infrastructure	(1,441,158)	(2,013,267)	(1,427,792)	(1,546,634)	(2,216,070)	(1,993,024)	(2,323,552)	(2,207,378)	(2,525,948)	(2,392,653)	(2,827,011)	(2,827,140)	(3,142,660)	(2,935,002)	(3,176,877)
Net Funding From Capital Activities	(1,806,891)	(1,623,576)	(1,672,382)	(1,856,777)	(1,864,127)	(2,006,046)	(1,974,063)	(2,081,460)	(2,154,687)	(2,230,615)	(2,309,410)	(2,391,195)	(2,476,023)	(2,564,034)	(2,655,370)
FUNDING FROM FINANCING ACTIVITIES															
Inflows															
Transfer from reserves	250,000	10,000	0	100,000	33,902	100,000	0	0	0	0	0	0	0	0	0
Outflows															
Transfer to reserves	(17,898)	(14,417)	(14,483)	(14,700)	(13,423)	(13,114)	(11,810)	(11,988)	(12,168)	(12,350)	(12,535)	(12,724)	(12,914)	(13,109)	(13,305)
Repayment of past borrowings	(63,588)	(66,998)	(70,599)	(50,599)	(42,852)	(34,303)	(35,709)	0	0	0	0	0	0	0	0
Net Funding From Financing Activities	168,514	(71,415)	(85,082)	34,701	(22,373)	52,583	(47,519)	(11,988)	(12,168)	(12,350)	(12,535)	(12,724)	(12,914)	(13,109)	(13,305)
Estimated Surplus/Deficit July 1 B/Fwd															
Estimated Surplus/Deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX B8 – FORECAST STATEMENT OF NET CURRENT ASSET COMPOSITION 2016-2031

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimated Surplus/Deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CURRENT ASSETS															
Unrestricted Cash and Equivalents	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003	1,264,003
Restricted Cash and Cash Equivalent	961,140	965,557	980,040	894,740	874,261	787,375	799,185	811,173	823,341	835,691	848,226	860,950	873,864	886,973	900,278
Non-Cash Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade and Other Receivables	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114	817,114
Inventories	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379	110,379
CURRENT LIABILITIES															
Trade and Other Payables	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)	(2,191,496)
Reserves	(961,140)	(965,557)	(980,040)	(894,740)	(874,261)	(787,375)	(799,185)	(811,173)	(823,341)	(835,691)	(848,226)	(860,950)	(873,864)	(886,973)	(900,278)
Estimated Surplus/Deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX B9 – FORECAST STATEMENT OF FIXED ASSET MOVEMENTS 2016-2031

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - INFRASTRUCTURE															
Roads	1,351,158	1,923,267	1,337,792	1,456,634	2,126,070	1,903,024	2,233,552	2,104,119	2,420,665	2,285,281	2,717,483	2,715,387	3,029,472	2,820,350	3,060,732
Footpaths	50,000	50,000	50,000	50,000	50,000	50,000	50,000	63,259	65,283	67,372	69,528	71,753	73,188	74,652	76,145
Drainage	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Capital Works - Infrastructure	1,441,158	2,013,267	1,427,792	1,546,634	2,216,070	1,993,024	2,323,552	2,207,378	2,525,948	2,392,653	2,827,011	2,827,140	3,142,660	2,935,002	3,176,877
Represented by:															
Additions - Expansion, Upgrades and New	50,000	50,000	50,000	50,000	50,000	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	1,391,158	1,963,267	1,377,792	1,496,634	2,166,070	1,993,024	2,323,552	2,207,378	2,525,948	2,392,653	2,827,011	2,827,140	3,142,660	2,935,002	3,176,877
Total Capital Works - Infrastructure	1,441,158	2,013,267	1,427,792	1,546,634	2,216,070	1,993,024	2,323,552	2,207,378	2,525,948	2,392,653	2,827,011	2,827,140	3,142,660	2,935,002	3,176,877
Asset Movement Reconciliation															
Total Capital Works Infrastructure	1,441,158	2,013,267	1,427,792	1,546,634	2,216,070	1,993,024	2,323,552	2,207,378	2,525,948	2,392,653	2,827,011	2,827,140	3,142,660	2,935,002	3,176,877
Depreciation Infrastructure	(1,031,897)	(1,068,686)	(1,101,527)	(1,135,978)	(1,176,471)	(1,215,990)	(1,258,943)	(1,301,903)	(1,348,281)	(1,394,533)	(1,445,197)	(1,496,888)	(1,552,146)	(1,606,855)	(1,664,602)
Revaluation of Infrastructure assets (Inflation)	3,248,408	3,893,671	3,404,961	3,598,427	4,348,043	4,282,750	4,714,474	4,713,885	5,144,840	5,137,995	5,695,078	5,836,742	6,295,602	6,245,667	6,639,020
Net Movement in Infrastructure Assets	3,657,669	4,838,252	3,731,226	4,009,083	5,387,642	5,059,784	5,779,083	5,619,360	6,322,507	6,136,115	7,076,892	7,166,994	7,886,116	7,573,814	8,151,295
CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT															
Buildings	100,000	100,000	100,000	4,100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	0
Plant and Equipment	3,000,800	576,381	636,724	545,545	110,408	635,155	114,869	695,967	454,135	797,223	292,193	512,370	129,361	599,045	376,843
Total Capital Works Property, Plant and Equipment	3,100,800	676,381	736,724	4,645,545	210,408	735,155	214,869	795,967	554,135	897,223	392,193	612,370	229,361	699,045	376,843
Represented by:															
Additions - Expansion, Upgrades and New	150,000	0	0	4,000,000	0	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	2,950,800	676,381	736,724	645,545	210,408	735,155	214,869	795,967	554,135	897,223	392,193	612,370	229,361	699,045	376,843
Total Capital Works Property, Plant and Equipment	3,100,800	676,381	736,724	4,645,545	210,408	735,155	214,869	795,967	554,135	897,223	392,193	612,370	229,361	699,045	376,843
Asset Movement Reconciliation															
Total Capital Works Property, Plant and Equipment	3,100,800	676,381	736,724	4,645,545	210,408	735,155	214,869	795,967	554,135	897,223	392,193	612,370	229,361	699,045	376,843
Depreciation Property, Plant and Equipment	(999,036)	(1,042,174)	(1,063,998)	(1,164,671)	(1,189,788)	(1,212,992)	(1,239,068)	(1,263,329)	(1,289,868)	(1,315,156)	(1,342,992)	(1,369,980)	(1,399,173)	(1,427,333)	(1,455,276)
Net Book Value of disposed/Written Off assets	(122,400)	(193,514)	(79,590)	(222,981)	(49,684)	(209,466)	(51,691)	(165,203)	(149,386)	(263,304)	(93,252)	(210,529)	(58,212)	(232,227)	(60,564)
Revaluation of Property, Plant and Equipment (Inflation)	441,897	491,584	483,612	486,544	570,562	550,511	558,567	536,255	539,509	525,432	532,719	517,831	516,743	492,911	488,216
Net Movement in Property, Plant and Equipment	2,421,261	(67,723)	76,748	3,744,437	(458,502)	(136,792)	(517,323)	(96,310)	(345,610)	(155,805)	(511,332)	(450,308)	(711,281)	(467,604)	(650,781)
CAPITAL WORKS - TOTALS															
Capital Works															
Total Capital Works Infrastructure	1,441,158	2,013,267	1,427,792	1,546,634	2,216,070	1,993,024	2,323,552	2,207,378	2,525,948	2,392,653	2,827,011	2,827,140	3,142,660	2,935,002	3,176,877
Total Capital Works Property, Plant and Equipment	3,100,800	676,381	736,724	4,645,545	210,408	735,155	214,869	795,967	554,135	897,223	392,193	612,370	229,361	699,045	376,843
Total Capital Works	4,541,958	2,689,648	2,164,516	6,192,179	2,426,478	2,728,179	2,538,421	3,003,345	3,080,083	3,289,876	3,219,204	3,439,510	3,372,021	3,634,047	3,553,720
Fixed Asset Movement															
Net Movement in Infrastructure Assets	3,657,669	4,838,252	3,731,226	4,009,083	5,387,642	5,059,784	5,779,083	5,619,360	6,322,507	6,136,115	7,076,892	7,166,994	7,886,116	7,573,814	8,151,295
Net Movement in Property, Plant and Equipment	2,421,261	(67,723)	76,748	3,744,437	(458,502)	(136,792)	(517,323)	(96,310)	(345,610)	(155,805)	(511,332)	(450,308)	(711,281)	(467,604)	(650,781)
Net Movement in Fixed Assets	6,078,930	4,770,529	3,807,974	7,753,520	4,929,140	4,922,992	5,261,760	5,523,050	5,976,897	5,980,310	6,565,560	6,716,686	7,174,835	7,106,210	7,500,514

APPENDIX B10 – FORECAST STATEMENT OF CAPITAL FUNDING 2016-2031

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure															
Roads	1,351,158	1,923,267	1,337,792	1,456,634	2,126,070	1,903,024	2,233,552	2,104,119	2,420,665	2,285,281	2,717,483	2,715,387	3,029,472	2,820,350	3,060,732
Footpaths	50,000	50,000	50,000	50,000	50,000	50,000	50,000	63,259	65,283	67,372	69,528	71,753	73,188	74,652	76,145
Drainage	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Buildings	100,000	100,000	100,000	4,100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	0
Plant and Equipment	3,000,800	576,381	636,724	545,545	110,408	635,155	114,869	695,967	454,135	797,223	292,193	512,370	129,361	599,045	376,843
Total - Capital Expenditure	4,541,958	2,689,648	2,164,516	6,192,179	2,426,478	2,728,179	2,538,421	3,003,345	3,080,083	3,289,876	3,219,204	3,439,510	3,372,021	3,634,047	3,553,720
Funded By:															
Capital Grants & Contributions															
Roads	412,667	872,558	412,544	612,421	512,667	512,667	512,667	756,682	776,010	795,957	816,542	837,786	837,786	837,786	837,786
Buildings	0	0	0	3,500,000	0	0	0	0	0	0	0	0	0	0	0
Plant and Equipment	2,200,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Capital Grants & Contributions	2,612,667	872,558	412,544	4,112,421	512,667	512,667	512,667	756,682	776,010	795,957	816,542	837,786	837,786	837,786	837,786
Own Source Funding															
Roads	938,491	1,050,709	925,248	844,213	1,613,403	1,390,357	1,720,885	1,347,437	1,644,655	1,489,324	1,900,941	1,877,601	2,191,686	1,982,564	2,222,946
Footpaths	50,000	50,000	50,000	50,000	50,000	50,000	50,000	63,259	65,283	67,372	69,528	71,753	73,188	74,652	76,145
Drainage	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Buildings	100,000	100,000	100,000	600,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	0
Plant and Equipment	678,400	382,867	557,134	322,564	60,724	425,689	63,178	530,764	304,749	533,919	198,941	301,841	71,149	366,818	316,279
Total - Own Source Funding	1,806,891	1,623,576	1,672,382	1,856,777	1,864,127	2,006,046	1,974,063	2,081,460	2,154,687	2,230,615	2,309,410	2,391,195	2,476,023	2,564,034	2,655,370
Borrowings															
Total - Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (Disposals & C/Fwd)															
Plant and Equipment	122,400	193,514	79,590	222,981	49,684	209,466	51,691	165,203	149,386	263,304	93,252	210,529	58,212	232,227	60,564
Total - Other (Disposals & C/Fwd)	122,400	193,514	79,590	222,981	49,684	209,466	51,691	165,203	149,386	263,304	93,252	210,529	58,212	232,227	60,564
Total Capital Funding	4,541,958	2,689,648	2,164,516	6,192,179	2,426,478	2,728,179	2,538,421	3,003,345	3,080,083	3,289,876	3,219,204	3,439,510	3,372,021	3,634,047	3,553,720

APPENDIX B11 – FORECAST RATIOS 2016-2031

	Target Range		Average	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
LIQUIDITY RATIOS																		
Current Ratio	> 1.00	> 1.20	0.94	0.92	0.92	0.93	0.93	0.93	0.93	0.95	0.95	0.95	0.95	0.95	0.95	0.96	0.96	0.96
OPERATING RATIOS																		
Operating Surplus Ratio	> 1.00%	> 15.00%	(13.46%)	(14.08%)	(14.52%)	(13.85%)	(15.79%)	(15.39%)	(14.83%)	(14.44%)	(13.90%)	(13.49%)	(12.97%)	(12.59%)	(12.14%)	(11.78%)	(11.30%)	(10.84%)
Own Source Revenue Coverage Ratio	> 40.00%	> 60.00%	43.94%	42.51%	42.58%	42.89%	42.72%	42.97%	43.26%	43.52%	43.82%	44.10%	44.40%	44.68%	44.98%	45.26%	45.57%	45.89%
BORROWINGS RATIOS																		
Debt Service Cover Ratio	> 3	> 5	34.85	20.53	21.19	21.92	31.97	40.23	53.15	54.96	-	-	-	-	-	-	-	-
FIXED ASSET RATIOS																		
Asset Sustainability Ratio	> 90.00%	> 110.00%	118.84%	213.79%	125.05%	97.64%	93.11%	100.43%	112.32%	101.62%	117.08%	116.75%	121.41%	115.46%	119.97%	114.25%	119.77%	113.91%
Asset Consumption Ratio	> 50.00%	> 60.00%	96.71%	96.51%	96.55%	96.42%	96.24%	96.20%	96.26%	96.24%	96.41%	96.57%	96.75%	96.93%	97.12%	97.30%	97.47%	97.68%
Asset Renewal Funding Ratio	> 75.00%	> 95.00%	155.65%	123.02%	114.29%	174.02%	211.26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The forecast financial statements 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 Long Term Financial Plan are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the Plan has also 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.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this Plan.

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 forecast financial statements.

2015/16 BALANCES

Balances shown in this plan as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

ROUNDING OFF FIGURES

All figures shown in this Plan, are rounded to the nearest dollar.

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.

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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPERANNUATION

The Council contributes to a number of superannuation funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, deposits available on demand with banks, 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 shown as short term borrowings in current liabilities in the statement of financial position.

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.

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.

INVENTORIES - LAND HELD FOR RESALE

Land purchased 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 Council's intention to release for sale.

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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Council.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (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.

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

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

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPRECIATION (CONTINUED)

The assets residual values and useful life 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 profit or loss in the period which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

CAPITALISATION THRESHOLD

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

FAIR VALUE OF ASSETS AND LIABILITIES

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide: Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie 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 HEIRARCHY

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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE HEIRARCHY (CONTINUED)

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 Council 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 Council are consistent with one or more of the following valuation approaches:

Market approach

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

Income approach

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

Cost approach

Valuation techniques that reflect the current replacement cost of 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 Council 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 and 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 at least every 3 years.

FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie 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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS - CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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

- (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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

- (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 Council’s management 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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS - CLASSIFICATION AND SUBSEQUENT MEASUREMENT (CONTINUED)

(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 (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

FINANCIAL INSTRUMENTS - 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 has 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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS - DERECOGNITION

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Council 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.

IMPAIRMENT OF ASSETS

In accordance with Australian Accounting Standards the Council'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 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. At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2016. In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

EMPLOYEE BENEFITS - SHORT-TERM EMPLOYEE BENEFITS

Provision is made for the Council'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 Council'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 Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS - 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 or 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 re-measurements 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

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.

PROVISIONS

Provisions are recognised when the Council has a 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.

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 Council, 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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Council'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 17.

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 Council's operational cycle. In the case of liabilities where the Council 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 Council's intentions to release for sale.

COMPARATIVE FIGURES

Where required, comparative figures have been adjusted to conform with changes in presentation.

OTHER MATTERS

PREPARATION

This document was prepared for the Shire of Shark Bay by Moore Stephens.

RELIANCE

The professional advice and opinion in this report has been prepared for the exclusive use of the Shire of Shark Bay and for the purposes specified in our letter of engagement and is not to be used for any other purpose or distributed to any other party without Moore Stephen's prior consent. This report is supplied in good faith and reflects the knowledge, expertise and experience of the engagement consultant and is based on the information and representations provided by the Shire of Shark Bay. We accept no responsibility for any loss occasioned by any person acting or refraining from action as a result of reliance on the report, other than the Shire of Shark Bay.

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DOCUMENT MANAGEMENT

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