

Shire of Shark

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PRESIDENT'S REPORT

As a flow-on from the extremely successful Dirk Hartog Festival of Discovery in October 2016, Shark Bay has been experiencing a resurgence of tourism activity, both in the numbers of visitors to the area and also business and economic confidence. At the workshop held post-Festival it was evident that the local community and the Council were keen to hold another festival with a maritime discovery/exploration theme to continue the positivity and community pride generated during the 2016 festival.

Hence, the concept of a French Festival was initiated, with Louis de Freycinet's visit in September 1818 selected to be celebrated 200 years later in 2018. The Shark Bay Rendezvous Festival will be another opportunity to celebrate and promote everything that's great about Shark Bay. A Friends' of the Festival group was formed to progress the potential activities and experiences for a three day celebration during the long weekend.

The Denham Foreshore Revitalisation project, including the Adventure Playground, completed with Royalties for Regions funding in late 2016, continues to attract positive comments and envy from both locals and visitors and these facilities will continue to be heavily utilised and beneficial well into the future.

The Monkey Mia Resort expansion by RAC has been in the planning stage for many years by previous owners. The redevelopment commenced in September 2017 with the official launching of the new and revamped facilities scheduled for November 2018. However, visitor numbers are already increasing at Monkey Mia, with the Resort capitalising on its ability to almost double its capacity to 1,100 beds.

The annual Winter Markets and the Far Western Speedway events held during the July school holidays were once again a resounding success, attracting significant numbers to the Bay. REX Airlines is to commence operations between Perth-Shark Bay-Carnarvon on 1 July, following a mission by Councillor's and RAC executives to encourage an additional operator to consider tendering for the air route. I'm sure that the expanded services and flight schedule to be provided by REX will contribute to increased visitor numbers and community usage of the service.

The waste and recycling project which has been in the wings for some years, finally came to fruition with a tip shed for recycling items being erected at the refuse site and a 'bring centre' at the Shire Depot due for completion in the coming months. These facilities will complement the War on Waste project initiated by local community members and ultimately result in a reduction in landfill.

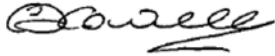
Council continues to explore options with relevant parties to improve and expand medical services to the area and is negotiating with agencies such as; Silver Chain, WA Country Health Services and Rural Health West to ensure that additional services can be sourced, particularly during the tourist season when it is likely to become even busier in the future.

The Shire is in a stable financial position this financial year, although with grant funding opportunities severely limited in the current economic climate, it will be a challenge to continue to maintain and operate the Shire's facilities and infrastructure if this situation continues through to future financial years.

Thanks once again to all of the Shire staff who continue to provide great service and also maintain our community amenities, infrastructure, grounds and roads in such excellent condition, in turn generating local pride and visitor satisfaction.

Without our selfless local volunteers, both in community and recreational groups and emergency services, we would not be able to provide the support and activities which contribute to the wellbeing of the local residents and also visitors to Shark Bay. So, sincere thanks for everyone who freely gives their time, skills and energy as a volunteer.

While Council is mindful of maintaining a balance between Shark Bay's natural assets and attractions and economic development, a prime focus for Council is encouraging tourism and other businesses to the area, as this will lead to increased economic prospects and ultimately additional services and facilities for the local population.



Cheryl Cowell
SHIRE PRESIDENT

GENERAL INFORMATION

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

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

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

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

Tourist Attractions

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

Local Industries

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

Significant Local Events

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

STRATEGIC OBJECTIVES

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

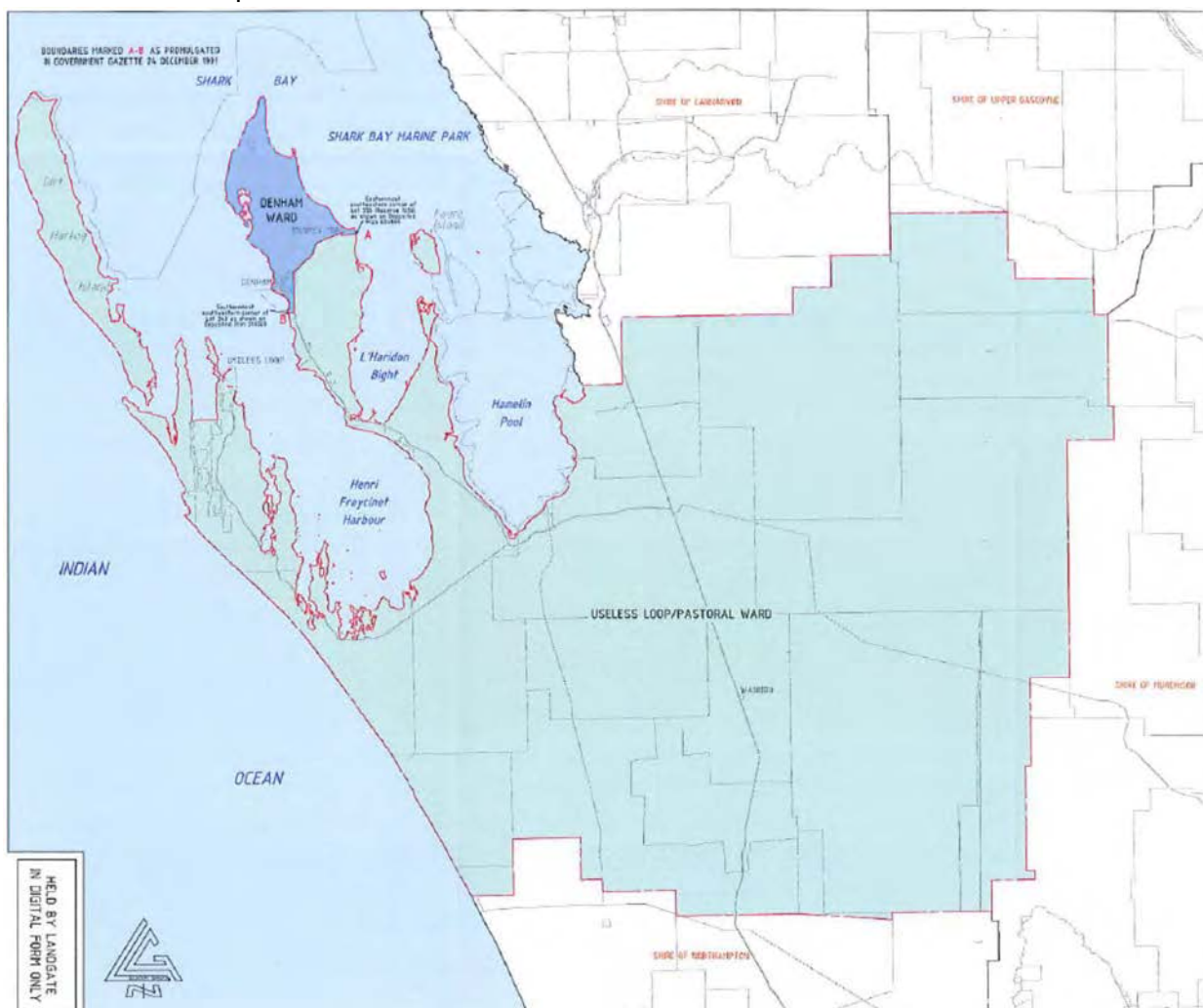
Shire of Shark Bay Vision Statement

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

THE COUNCIL WARDS

There are two Wards in the Shire of Shark Bay

- Denham Ward
- Useless Loop / Pastoral Ward



CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to report to residents of the Shire of Shark Bay that the Shire has continued to improve in the delivery of its services, improvements to infrastructure and is operating in an open, efficient and accountable manner.

I would like to thank the dedicated employees of the Shire who have continued to provide a quality service to the community in what was a very diverse and demanding year.

The 2017/2018 year was predominately a year of consolidation following a number of years of building and improving infrastructure.

The Council undertook a review of the Strategic Community Plan in late 2017 which included a community perceptions survey. Within the survey the community was asked to rate their opinion what best describes their level of overall satisfaction with the Shires performance. It is pleasing to note that the surveys indicated an increase from previous years on the communities' satisfaction with the Councils overall performance.

The Council during the review of the Strategic Plan and in recognizing a reduction in funding sources reduced its objectives and outcomes to focus on achievable options, this also recognised the significant investment in infrastructure that the Council has undertaken in past years.

The transformation of the foreshore including the extension of the jetty and car parking continues to attract and entertain residents and visitors to Denham. It is extremely pleasing to see the enjoyment and pride the community has in the foreshore and is subject to many positive comments from visitors to the community.

The Shire, due to the effective management, has maintained a healthy financial position and it is planned to continue this practice through prudent and responsible financial management.

The impact of new community assets has as previously highlighted increased operating costs as has increasing maintenance needs of existing assets. This has been highlighted by the Councils financial management ratios that indicate the Council needs to reduce its overall operating shortfall while increasing funding to maintain its assets.

The Council addressed this issue in the February 2018 budget review and significantly reduced its capital expenditure program and reviewed a number of operating expenditure areas.

The strategy of reviewing all areas of operating expenditure has also been addressed in the 2018/2019 budget and should see a reduction in the operating shortfall. This is a strategy that needs to continue as the Council has limited operating funding sources and relies heavily on its limited rate revenue base.

The Capital Works Plan, while limited has provided upgraded footpaths and roads, including the improvements to Knight Terrace and the continuation of the sealing of the Useless Loop Road.

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

The Shark Bay World Heritage Discovery and Visitor Centre has seen increased visitation and continues to provide a first class facility for the community and visitors to experience the diversity and natural wonders that exist in Shark Bay. The increased utilization of the gallery area has given the community the opportunity to enjoy exhibits and experiences that would not be available without the availability of this facility and the assistance of the Western Australian Museum who recognises the Councils endeavors in showcasing the history and diversity of Shark Bay.

The economic forecast for the Shire looks positive and it is pleasing to see the investment that RAC has committed to upgrade the Monkey Mia Resort, this investment in the community will have an on flow affect the greater community and should lead to increased visitation throughout the Shire.

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

The Shire has continued to address the many challenges of providing services in a remote location during the 2017/2018 year and I am confident that the Shire is providing for the residents of the district while positioning itself well to address future opportunities and I look forward to assisting the community achieve the long term goals in an economic, social and environmentally sustainable manner.



Paul Anderson
CHIEF EXECUTIVE OFFICER

FINANCE AND ADMINISTRATION

Overall Financial Position

The financial position of the Shire of Shark Bay remains stable. The carried forward balance as at the 30 June 2018 is \$1,493,090. This result includes grants for specific projects of \$30,967 which are detailed in Note 19 of the financial statements and will be carried forward to the 2018/2019 financial year in readiness for project completion. In addition an early payment of \$1,003,940 for 2018/2019 General Purpose Financial Assistance Grant has been treated and detailed as Significant Revenue in Note 2 (a) and contributed to this surplus.

Overall Income

Overall income of \$6,324,727 was greater than the budgeted amount of \$5,360,151 mainly due to the advance payment of the 2018-19 Financial Assistance Grant (\$1,003,940) in the 2017-18 year.

Operating Income

Operating income of \$5,467,489 was greater than the budgeted amount of \$4,487,788 mainly due to operating grants received in advance of \$1,005,315.

Rates

The total net general rate revenue for 2017-2018 was \$1,248,087 which represented an increase over 2016-2017 of \$57,205 or 4.8%. In 2017-2018, general rates made up 23% of the Shire's operating revenue. Rates outstanding at year end totalled \$36,581 which represents a 97% collection rate for the year.

Operating Expenditure

Operating expenditure of \$6,697,156 was \$328,748 under the budgeted amount of \$7,025,904 mainly due to overall savings in Employment and Materials and Contract costs.

Capital Expenditure

Capital expenditure of \$2,064,548 was less than the budgeted amount of \$2,331,030 due to major projects not being finished in 2017-2018 and carried forward into 2018-2019.

Major projects carried forward include:

Footpaths	\$ 50,000
RRG Eagle Bluff Road 17/18	\$ 35,391
Waste Initiatives	\$ 4,066
Denham Town Hall	\$ 20,000
Depot New Ablution	\$ 20,000
EMCD Vehicle	\$ 35,000
EMFA Vehicle	\$ 35,000
Excavator Upgrade	\$ 31,137
Housing	\$ 20,563
Overlander – Relocation of Solar Lights	\$ 7,500

Total Debt

No new loans were raised in 2017-2018 and therefore the Shire's loan liability did not increase during this period. The Shire's total loan liability as at 30 June 2018 was \$234,062.

This loan liability is made up of the following:

Staff Housing	\$ 69,040
Monkey Mia Bore	\$165,022

Cash Backed Reserves

The Shire's cash backed reserves decreased over the year by \$514,895. Significant transfers from these reserves in 2017-2018 included \$108,692 for the infrastructure upgrades, \$356,203 for plant replacement, and \$50,000 for Shark Bay Recreation Facilities upgrades. Transfers to reserves included \$506,683 for plant replacement and \$419,412 for strategic infrastructure renewal.

Asset Revaluation – Roads Non Town

Every three years the Shire has Independent Registered Valuers assess the Infrastructure assets to reflect fair value in accordance with Australian Accounting Standard AASB13 and Local Government (Financial Management) Regulation 17A (2). As a result a significant devaluation to the Roads Non Town Class of \$ 19,842,687 was incurred. As this is a non cash item it is a reduction in the book value of the current revaluation reserve held by the Shire.

The devaluation stemmed from utilising unit rates to value the roads which were a better representation of the Shires road assets as they were sourced from other Local Governments with similar attributes such as remoteness, distance from Perth, and the updated unit rate table is shown below.

No	Asset Class	Asset Subclass	Unit of Measure (UoM)	Unit Rate (per UoM)	Comparison LGA	Source Unit Rate	Regional Index Multiplier
1	Road	Sealed Sealed Pavement Access road	sqm	29.26	Laverton	29.26	x1
2	Road	Sealed Surface - Spray Seal	sqm	14.4	Laverton	14.40	x1
3	Road	Sealed Sealed Pavement	sqm	33.88	Laverton	33.88	x1
4	Road	Sealed Surface- Asphalt	sqm	38.5	Laverton	38.50	x1
5	Road	Sealed Subgrade - built	sqm	7.39	Laverton	7.39	x1
6	Road	Unsealed Gravel Sheet	sqm	4.62	Laverton	4.62	x1
7	Drainage	SW Channel Kerbing	m	46.2	Laverton	46.20	x1
8	Drainage	SW Channel Table Drain	m	2.46	Laverton	2.46	x1
9	Footpath	Footpath Footpath - concrete	sqm	107.8	Laverton	107.80	x1
10	Drainage	SW Drainage<=450 Pipe	m	570.825	Joondalup	380.55	x1.5

WORKS REPORT

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

The Shire's outside employees contributed to the capital projects undertaken either as total construction by the Shire or in a supporting role with outside contractors. Their performance was admirable and with the addition of normal operational duties, they performed in a positive and enthusiastic manner throughout 2017/2018.

During the 2017/2018 year new capital projects were undertaken and finalised. Included were the reseal of both Nanga Road and Ocean Park Road, an additional five kilometer section of new seal on the Useless Loop Road, upgrades on the Eagle Bluff Road, Knight Terrace Reseal and the Oval tank upgrades. These are but a few of the many works undertaken.

2017/2018 saw the implementation of the Gascoyne collaborative recycling initiative. It's encouraging to see this program finally come to fruition after approximately ten years of development.

With the Shires commitment to footpaths within Denham, a new footpath was constructed along Fry Court. The new footpath program is not expected to continue in 2018/2019. The emphasis will be on maintenance and upgrading of the existing footpath infrastructure.

Maintenance and operational activities associated with the Shire's day to day procedures have been conducted throughout the year. These activities are essential to the successful outcome of the Shire of Shark Bay's core business. Shire staff have performed these duties in a diligent manner and should be congratulated.

Plant and machinery purchased during the year was in accordance with the Shire's Plant Replacement program. This ensures that Plant and Machinery used in the Shire operations is safe and fit for purpose. Comprehensive evaluations are undertaken to ensure best value for money for the Shire.

The Shire of Shark Bay attained a Diligence in Safety Tier II certificate. This certificate was one of only six issued. This shows the commitment the Shire of Shark Bay has to workplace safety. Congratulations to all Shire employees on obtaining this certificate.

2017/2018 was, as usual, a positive and productive year and we look forward to continued performances in 2018/2019.

TOURISM, COMMUNITY AND ECONOMIC DEVELOPMENT REPORT

COMMUNITY ENGAGEMENT

Social Media

Early in 2018, the Shire received a Community Development grant of which Social Media training formed a major component. The training was delivered by the Tourism Council of WA, with the view to investing in local people to assist in promoting all things Shark Bay – especially the September Rendezvous Festival.

In conjunction with the existing Social Media tools that provide the mechanism for engaging larger numbers of diverse groups and the local and global community in general, the Shire offered the broader community groups the opportunity to participate in Social Media training.

The Shire of Shark Bay maximises the use of the mobile phone SMS system allowing a Shire-to-resident communication strategy. SMS communications go out to over 200 people in one hit, thus proving to be an efficient way to keep the community informed.

The Shire's Facebook page is a functional tool in which to communicate important information to the broader community members. With the option of sharing the messages with over 3,000 members of the Shark Bay Buy, Swap and Sell Facebook page, there can be up to 1,500 weekly insights (active interests/likes).

Community Assistance Grants

In the 2017/2018 financial year the Shire allocated \$60,000 to the Community Assistance Grants.

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

Following a community meeting in March 2017 it was agreed that a committee would be formed to plan and implement a festival commemorating 200 years of French maritime history. Council agreed to dedicate \$40,000 of the Community Assistance Grants to the Shark Bay Rendezvous Festival 1818-2018 – being hosted by the community from 21-23 September.

Shark Bay Rendezvous Festival de Freycinet 1818-2018

During 2017/2018 the Community Development unit along with the Friends of the Festival Committee created a two-day festival program for the long-weekend of 21-23 September, 2018.

This event has been fully-funded by the Shire of Shark Bay with only moderate sponsorship from a range of businesses.

Shark Bay Recreation Centre

The Shark Bay Recreation Centre was again well utilised throughout the year with 4,094 participants registered. An increase of some 1,520 users participating in a range of sports competitions, school holiday programs, Yoga and a growing number of toddler activities with Kindy Gym.

The Youth Group also met every second Friday throughout school terms which brought the numbers up another 400 participants, bringing the total figure to approximately 4,494.

The increase in participation rates at the Shark Bay Recreation Centre from the previous year of 2,574 is beginning to show on the internal wear and tear of blinds, meeting room chairs and general marking on walls.

Events

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

ANZAC Day Dawn Services were held at Monkey Mia and Denham. The Denham service was coordinated by the Shark Bay RSL and the Shire of Shark Bay. Over 150 people attended the Dawn Service, and a further 120 people attended the 11am service. ANZAC Day also saw the official launch of the HMAS Sydney II-Kormoran 3 D film on the Battle off Shark Bay.

The annual Barefoot Black Tie event was organised by the Shark Bay Arts Council in conjunction with Country Arts WA. The event included comedy performances, music, dance and fire sculptures with over 300 people attending.

The Shark Bay *Fishing Fiesta* was held from the 19 – 25 of May. The number of fishers registering for the competition is remaining steady, whilst the number of people engaging in the community activities and entertainment continues to grow.

With continued popularity, the Shire of Shark Bay engages the *RadRock Climbing Wall* and Bungee enterprise to hold a weekend session in Denham. The event is held on the Town Oval and attracts over 100 children and youth throughout the day. This event is funded by the Shire of Shark Bay and is coordinated and supervised by the Community Development Team.

The Winter Festival was held on the Denham foreshore in first weekend of the July school holidays. Additional entertainment was organized to complement the activities of the weekend, this resulted in positive feedback from both locals and visitors. The Winter Market stalls and activities were funded and coordinated by the Shire of Shark Bay.

National Youth Week was facilitated by the Shire of Shark Bay. The event is part funded with up to \$1,000 through the Department for Communities, with remaining funding of approximately \$4,000 provided by the Shire. The planning, coordination and implementation of the National Youth Week event is undertaken by the Community Development Officer through consultation with local young people.

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

The *Thank a Volunteer* breakfast was held in December 2017 at the Shark Bay Community Hall and acknowledged the important and essential work of all volunteers in the community.

The value of volunteer contribution to the community was recognised with the presentation of Certificates of recognition and a gift. This event was funded by the Department for Communities and coordinated by the Shire of Shark Bay.

With new and positive leadership and Committee, this year's Far Western Speedway Championships attracted over 750 visitors through the gates. The Club made a great leap forwards in terms of placing Shark Bay Speedway on the racing circuit.

Child Care

The Shire has an ongoing partnership with Ngala – Bright Stars child Care Services, with the Shire providing minimum rent of the Day Care Facility on Hughes Street. The Family Day Care program was offered throughout the year to a range of families.

Ngala is keen to research the child care needs of Shark Bay families and the Community team is assisting with information relating to a possibility of securing a grant to conduct a Business Case for the development of a new Centre.

Youth

Council agreed to support the Youth Group in providing the use of the Shark Bay Recreation Centre facilities free of charge – a sponsorship valued at \$8,526. In addition, the Youth Group has been offered opportunities for fund-raising at various Shire-organized events throughout the year

The Shire has provided strategic support to young people in Shark Bay through the following:

- **School- to- work transitions.** Worked with the School of Isolated Distant Education and the Shark Bay School in opening up a number of Work Experience, such as:
 - Three student work experience placements in administration, tourism and community development
 - An official on-the-job 18 month student Traineeship at the Depot.
 - Casual employment and training opportunities for 16 – 18 year olds (Year 11's)
 - Offered Festival volunteering opportunities (Community Hosts)

Seniors

The Seniors Group have been active in providing the Wednesday morning forum in which they can explore a range of topics. This year saw a number of special interest topics being addressed in terms of senior's wellbeing. Included were information workshops on Living with Dementia; Introduction to Men's Shed WA; Social Media and computer training; Funeral Arrangements and costs and Yoga for seniors.

Pensioner Unit Accommodation

The Shire continues to investigate the rising cost of maintenance of the aging Hughes Street Pensioner Units through updating of property inspection processes and introducing a rent review.

ECONOMIC DEVELOPMENT

Tourism Industry Investment

Shark Bay World Heritage Discovery and Visitor Centre

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

The Visitor Centre component has indicated visitor spending is primarily focused on camping over static accommodation. The booking of tours has also seen a gradual increase over the past 12 months and with anecdotal evidence, it is believed this increase is in some way a result of the Dirk Hartog Festival visitor spike of up to 7,500 people into Shark Bay.

The visitor numbers to the Shark Bay World Heritage Discovery & Visitor Centre was higher in 2017/2018 than in past years which is reflected in Centre management and quality customer services. With additional staff training and development, the Centre continues to attract more

visitors. Door entry figures into the Centre counted over 87,594 visitors in 2017/2018, which is an increase of over 30,000 on last year's figures.

HMAS Sydney II – Kormoran Project – *The Battle off Shark Bay*

In partnership with the West Australian Museum, the Shire was successful in securing a federal government grant of \$79,760 to create a theatre within the Rose de Freycinet Gallery that portrays the story of the Battle off Shark Bay between the HMAS Sydney II and the German ship the HSK Kormoran.

The Shark Bay story will form part of what the WA Museum is referring to as a Maritime History Trail thereby encouraging visitors to follow the story of the HMAS Sydney II from Geraldton to Shark Bay and then onto Carnarvon. The project was completed and launched on ANZAC Day 2018.

The viewing of the 3D film is increasing and since the launch in April 2018, there has been 2,440 people visit the exhibit.

Shark Bay Investment

The Shark Bay Investment Prospectus continues to be a useful item for continued enquiries into the purchase of land and/or the start-up of new businesses. The Prospectus is a tool in which to convey to potential investors important information on the Shire of Shark Bay. The document outlines the Shire's commitment to economic growth into the future which is demonstrated through strategic infrastructure spending by the Shire.

The Prospectus is available to local business operators and accessible on the Shire's website.

OTHER INFORMATION

Prescribed Information for Payments to Employees

Section 5.53(2)(g) of the Local Government Act requires disclosure of information as prescribed in relation to salary of \$100,000 or more made to employees. For the 2017/2018 year there was one employee entitled to an annual salary in the Band \$100,000 - \$110,000 and one in the band of \$150,000 to \$160,000.

Report on Complaints made against Councillor's

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

For 2017/2018 there were no complaints lodged, of any Breaches **of the Local Government Act 1995**.

Record Keeping Plan

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

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

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

FREEDOM OF INFORMATION

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

Between 1 July 2017 and 30 June 2018, the Shire received two Freedom of Information requests and processed both within the time frames.

NATIONAL COMPETITION POLICY

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

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

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

Competitive Neutrality

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

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

From an examination of the income statement of the Shire of Shark Bay for 2016/2017, there is no activity that satisfies this first part of the test, and therefore the principles of competitive neutrality do not apply to any of the Shire of Shark Bay’s activities.

Structural Reform of public monopolies

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

Legislation Review

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

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

DISABILITY ACCESS AND INCLUSION PLAN

Progress since 1995

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

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

Council's Disability Access and Inclusion Plan has been reviewed and received approval from the Disability Services Commission in 2018.

STRATEGIC COMMUNITY PLAN

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

Principal Objective	Objectives and Performance
<p>1. Economic Objective- a progressive and diverse economy</p>	<p>1.1 Appropriately Integrated transport survives that improve connectivity and access.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Negotiated with State Government to introduce new airlines provider for the region • Road programmer completed in accordance with councils budget <p>1.2 Supported local business and further investment in the district encouraged</p> <ul style="list-style-type: none"> • Substantial investment through RAC in the development of the Monkey Mia Resort. • Significant progress with the Town Planning Scheme • Development and building approvals continue their upward trend with \$5.5m 2017/18 • Negotiations for leasing reserve land for Aquaculture and Tourism purposes progressing
<p>2. Environment – Help protect our unique natural and built environment.</p>	<p>2.1 A natural environment for the benefit and enjoyment of current and future generations.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Development of Regional Waste Strategy progressing • Development of a Master plan for the Little Lagoon area <p>2.2 A well planned built environment and infrastructure supporting our community</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Development of the recycling bring station significantly progressed. • Denham Town Planning Scheme nearing completion
<p>3. Social – A safe and inclusive community.</p>	<p>3.1 Strong sense of spirit and pride in an inclusive community.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Ongoing commitment and support to emergency and volunteer groups.

	<ul style="list-style-type: none"> • Grant funding received for numerous community events and initiatives • Ongoing advocacy for improvements to communications and health services technology.
<p>4. Leadership – a transparent, resilient, Organisation demonstrating leadership and governance.</p>	<p>4.1 A long term strategically focused unified Council, functioning efficiently.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Awarded Occupational Health and Safety certificate stage two • All Strategic and Operational plans regularly reviewed and budgets reflect strategic objectives • Ongoing participation in State and regional boards and committees. <p>4.2 An efficient and effective organisations</p> <ul style="list-style-type: none"> • A High Level of Legislative compliance has been maintained throughout the Organisation • Accountability and Financial responsibility have been maintained in line with long term financial plans. • All areas of operational expenditure are regularly reviewed through annual and midyear budget reviews.

SHIRE OF SHARK BAY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

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

Principal place of business:
65 Knight Terrace
Denham WA 6537

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the eleventh day of December 2018



Chief Executive Officer

Paul Anderson

Name of Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME				
BY NATURE OR TYPE				
FOR THE YEAR ENDED 30TH JUNE 2018				
		2018	2018	2017
	NOTE	Actual	Budget	Actual
		\$	\$	\$
Revenue				
Rates	19(a)	1,285,748	1,288,067	1,229,350
Operating grants, subsidies and contributions	2(a)	2,457,458	1,517,666	6,578,293
Fees and charges	2(a)	1,509,057	1,473,775	1,554,203
Interest earnings	2(a)	64,093	51,175	66,987
Other revenue	2(a)	151,133	157,105	899,705
		5,467,489	4,487,788	10,328,538
Expenses				
Employee costs		(2,126,678)	(2,229,355)	(2,059,644)
Materials and contracts		(2,041,576)	(2,243,662)	(6,249,404)
Utility charges		(198,833)	(172,097)	(160,786)
Depreciation on non-current assets	9(b)	(2,004,033)	(2,018,080)	(1,812,933)
Interest expenses	2(b)	(14,337)	(14,360)	(18,238)
Insurance expenses		(151,514)	(162,150)	(159,597)
Other expenditure		(160,185)	(186,200)	(223,266)
		(6,697,156)	(7,025,904)	(10,683,868)
		(1,229,667)	(2,538,116)	(355,330)
Non-operating grants, subsidies and contributions	2(a)	857,238	872,363	2,519,715
Profit on asset disposals	9(a)	0	10,092	0
(Loss) on asset disposals	9(a)	(15,787)	(18,055)	(721,192)
Net result		(388,216)	(1,673,716)	1,443,193
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(20,518,210)	0	1,105,656
Total other comprehensive income		(20,518,210)	0	1,105,656
Total comprehensive income		(20,906,426)	(1,673,716)	2,548,849
This statement is to be read in conjunction with the accompanying notes.				

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM FOR THE YEAR ENDED 30TH JUNE 2018				
	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue	2(a)			
Governance		3,252	3,800	15,541
General purpose funding		3,275,156	2,272,428	4,175,557
Law, order, public safety		121,296	134,099	68,810
Health		1,782	1,665	2,524
Housing		83,460	82,118	77,914
Community amenities		320,339	294,681	311,371
Recreation and culture		325,710	316,409	404,384
Transport		432,486	424,857	3,818,165
Economic services		846,140	909,731	1,394,674
Other property and services		57,868	48,000	59,598
		5,467,489	4,487,788	10,328,538
Expenses	2(a)			
Governance		(280,261)	(308,367)	(250,440)
General purpose funding		(107,211)	(118,081)	(110,340)
Law, order, public safety		(315,135)	(428,655)	(282,506)
Health		(69,937)	(63,831)	(63,426)
Housing		(205,567)	(179,338)	(158,206)
Community amenities		(655,063)	(644,611)	(596,008)
Recreation and culture		(2,291,340)	(2,419,682)	(2,105,055)
Transport		(1,611,670)	(1,639,611)	(5,317,469)
Economic services		(1,019,133)	(1,161,868)	(1,712,004)
Other property and services		(127,502)	(47,500)	(70,176)
		(6,682,819)	(7,011,544)	(10,665,630)
Finance Costs	2(a)			
Governance		(5,854)	(5,900)	(8,402)
Economic services		(8,483)	(8,460)	(9,836)
		(14,337)	(14,360)	(18,238)
		(1,229,667)	(2,538,116)	(355,330)
Non-operating grants, subsidies and contributions	2	857,238	872,363	2,519,715
Profit on disposal of assets	9(a)	0	10,092	0
(Loss) on disposal of assets	9(a)	(15,787)	(18,055)	(721,192)
		841,451	864,400	1,798,523
Net result		(388,216)	(1,673,716)	1,443,193
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(20,518,210)	0	1,105,656
Total other comprehensive income		(20,518,210)	0	1,105,656
Total comprehensive income		(20,906,426)	(1,673,716)	2,548,849
This statement is to be read in conjunction with the accompanying notes.				

STATEMENT OF FINANCIAL POSITION			
AS AT 30TH JUNE 2018			
	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	3,557,741	4,005,643
Trade and other receivables	5	144,909	156,701
Inventories	6	125,216	187,603
TOTAL CURRENT ASSETS		3,827,866	4,349,947
NON-CURRENT ASSETS			
Other receivables	5	14,545	25,005
Property, plant and equipment	7	24,732,817	25,317,632
Infrastructure	8	66,162,103	86,171,453
TOTAL NON-CURRENT ASSETS		90,909,465	111,514,090
TOTAL ASSETS		94,737,331	115,864,037
CURRENT LIABILITIES			
Trade and other payables	11	384,702	578,024
Current portion of long term borrowings	12(a)	70,599	66,998
Provisions	13	249,539	203,734
TOTAL CURRENT LIABILITIES		704,840	848,756
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	163,463	234,062
Provisions	13	81,883	87,648
TOTAL NON-CURRENT LIABILITIES		245,346	321,710
TOTAL LIABILITIES		950,186	1,170,466
NET ASSETS		93,787,145	114,693,571
EQUITY			
Retained surplus		40,886,937	41,737,438
Reserves - cash backed	4	1,700,535	1,238,250
Revaluation surplus	10	51,199,673	71,717,883
TOTAL EQUITY		93,787,145	114,693,571
This statement is to be read in conjunction with the accompanying notes.			

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2018					
		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		39,577,227	1,955,268	70,612,227	112,144,722
Comprehensive income					
Net result		1,443,193	0	0	1,443,193
Changes on revaluation of assets	10	0	0	1,105,656	1,105,656
Total comprehensive income		1,443,193	0	1,105,656	2,548,849
Transfers from/(to) reserves		717,018	(717,018)	0	0
Balance as at 30 June 2017		41,737,438	1,238,250	71,717,883	114,693,571
Comprehensive income					
Net result		(388,216)	0	0	(388,216)
Changes on revaluation of assets	10	0	0	(20,518,210)	(20,518,210)
Total comprehensive income		(388,216)	0	(20,518,210)	(20,906,426)
Transfers from/(to) reserves		(462,285)	462,285	0	0
Balance as at 30 June 2018		40,886,937	1,700,535	51,199,673	93,787,145
This statement is to be read in conjunction with the accompanying notes.					

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018				
		2018	2018	2017
	NOTE	Actual	Budget	Actual
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,268,532	1,288,067	1,239,853
Operating grants, subsidies and contributions		2,479,307	1,517,666	7,151,576
Fees and charges		1,509,057	1,473,775	1,554,203
Interest earnings		64,093	51,175	66,986
Goods and services tax		(8)	0	(6,948)
Other revenue		151,133	157,105	899,706
		5,472,114	4,487,788	10,905,376
Payments				
Employee costs		(2,083,544)	(2,229,355)	(2,020,644)
Materials and contracts		(2,174,461)	(2,243,662)	(10,220,036)
Utility charges		(198,833)	(172,097)	(160,786)
Interest expenses		(15,481)	(14,360)	(19,285)
Insurance expenses		(151,514)	(162,150)	(159,597)
Other expenditure		(160,184)	(186,200)	(223,267)
		(4,784,017)	(5,007,824)	(12,803,615)
Net cash provided by (used in) operating activities	14	688,097	(520,036)	(1,898,239)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(722,239)	(489,289)	(841,494)
Payments for construction of infrastructure		(1,342,309)	(1,841,741)	(2,972,530)
Non-operating grants, subsidies and contributions		857,238	872,363	2,519,715
Proceeds from sale of fixed assets		120,682	176,682	119,607
Net cash provided by (used in) investment activities		(1,086,628)	(1,281,985)	(1,174,702)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(66,998)	(67,020)	(63,588)
Proceeds from self supporting loans		17,627	5,342	(17,627)
Net cash provided by (used in) financing activities		(49,371)	(61,678)	(81,215)
Net increase (decrease) in cash held		(447,902)	(1,863,699)	(3,154,155)
Cash at beginning of year		4,005,643	4,005,643	7,159,798
Cash and cash equivalents at the end of the year	14	3,557,741	2,141,944	4,005,643
This statement is to be read in conjunction with the accompanying notes.				

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018	
1. BASIS OF PREPARATION	
<p>The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the <i>Local Government Act 1995</i> and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the <i>Local Government Act 1995</i> and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.</p> <p>Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.</p> <p>The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 <i>Land Under Road</i>, paragraph 15 and AASB 116 <i>Property, Plant and Equipment</i> paragraph 7.</p>	<p>CRITICAL ACCOUNTING ESTIMATES</p> <p>The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.</p> <p>The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.</p> <p>THE LOCAL GOVERNMENT REPORTING ENTITY</p> <p>All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.</p> <p>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.</p> <p>All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 to these financial statements.</p>

RATE SETTING STATEMENT				
FOR THE YEAR ENDED 30TH JUNE 2018				
	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		2,324,597	2,324,597	1,386,714
		2,324,597	2,324,597	1,386,714
Revenue from operating activities (excluding rates)				
Governance		3,252	13,892	15,541
General purpose funding		2,027,069	1,022,022	2,984,675
Law, order, public safety		121,296	134,099	68,810
Health		1,782	1,665	2,524
Education and welfare		0	0	0
Housing		83,460	82,118	77,914
Community amenities		320,339	294,681	311,371
Recreation and culture		325,710	316,409	404,384
Transport		432,486	424,857	3,818,165
Economic services		846,140	909,731	1,394,674
Other property and services		57,868	48,000	59,598
		4,219,402	3,247,474	9,137,656
Expenditure from operating activities				
Governance		(288,961)	(317,113)	(293,842)
General purpose funding		(107,211)	(118,081)	(110,340)
Law, order, public safety		(315,135)	(428,655)	(282,506)
Health		(69,937)	(63,831)	(63,426)
Education and welfare		0	0	0
Housing		(205,567)	(179,338)	(158,206)
Community amenities		(655,063)	(644,611)	(596,008)
Recreation and culture		(2,291,340)	(2,419,682)	(2,135,122)
Transport		(1,624,611)	(1,654,820)	(5,953,594)
Economic services		(1,027,616)	(1,170,328)	(1,741,840)
Other property and services		(127,501)	(47,500)	(70,176)
		(6,712,942)	(7,043,959)	(11,405,060)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	0	(10,092)	0
Loss on disposal of assets	9(a)	15,787	18,055	721,192
Loss on revaluation of fixed assets	8(b)	0	0	0
(Reversal) of prior year loss on revaluation of fixed assets		0	0	0
Movement in deferred pensioner rates (non-current)		(1,825)	0	(630)
Movement in employee benefit provisions (non-current)		(5,765)	0	19,809
Depreciation and amortisation on assets	9(b)	2,004,033	2,018,080	1,812,933
Amount attributable to operating activities		1,843,287	554,155	1,672,613
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		857,238	872,363	2,519,715
Proceeds from disposal of assets	9(a)	120,682	176,682	119,607
Purchase of property, plant and equipment	7(b)	(722,239)	(489,289)	(841,493)
Purchase and construction of infrastructure	8(b)	(1,342,309)	(1,841,741)	(2,972,530)
Amount attributable to investing activities		(1,086,628)	(1,281,985)	(1,174,701)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(66,998)	(67,020)	(63,588)
Proceeds from self supporting loans	12(a)	17,627	5,342	(17,627)
Transfers to reserves (restricted assets)	4	(977,180)	(975,793)	(686,063)
Transfers from reserves (restricted assets)	4	514,895	514,895	1,403,081
Amount attributable to financing activities		(511,656)	(522,576)	635,803
Surplus(deficiency) before general rates		245,003	(1,250,406)	1,133,715
Total amount raised from general rates	19	1,248,087	1,250,406	1,190,882
Net current assets at June 30 c/fwd - surplus/(deficit)	20	1,493,090	0	2,324,597
This statement is to be read in conjunction with the accompanying notes.				

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
FOR THE YEAR ENDED 30TH JUNE 2018			
2. REVENUE AND EXPENSES			
		2018	2017
(a) Revenue		Actual	Actual
		\$	\$
Significant revenue			
General Purpose Revenue		1,003,940	986,341
The significant revenue in 2018 relates to the early payment of Financial Assistance Grants received on the 22 June 2018 comprising General Purpose Funding of \$749,479 and Road Funding of \$254,461.			
Other revenue			
Reimbursements and recoveries		52,189	899,716
Other		98,944	0
		151,133	899,716
Fees and Charges			
Governance		295	0
General purpose funding		4,790	5,253
Law, order, public safety		8,920	7,007
Health		1,782	2,524
Housing		79,936	76,869
Community amenities		320,339	311,193
Recreation and culture		240,080	241,555
Transport		50,978	33,447
Economic services		801,936	876,356
		1,509,057	1,554,203
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018			
2. REVENUE AND EXPENSES (Continued)			
(a) Revenue (Continued)			
Grant Revenue			
Grants, subsidies and contributions are included as operating and non-operating revenues in the Statement of Comprehensive Income:			
	2018	2017	
	\$	\$	
Operating grants, subsidies and contributions			
General purpose funding	1,902,420	2,852,496	
Law, order, public safety	105,732	56,045	
Recreation and culture	24,879	7,097	
Transport	381,508	3,151,338	
Economic services	42,919	511,316	
	2,457,458	6,578,293	
Non-operating grants, subsidies and contributions			
Community amenities	0	10,359	
Recreation and culture	3,636	1,537,749	
Transport	853,602	971,607	
	857,238	2,519,715	
Total grants, subsidies and contributions	3,314,696	9,098,008	
SIGNIFICANT ACCOUNTING POLICIES			
Grants, Donations and Other Contributions		Grants, Donations and Other Contributions (Continued)	
Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.		a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 18.	
Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over		That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.	
	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Loans receivable - clubs/institutions	793	0	
- Reserve funds	26,248	24,860	31,009
- Other funds	29,101	21,000	30,463
Other interest revenue (refer note 19(c))	7,951	5,315	5,515
	64,093	51,175	66,987

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
FOR THE YEAR ENDED 30TH JUNE 2018			
2. REVENUE AND EXPENSES (Continued)			
(b) Expenses	2018	2017	
	\$	\$	
Auditors remuneration			
- Audit of the Annual Financial Report	23,778	30,545	
- Other Services	35,956	38,197	
	59,734	68,742	
Interest expenses (finance costs)			
Long term borrowings (refer Note 12(a))	14,337	18,238	
	14,337	18,238	

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018				
	NOTE	2018	2017	
3. CASH AND CASH EQUIVALENTS		\$	\$	
Unrestricted		1,826,239	2,096,415	
Restricted		1,731,502	1,909,228	
		3,557,741	4,005,643	
The following restrictions have been imposed by regulations or other externally imposed requirements:				
Reserves cash backed - Leave Reserve	4	133,402	100,199	
Reserves cash backed - Plant Replacement Reserve	4	205,608	55,128	
Reserves cash backed - Infrastructure Reserve	4	1,035,755	725,035	
Reserves cash backed - Pensioner Unit Maintenance Reserve	4	10,748	732	
Reserves cash backed - Recreation Facilities Upgrade Reserve	4	264,546	307,765	
Reserves cash backed - Monkey Mia Jetty Reserve	4	21,586	21,122	
Reserves cash backed - Shared Fire System Reserve	4	28,890	28,269	
Unspent grants	18	30,967	670,978	
		1,731,502	1,909,228	
SIGNIFICANT ACCOUNTING POLICIES				
Cash and cash equivalents		Cash and cash equivalents (Continued)		
Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk		of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018												
4. RESERVES - CASH BACKED												
	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Leave Reserve	100,199	33,203		133,402	100,199	33,040	0	133,239	87,921	12,278	0	100,199
Reserves cash backed - Plant Replacement Reserve	55,128	506,683	(356,203)	205,608	55,128	507,386	(396,203)	166,311	140,462	302,478	(387,812)	55,128
Reserves cash backed - Infrastructure Reserve	725,035	419,412	(108,692)	1,035,755	725,035	418,097	(68,692)	1,074,440	1,302,198	351,356	(928,519)	725,035
Reserves cash backed - Pensioner Unit Maintenance Reserve	732	10,016	0	10,748	732	10,015	0	10,747	10,160	10,572	(20,000)	732
Reserves cash backed - Recreation Facilities Upgrade Reserve	307,765	6,781	(50,000)	264,546	307,765	6,250	(50,000)	264,015	366,294	8,221	(66,750)	307,765
Reserves cash backed - Monkey Mia Jetty Reserve	21,122	464	0	21,586	21,122	430	0	21,552	20,627	495	0	21,122
Reserves cash backed - Shared Fire System Reserve	28,269	621	0	28,890	28,269	575	0	28,844	27,606	663	0	28,269
	1,238,250	977,180	(514,895)	1,700,535	1,238,250	975,793	(514,895)	1,699,148	1,955,268	686,063	(1,403,081)	1,238,250
All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.												
In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:												
Name of Reserve	Anticipated date of use	Purpose of the reserve										
Reserves cash backed - Leave Reserve	Ongoing	To be used for the provision of employees' long service leave.										
Reserves cash backed - Plant Replacement Reserve	2018/19	To be used for the purchase of major plant and equipment.										
Reserves cash backed - Infrastructure Reserve	2018/19	To be used to fund the future replacement and construction of infrastructure in the Shire.										
Reserves cash backed - Pensioner Unit Maintenance Reserve	2018/19	To be used to fund the replacement and major maintenance of the pensioner units.										
Reserves cash backed - Recreation Facilities Upgrade Reserve	Ongoing	To be used to fund the upgrade/maintenance of the Shire recreation facilities.										
Reserves cash backed - Monkey Mia Jetty Reserve	Ongoing	To be used for the upgrade and major maintenance of the Monkey Mia Jetty.										
Reserves cash backed - Shared Fire System Reserve	Ongoing	Shared with the Department of Parks and Wildlife and to be used to fund the future system replacement.										

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018			
6. INVENTORIES		2018	2017
		\$	\$
Current			
Fuels and Materials		24,998	24,949
Merchandise		100,218	162,654
		125,216	187,603
SIGNIFICANT ACCOUNTING POLICIES			
General			
Inventories are measured at the lower of cost and net realisable value.			
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.			

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018		
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	1,845,000	1,845,000
- Independent valuation 2017 - level 3	102,848	102,848
	1,947,848	1,947,848
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	10,000	10,000
	10,000	10,000
Total land	1,957,848	1,957,848
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	2,050,000	2,050,000
- Independent valuation 2017 - level 3	958,900	958,900
- Independent valuation 2015 - level 2	49,451	49,451
- Additions after valuation - cost	67,502	29,654
Less: accumulated depreciation	(144,080)	(2,076)
	2,981,773	3,085,929
Buildings - specialised at:		
- Independent valuation 2017 - level 3	15,458,557	15,458,557
- Additions after valuation - cost	176,689	0
Less: accumulated depreciation	(492,810)	0
	15,142,436	15,458,557
Total buildings	18,124,209	18,544,486
Total land and buildings	20,082,057	20,502,334
Furniture and equipment at:		
- Management valuation 2017 - level 3	975,605	975,605
- Management valuation 2016 - level 2	164,295	164,295
- Additions after valuation - cost	31,546	1,309
Less: accumulated depreciation	(224,615)	(109,687)
	946,831	1,031,522
Plant and equipment at:		
- Independent valuation 2016 - level 2	2,128,124	2,298,125
- Additions after valuation - cost	1,105,785	628,319
Less: accumulated depreciation	(674,166)	(334,318)
	2,559,743	2,592,126
Herigate Assets at:		
- Independent valuation 2017 - level 3	966,200	966,200
- Management valuation 2015 - level 3	238,815	238,815
Less: accumulated depreciation	(60,829)	(13,365)
	1,144,186	1,191,650
Total property, plant and equipment	24,732,817	25,317,632

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Herigate Assets	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	2,273,115	23,000	2,296,115	3,726,848	13,748,841	17,475,690	19,771,805	1,139,900	2,515,791	661,509	24,089,005
Additions			0	33,233	150,748	183,981	183,981	1,309	628,319	27,885	841,494
(Disposals)	(55,000)		(55,000)		(82,667)	(82,667)	(137,667)		(196,780)		(334,447)
Revaluation increments/ (decrements) transferred to revaluation surplus	(270,267)	(13,000)	(283,267)	(521,507)	1,371,908	850,401	567,134			538,522	1,105,656
Depreciation (expense)			0	(152,645)	(405,877)	(558,522)	(558,522)	(109,687)	(341,537)	(36,266)	(1,046,012)
Transfers			0		675,603	675,603	675,603		(13,667)		661,936
Carrying amount at 30 June 2017	1,947,848	10,000	1,957,848	3,085,929	15,458,557	18,544,486	20,502,334	1,031,522	2,592,126	1,191,650	25,317,632
Additions			0	37,847	176,689	214,536	214,536	30,237	477,466		722,239
(Disposals)			0			0	0		(136,469)		(136,469)
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	0	0	0
Revaluation (loss)/ reversals transferred to profit or loss			0			0	0				0
Impairment (losses)/reversals			0			0	0				0
Depreciation (expense)			0	(142,003)	(492,810)	(634,813)	(634,813)	(114,928)	(373,380)	(47,464)	(1,170,585)
Carrying amount at 30 June 2018	1,947,848	10,000	1,957,848	2,981,773	15,142,436	18,124,209	20,082,057	946,831	2,559,743	1,144,186	24,732,817

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018					
7. PROPERTY, PLANT AND EQUIPMENT (Continued)					
(c) Fair Value Measurements					
Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2017	Inputs other than quoted prices (unadjusted) that are included in Level 1 that are observable for the asset or liability, either directly or indirectly. I.e Construction Costs and current condition (Level 2)
Land - freehold land	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2017	Inputs other than quoted prices (unadjusted) that are included in Level 1 that are observable for the asset or liability, either directly or indirectly. I.e Construction Costs and current condition (Level 2)
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2017	Inputs other than quoted prices (unadjusted) that are included in Level 1 that are observable for the asset or liability, either directly or indirectly. I.e Construction Costs and current condition (Level 2)
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2016	Replacement Cost and current condition (Level 2)
Plant and equipment					
Plant and Equipment	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2016	Replacement cost and current condition (Level 2)
Heritage Assets					
Hertiage Assets	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Heritage Assets	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018			
8 (a). INFRASTRUCTURE	2018	2017	
	\$	\$	
Infrastructure - Roads Other			
- Management valuation 2015 - level 3	0	66,247,312	
- Independent valuation 2018 - level 3	47,111,790	0	
- Additions after valuation - cost	0	1,177,112	
Less: accumulated depreciation	0	(727,664)	
	47,111,790	66,696,760	
Infrastructure - Roads Town			
- Management valuation 2015 - level 3	0	4,588,195	
- Independent valuation 2018 - level 3	6,538,680	0	
- Additions after valuation - cost	0	612,729	
Less: accumulated depreciation	0	(78,285)	
	6,538,680	5,122,639	
Infrastructure - Footpaths			
- Independent valuation 2015 - level 3	0	2,041,065	
- Independent valuation 2018 - level 3	1,761,230	0	
- Additions after valuation - cost	0	342,274	
Less: accumulated depreciation	0	(68,884)	
	1,761,230	2,314,455	
Infrastructure - Drainage			
- Management valuation 2015 - level 3	0	3,265,011	
- Independent valuation 2018 - level 3	4,624,090	0	
- Additions after valuation - cost	0	139,854	
Less: accumulated depreciation	0	(76,677)	
	4,624,090	3,328,188	
Infrastructure - Streetscapes			
- Independent valuation 2015 - level 2	0	247,000	
- Independent valuation 2018 - level 3	237,940	0	
- Additions after valuation - cost	0	85,492	
Less: accumulated depreciation	0	(17,899)	
	237,940	314,593	
Infrastructure - Public Facilities			
- Management valuation 2015 - level 2	0	3,503,236	
- Independent valuation 2015 - level 2	0	2,707,576	
- Independent valuation 2018 - level 3	5,843,640	0	
- Management valuation 2018 - level 2	40,000	0	
- Additions after valuation - cost	5,863	2,689,801	
Less: accumulated depreciation	(1,130)	(505,795)	
	5,888,373	8,394,818	
Total infrastructure	66,162,103	86,171,453	

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**
8. INFRASTRUCTURE (Continued)
(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Other Roads	Infrastructure - Town Footpaths	Infrastructure - Drainage	Infrastructure - Streetscapes	Infrastructure - Public Facilities	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	66,445,805	4,830,263	2,053,630	3,275,448	241,962	8,287,024	85,134,132
Additions	624,662	333,064	295,867	91,404	81,783	1,545,750	2,972,530
(Disposals)						(506,351)	(506,351)
Depreciation (expense)	(373,707)	(40,688)	(35,042)	(38,664)	(9,152)	(269,668)	(766,921)
Transfers						(661,936)	(661,936)
Carrying amount at 30 June 2017	66,696,760	5,122,639	2,314,455	3,328,188	314,593	8,394,818	86,171,453
Additions	673,982	611,510	0	13,324	0	43,493	1,342,309
Revaluation increments/ (decrements) transferred to revaluation surplus	(19,842,687)	850,815	(514,300)	1,322,346	(64,499)	(2,269,887)	(20,518,212)
Depreciation (expense)	(416,265)	(46,284)	(38,925)	(39,768)	(12,154)	(280,051)	(833,447)
Carrying amount at 30 June 2018	47,111,790	6,538,680	1,761,230	4,624,090	237,940	5,888,373	66,162,103

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

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads Other	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Roads Town	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Streetscapes	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Purchase cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Public Facilities	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Purchase cost and current condition (Level 2), residual values and remaining useful life assessment (Level 3) inputs.

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

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



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

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018								
9. FIXED ASSETS (Continued)								
(a) Disposals of Assets								
The following assets were disposed of during the year.								
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
CEO Vehicle	51,028	48,182	0	(2,846)	51,028	48,182	0	(2,846)
EMFA Vehicle	0	0	0	0	21,442	28,000	6,558	0
EMCD Vehicle	0	0	0	0	24,466	28,000	3,534	0
Transport								
Dual Cab Truck 5T	33,740	25,455	0	(8,285)	36,008	25,455	0	(10,554)
Gardener's Vehicle	27,033	24,319	0	(2,714)	27,032	24,318	0	(2,714)
Country Ute Single Cab	24,668	22,726	0	(1,942)	24,668	22,727	0	(1,941)
	136,469	120,682	0	(15,787)	184,644	176,682	10,092	(18,055)
(b) Depreciation								
	2018	2017						
	\$	\$						
Buildings - non-specialised	142,003	152,645						
Buildings - specialised	492,810	405,877						
Furniture and equipment	114,928	109,687						
Plant and equipment	373,380	341,537						
Herigate Assets	47,464	36,266						
Infrastructure - Roads Other	416,265	373,707						
Infrastructure - Roads Town	46,284	40,688						
Infrastructure - Footpaths	38,925	35,042						
Infrastructure - Drainage	39,768	38,664						
Infrastructure - Streetscapes	12,155	9,152						
Infrastructure - Public Facilities	280,051	269,668						
	2,004,033	1,812,933						

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

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

Buildings	10 - 50 Years
Furniture and equipment	5 to 10 Years
Plant and equipment	5 to 10 Years
Heritage Assets	25 to 100 Years
Sealed Roads and streets	
subgrade	Not Depreciated
pavement	80 to 100 Years
seal	
- bituminous seals	15 to 22 Years
- asphalt surfaces	30 Years
Formed Roads (unsealed)	
subgrade	Not Depreciated
pavement	18 Years
Foothpaths	40 to 80 Years
Drainage systems	
drains and kerbs	20 to 60 Years
culverts	60 Years
pipes	80 Years
pits	60 Years

Depreciation (Continued)

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

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

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018										
10. REVALUATION SURPLUS										
	2018				2017					
	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus- Land and Buildings	8,079,561	0	2	2	8,079,563	7,512,427	567,134	0	567,134	8,079,561
Revaluation surplus -Furniture and equipment	531,237	0	0	0	531,237	531,237	0	0	0	531,237
Revaluation surplus -Plant and equipment	740,231	0	0	0	740,231	740,231	0	0	0	740,231
Revaluation surplus -Herigate Assets	646,906	0	0	0	646,906	108,384	538,522	0	538,522	646,906
Revaluation surplus - Infrastructure - Roads Other	54,675,231	0	(19,842,687)	(19,842,687)	34,832,544	54,675,231	0	0	0	54,675,231
Revaluation surplus - Infrastructure - Roads Town	2,541,687	850,815	0	850,815	3,392,502	2,541,687	0	0	0	2,541,687
Revaluation surplus - Infrastructure - Footpaths	980,453	0	(514,300)	(514,300)	466,153	980,453	0	0	0	980,453
Revaluation surplus - Infrastructure - Drainage	2,861,406	1,322,346	0	1,322,346	4,183,752	2,861,406	0	0	0	2,861,406
Revaluation surplus - Infrastructure - Streetscapes	65,946	0	(64,499)	(64,499)	1,447	65,946	0	0	0	65,946
Revaluation surplus - Infrastructure - Public Facilities	595,225	0	(2,269,887)	(2,269,887)	(1,674,662)	595,225	0	0	0	595,225
	71,717,883	2,173,161	(22,691,371)	(20,518,210)	51,199,673	70,612,227	1,105,656	0	1,105,656	71,717,883
Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.										

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT		
FOR THE YEAR ENDED 30TH JUNE 2018		
	2018	2017
	\$	\$
11. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	293,954	531,233
Accrued interest on long term borrowings	2,884	4,028
Accrued salaries and wages	42,220	39,126
Prepaid Income	11,396	3,637
Accruals Other	34,248	0
	384,702	578,024
SIGNIFICANT ACCOUNTING POLICIES		
Trade and other payables	Trade and other payables (Continued)	
Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect	of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.	

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

12. INFORMATION ON BORROWINGS
(a) Repayments - Borrowings

Particulars	Principal	New	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Staff Housing Loan 53	43,285		20,953	20,960	22,332	22,325	1,972	2,000
Staff Housing Loan 56	63,544		16,837	16,850	46,707	46,694	3,883	3,900
Economic services								
Monkey Mia Bore Loan 57	194,231		29,208	29,210	165,023	165,021	8,482	8,460
	301,060	0	66,998	67,020	234,062	234,040	14,337	14,360
All loan repayments were financed by general purpose revenue.								
Borrowings					2018	2017		
					\$	\$		
Current					70,599	66,998		
Non-current					163,463	234,062		
					234,062	301,060		

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

12. INFORMATION ON BORROWINGS (Continued)

	2018	2017
	\$	\$
(b) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	50,000	50,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	0	(1,804)
Total amount of credit unused	60,000	58,196
Loan facilities		
Loan facilities - current	70,599	66,998
Loan facilities - non-current	163,463	234,062
Total facilities in use at balance date	234,062	301,060
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
FOR THE YEAR ENDED 30TH JUNE 2018			
13. PROVISIONS			
	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	155,222	48,512	203,734
Non-current provisions	0	87,648	87,648
	155,222	136,160	291,382
Additional provision	6,327	33,713	40,040
Balance at 30 June 2018	161,549	169,873	331,422
Comprises			
Current	161,549	87,990	249,539
Non-current	0	81,883	81,883
	161,549	169,873	331,422
SIGNIFICANT ACCOUNTING POLICIES			
Employee benefits			
Short-term employee benefits			
Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.	Other long-term employee benefits (Continued)		
The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.	rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.		
Other long-term employee benefits	The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.		
The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.	Provisions		
Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at	Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.		
	Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018			
14. NOTES TO THE STATEMENT OF CASH FLOWS			
Reconciliation of Cash			
For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:			
	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	3,557,741	2,141,944	4,005,643
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(388,216)	(1,673,716)	1,443,193
Non-cash flows in Net result:			
Depreciation	2,004,034	2,018,080	1,812,933
(Profit)/loss on sale of asset	15,787	7,963	721,192
Changes in assets and liabilities:			
(Increase)/decrease in receivables	4,625	28,176	576,838
(Increase)/decrease in inventories	62,387	(2,158)	2,556
Increase/(decrease) in payables	(193,322)	(36,018)	(3,961,678)
Increase/(decrease) in provisions	40,040	10,000	26,442
Grants contributions for the development of assets	(857,238)	(872,363)	(2,519,715)
Net cash from operating activities	688,097	(520,036)	(1,898,239)

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

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	1,996,637	2,259,801
General purpose funding	1,978,735	2,271,174
Law, order, public safety	1,244,296	1,289,095
Health	1,200	0
Housing	2,637,702	2,709,633
Community amenities	1,207,441	1,287,099
Recreation and culture	17,361,093	20,391,847
Transport	66,843,490	84,443,706
Economic services	1,441,740	1,186,733
Other property and services	24,997	24,949
	94,737,331	115,864,037

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018			
16. CAPITAL COMMITMENTS		2018	2017
(a) Capital Expenditure Commitments		\$	\$
Contracted for:			
- capital expenditure projects		0	183,745
- plant & equipment purchases		0	0
Payable:			
- not later than one year		0	183,745
Capital expenditure commitments in 2017 relate to the contract entered into for the Knight Terrace and Old Knight Terrace upgrade. There were no capital expenditure commitments in 2018,			

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018			
17. RELATED PARTY TRANSACTIONS			
Elected Members Remuneration			
The following fees, expenses and allowances were paid to council members and/or the President.	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	43,897	45,701	42,417
President's allowance	11,978	11,978	11,840
Deputy President's allowance	2,995	2,995	2,980
Travelling expenses	0	0	1,352
Telecommunications allowance	9,584	15,001	19,204
	68,454	75,675	77,793
Key Management Personnel (KMP) Compensation Disclosure			
The total of remuneration paid to KMP of the Shire during the year are as follows:	2018		2017
	\$		\$
Short-term employee benefits	489,598		455,994
Post-employment benefits	52,766		49,961
Other long-term benefits	56,456		32,191
	598,820		538,146
<i>Short-term employee benefits</i>			
These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.			
<i>Post-employment benefits</i>			
These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.			
<i>Other long-term benefits</i>			
These amounts represent long service benefits accruing during the year.			
Transactions with related parties			
Transactions between related parties, and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.			
No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.			
The following transactions occurred with related parties:	2018	2017	
	\$	\$	
Sale of goods and services	36,332	23,209	
Purchase of goods and services	37,391	3,309	
Amounts outstanding from related parties:			
Trade and other receivables	24	111	
Related Parties			
The Shire's main related parties are as follows:			
<i>i. Key management personnel</i>			
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.			
<i>ii. Entities subject to significant influence by the Shire</i>			
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.			

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018							
18. CONDITIONS OVER GRANTS/CONTRIBUTIONS							
Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾ 1/07/16	2016/17	2016/17	Balance ⁽¹⁾ 30/06/17	2017/18	2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
FESA Operating Grant	12,180	56,045	(56,348)	11,877	48,505	(47,509)	12,873
Coastal Hazard Risk Management and Adaptation Plan				0	32,500	(27,786)	4,714
DOT-Denham Townsite CHRMAP				0	18,312	(18,312)	0
Community amenities							
GLCF - Waste Initiatives	378,341	10,359	0	388,700	0	(384,824)	3,876
Northern Planning Grants	7,544	0	(7,544)	0	0	0	0
Recreation and culture							
Tourism WA WIFI Contribution	0	7,097	0	7,097	0	(7,097)	0
Department of Environment & Energy Grant - The Battle off Shark Bay	0	79,760	0	79,760	0	(79,760)	0
Tourism WA - Shark Bay Discovery Centre	8,496	0	(8,496)	0			0
GDC-Destination Shark Bay Brand Development				0	20,000	(20,000)	0
Tourism WA - RVCSGP 17/18				0	24,879	(24,879)	0
DLGSCI-Community Engagement, Team Building and Planning				0	20,000	(12,496)	7,504
				0			0
Transport							
Roads to Recovery	291,522	659,890	(767,868)	183,544	399,753	(583,297)	0
Regional Road Group	0	311,717	(311,717)	0	381,650	(381,650)	0
Royalties for Regions - Foreshore Redevelopment	180,390	1,887,451	(2,067,841)	0	0	0	0
Economic services							
Department of Premier and Cabinet - 1616 Celebrations	20,000	55,000	(75,000)	0			0
Horizon Power - Shark Bay Freycinet Festival				0	2,000	0	2,000
Total	898,473	3,067,319	(3,294,814)	670,978	947,599	(1,587,610)	30,967
Notes:							
(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.							
(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.							
(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.							

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

19. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in	Number	Value	Rate	Interim	Back	Total	Budget	Budget	Budget	Budget	
	\$	of		Revenue				Rates	Rates	Revenue	Rate	Interim
Differential general rate / general rate	\$	Properties	\$	\$	\$	\$	\$	Revenue	Rate	Rate	Rate	Revenue
Gross rental valuations												
GRV - Residential	0.0946	301	3,606,327	341,485	474	2	341,961	341,256	331	2		341,589
GRV - Vacant	0.0946	17	337,194	31,403			31,403	31,908				31,908
GRV - Commercial	0.0972	43	2,041,030	197,826	(1,069)		196,757	198,478				198,478
GRV - Industrial/Residential	0.1047	45	619,128	62,753			62,753	64,830	(1,069)			63,761
GRV - Industrial/Residential/Vacant	0.0946	2	17,099	2,184			2,184	1,618				1,618
GRV - Rural Commercial	0.0983	5	304,201	29,917			29,917	29,917				29,917
GRV - Resort	0.1038	2	1,112,800	115,521			115,521	115,521				115,521
Unimproved valuations												
UV - General	0.1943	6	1,150,738	223,539	2,040	9,806	235,384	223,538	2,040	9,806		235,384
UV - Mining	0.2650	1	6,990	1,852			1,852	1,852				1,852
UV - Pastoral	0.1330	11	617,362	82,107			82,107	82,132				82,132
UV - Exploration	0.2548	9	615,590	153,112		(118)	152,994	153,111				153,111
Sub-Total		442	10,428,459	1,241,699	1,445	9,690	1,252,834	1,244,161	1,302	9,808		1,255,271
Minimum payment	Minimum											
	\$											
Gross rental valuations												
GRV - Residential	825	67	511,894	70,125			70,125	70,125			7,528	77,653
GRV - Vacant	825	85	283,570	55,275			55,275	55,275				55,275
GRV - Commercial	825	25	154,340	20,625	1,650	7,528	29,803	20,625	1,650			22,275
GRV - Industrial/Residential	825	3	19,760	2,475			2,475	2,475				2,475
GRV - Industrial/Residential/Vacant	515	0	0	0			0	0				0
GRV - Rural Commercial	825	0	0	0			0	0				0
GRV - Resort	825	0	0	0			0	0				0
Unimproved valuations												
UV - General	860	5	8,160	4,300	1,720	7,598	13,618	4,300	1,720	7,598		13,618
UV - Mining	860	1	596	860			860	860				860
UV - Pastoral	860	0	0	0			0	0				0
UV - Exploration	860	0	0	860			860	860		(118)		742
Sub-Total		186	978,320	154,520	3,370	15,126	173,016	154,520	3,370	15,008		172,898
		628	11,406,779	1,396,219	4,815	24,816	1,425,850	1,398,681	4,672	24,816		1,428,169
Discounts/concessions (refer note 19(c))							(177,763)					(177,763)
Total amount raised from general rate							1,248,087					1,250,406
Specified Area Rate (refer note 19(b))							37,661					37,661
Totals							1,285,748					1,288,067

SIGNIFICANT ACCOUNTING POLICIES

Rates

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



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

19. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value	Revenue	Interim Rate Revenue	Back Rate Revenue	Total Specified Area Rate Revenue	Budget	Budget	Budget	Total
								Rate Revenue	Back Rate Revenue	Interim Rate Revenue	Budget Revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Monkey Mia Bore Replacement	GRV	0.0338	1,112,800	37,661	0	0	37,661	37,661	0	0	37,661
				37,661	0	0	37,661	37,661	0	0	37,661
Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed			Rate Applied to Costs	Rate Set Aside to Reserve	Reserve Applied to Costs	Budget Rate Applied to Costs	Budget Rate Set Aside to Reserve	Budget Reserve Applied to Costs	
					\$	\$	\$	\$	\$	\$	
Monkey Mia Bore Replacement	The specified area rate is designated for the repayment of the principle and interest of the loan funds utilised for the replacement of the bore at Monkey Mia.	Monkey Mia			37,661	0	0	37,661	0	0	
					37,661	0	0	37,661	0	0	

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

19. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs
Waivers or Concessions

Rate or Fee and
Charge to which
the Waiver or

Concession is Granted	Type	Discount	Discount	Actual	Budget
		%	\$	\$	\$
General Rate	Concession		44,150	44,150	44,150
General Rate	Concession		53,776	53,776	53,776
General Rate	Waiver	100.00%		3,205	3,205
General Rate	Waiver	100.00%		1,781	1,781
General Rate	Concession	95.00%		73,818	73,818
General Rate	Waiver	25.00%		1,033	1,033
				177,763	177,763

Rate or Fee and
Charge to which
the Waiver or

Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rate	UV Pastoral	To address the disparity between UV Rates	To provide equitable rates for properties in this category
General Rate	UV Exploration	To address the inequalities of the valuation system.	To recognise that these properties are not in the production phase
General Rate	Australian Wildlife Conservancy Faure Island - Landing Only	To address the anomalies in the valuation system.	To recognise the use of the land as a landing point
General Rate	Murchinson Regional Aboriginal Corporation	To address anomalies in the valuation system	To recognise that the use of the land is for charitable purposes
General Rate	RAC Parks and Resorts	To address anomalies in the valuation system	To provide equitable rates for property which should be valued as GRV due to its predominant use as a tourist resort
General Rate	Yadgalah Aboriginal Corporation	To address anomalies in the valuation system	To recognise that the use of the land is partly used for charitable purposes.

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

19. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	25-Sep-17			11.00%
Option Two				
First instalment	25-Sep-17	10	5.50%	11.00%
Second instalment	29-Jan-18	10	5.50%	11.00%
Option Three				
First instalment	25-Sep-17	10	5.50%	11.00%
Second instalment	27-Nov-17	10	5.50%	11.00%
Third instalment	29-Jan-18	10	5.50%	11.00%
Fourth instalment	2-Apr-18	10	5.50%	11.00%
				2018
				Budget
		\$		\$
Interest on unpaid rates			7,951	5,315
Charges on instalment plan			3,530	3,800
			11,481	9,115

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
FOR THE YEAR ENDED 30TH JUNE 2018			
20. NET CURRENT ASSETS			
Composition of net current assets for the purposes of the Rate Setting Statement			
	2018	2018	2017
	(30 June 2018	(1 July 2017	(30 June 2017
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	1,493,090	2,324,597	2,324,597
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,826,239	2,096,415	2,096,415
Restricted	1,731,502	1,909,228	1,909,228
Receivables			
Rates outstanding	36,578	21,187	21,187
Sundry debtors	73,711	123,224	123,224
FBT and GST Receivable	6,956	6,948	6,948
Loans receivable - clubs/institutions	0	5,342	5,342
Accrued Income	24,144	0	0
Prepaid Expenses	3,520	0	0
Inventories			
Fuels and Materials	24,998	24,949	24,949
Merchandise	100,218	162,654	162,654
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(293,954)	(531,233)	(531,233)
Accrued interest on long term borrowings	(2,884)	(4,028)	(4,028)
Accrued salaries and wages	(42,220)	(39,126)	(39,126)
Prepaid Income	(11,396)	(3,637)	(3,637)
Accruals Other	(34,248)	0	0
Current portion of long term borrowings	(70,599)	(66,998)	(66,998)
Provisions			
Provision for annual leave	(161,549)	(155,222)	(155,222)
Provision for long service leave	(87,990)	(48,512)	(48,512)
Unadjusted net current assets	3,123,026	3,501,191	3,501,191
Adjustments			
Less: Reserves - restricted cash	(1,700,535)	(1,238,250)	(1,238,250)
Less: Loans receivable - clubs/institutions	0	(5,342)	(5,342)
Add: Current portion of long term borrowings	70,599	66,998	66,998
Adjusted net current assets - surplus/(deficit)	1,493,090	2,324,597	2,324,597
Difference			
There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.			

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018				
21. FINANCIAL RISK MANAGEMENT				
The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.				
The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.				
Financial risk management is carried out by the finance area under policies approved by the Council.				
The Shire held the following financial instruments at balance date:				
	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,557,741	4,005,643	3,557,741	4,005,643
Receivables	159,454	181,706	159,454	181,706
	3,717,195	4,187,349	3,717,195	4,187,349
Financial liabilities				
Payables	384,702	578,024	384,702	578,024
Borrowings	234,062	301,060	245,569	319,580
	618,764	879,084	630,271	897,604
Fair value is determined as follows:				
Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.				
Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.				

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

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

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	35,577	40,056
- Statement of Comprehensive Income	35,577	40,056

Notes:

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

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	97.34%	76.39%
- Overdue	2.66%	23.61%

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2018	\$	\$	\$	\$	\$
Payables	384,702	0	0	384,702	384,702
Borrowings	80,602	177,793	0	258,395	234,062
	465,304	177,793	0	643,097	618,764
2017					
Payables	578,024	0	0	578,024	578,024
Borrowings	80,581	258,395	0	338,976	301,060
	658,605	258,395	0	917,000	879,084

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

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	22,333	0	46,707	0	165,022	0	234,062	4.7231%
Weighted average								
Effective interest rate	6.38%	0.00%	5.99%	0.00%	4.06%	0.00%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	0	43,286	0	63,544	0	194,230	301,060	4.86%
Weighted average								
Effective interest rate	0.00%	0.00%	6.38%	0.00%	5.99%	4.06%		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018						
22. TRUST FUNDS						
Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:						
			Amounts	Amounts		30 June
		1 July 2017	Received	Paid		2018
		\$	\$	\$		\$
CITF Levy		0	15,659	(15,659)		0
Library Card Bond		50	250	(250)		50
Bookeasy- Sales		0	428,401	(428,401)		0
Kerb/Footpath Deposit		4,300	1,000	(1,000)		4,300
Bond Key		2,080	2,160	(1,940)		2,300
Hall Bond		0	275	(275)		0
Police Licensing		1,393	283,139	(282,469)		2,063
Election Deposit		0	560	(560)		0
Building Licence Levy		0	11,453	(11,453)		0
Road Reserve - Hughes Street		2,000	298	0		2,298
Tour Sales		0	2,821	(2,821)		0
Property Rental Bonds		0	1,820	0		1,820
Rates Unidentified Deposit		210	0	0		210
		10,033				13,041

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

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

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018	
24. OTHER SIGNIFICANT ACCOUNTING POLICIES	
a) Goods and services tax (GST)	h) Fair value hierarchy
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).	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:
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.	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.
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.	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.
b) Current and non-current classification	Level 3 Measurements based on unobservable inputs for the asset or liability.
The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.	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.
c) Rounding off figures	Valuation techniques
All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.	The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:
d) Comparative figures	Market approach
Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.	Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.	Income approach
e) Budget comparative figures	Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.	Cost approach
f) Superannuation	Valuation techniques that reflect the current replacement cost of the service capacity of an asset.
The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.	Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.
g) Fair value of assets and liabilities	i) Impairment of assets
Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.	In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.
As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.	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.
To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).	Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.
For non-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.	For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018		
25. ACTIVITIES/PROGRAMS		
Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.		
PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Expenses associated with the provision of services to members of council and elections.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on Police Licensing. This also includes the costs 'associated with raising these revenues e.g. valuation expenses, debt collection and overheads.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Enforcement of Local Laws, fire prevention, animal control and the provision of ranger services.
HEALTH	To provide an operational framework for environmental and community health.	Health inspection services, food quality control and mosquito control.
HOUSING	To provide and maintain housing for the elderly and staff.	Provision and maintenance of rented housing accommodation for pensioners and employees.
COMMUNITY AMENITIES	To provide services required by the community.	Sanitation, stormwater drainage, protection of the environment, public conveniences, cemeteries and town planning.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Parks, gardens and recreation reserves, library services, television and radio re-broadcasting, swimming facilities, walk trails, youth recreation, Shark Bay World Heritage Discovery and Visitor Centre, foreshore, public halls and the Shark Bay Recreation Centre.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, footpaths, drainage, parking facilities, traffic control, depot operations, marine facilities and street cleaning.
ECONOMIC SERVICES	To help promote the Shire and its economic wellbeing	Tourism, community development, building services and private works.
OTHER PROPERTY AND SERVICES	To monitor and control council's overhead operating accounts.	Plant maintenance, administration, labour overheads and stock.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018			
26. FINANCIAL RATIOS	2018	2017	2016
Current ratio	3.67	3.26	1.34
Asset consumption ratio	0.84	0.90	0.97
Asset renewal funding ratio	1.10	1.06	1.25
Asset sustainability ratio	0.95	2.02	1.50
Debt service cover ratio	9.50	9.22	(0.96)
Operating surplus ratio	(0.43)	(0.29)	(0.72)
Own source revenue coverage ratio	0.43	0.33	0.36
The above ratios are calculated as follows:			
Current ratio	current assets minus restricted assets current liabilities minus liabilities associated with restricted assets		
Asset consumption ratio	depreciated replacement costs of depreciable assets current replacement cost of depreciable assets		
Asset renewal funding ratio	NPV of planned capital renewal over 10 years NPV of required capital expenditure over 10 years		
Asset sustainability ratio	capital renewal and replacement expenditure depreciation expenses		
Debt service cover ratio	annual operating surplus before interest and depreciation principal and interest		
Operating surplus ratio	operating revenue minus operating expenses own source operating revenue		
Own source revenue coverage ratio	own source operating revenue operating expenses		
Notes:			
Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.			
	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	1,003,940	986,341	0
Amount of Financial Assistance Grant received in prior year relating to current year.	986,341	0	0
Amount of reimbursement for flood damage received			
Expenditure on flood damage re-instatement	0	0	0
If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:			
	2018	2017	2016
Current ratio	3.70	1.94	1.27
Debt service cover ratio	9.29	(2.83)	6.09
Operating surplus ratio	(0.44)	(0.56)	(0.40)
Own source revenue coverage ratio	0.43	0.33	0.35

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

In our opinion, the financial report of the Shire of Shark Bay:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Preparation

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

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

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

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

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

MOORE STEPHENS

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF SHARK BAY (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)****Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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

MOORE STEPHENS**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF SHARK BAY (CONTINUED)****REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) In our opinion, the following matter indicates a significant adverse trend in the financial position of the Shire:
 - i) Operating Surplus ratio has been below DLGSCI standard for the past 3 years.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

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

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 12 December 2018
Perth, WA