



**SHIRE OF KENT**

**2005/2006**

**ANNUAL  
REPORT**

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## 1. INTRODUCTION

The Shire of Kent is pleased to present the Annual Report for the 2005/2006 financial year.

This report will provide an overview of the Shire's financial position, achievements attained and an indication of some future directions of Council.

The Annual Report is designed to encourage an understanding of Council's aims, objectives and activities to provide a better environment for residents to live and work in.

## 2. AUTHORITY AND LEGISLATION

The Shire of Kent is a statutory organisation responsible to the Minister for Local Government, The Hon John Bowler MLA. The Shire of Kent operates under the provision of the Local Government Act 1995 (as amended).

### SHIRE OFFICE LOCATIONS

Administration Centre: Richmond Street, Nyabing  
Postal Address: PO Box 15, NYABING WA 6341  
Telephone: (08) 98291051  
Facsimile: (08) 98291083  
Email: [admin@kent.wa.gov.au](mailto:admin@kent.wa.gov.au)  
Office Hours: 8.00am to 4.30pm, Monday to Friday

Pingrup Library: Sanderson Street, Pingrup (Pingrup Telecentre)  
Nyabing Library: Administration Centre, Nyabing

### SHIRE STATISTICS

<b>Area</b>	6552sq km	<b>Average Min Temp</b>	4.5(C)
<b>Position</b>	320km SE of Perth	<b>Wool Clip</b>	1,961,000kg
<b>Population</b>	634	<b>Wheat Produced</b>	103,839 tonnes
<b>Length of Roads</b>	224km sealed 1206 gravel	<b>Barley Produced</b>	42,709 tonnes
<b>Rateable Assessments</b>	460	<b>Number of Sheep</b>	347,200
<b>Average Rainfall</b>	383mm	<b>Number of Pigs</b>	700
<b>Average Max Temp</b>	29.9(C)		

(The above agricultural statistics are supplied by the Australian Bureau of Statistics)

### SUBURBS AND LOCALITIES

Pingrup; Nyabing

### SIGNIFICANT LOCAL EVENTS

Pingrup Races – March each year

### FULL COUNCIL MEETING

Meets third Wednesday of each month except for January

### TOURIST ATTRACTIONS

Nampup Soak; Hollands Track; Pink Lakes; Holland Rocks; Lake Bryde; Wildflowers

### LOCAL INDUSTRIES

Wheat; other grains; sheep; associated support businesses

### 3. SHIRE PRESIDENTS REPORT



It is with pleasure that I report on the activities of the Shire of Kent for the period 1 July 2005 to 30 June 2006.

Over the past year Council has continued its commitment to work with ratepayers and residents to ensure that the Kent Shire is a vibrant rural community. A community that we can all be proud of.

A number of changes have occurred within Council's structure since my last report including the appointment of Alan Wright as Chief Executive Officer and Christie Smith as Deputy Chief Executive Officer.

I would like to extend thanks to Mr David Burt and Laurelie Peskett for their work and efforts at the Shire of Kent and wish them all the best in the future.

The Shire's comprehensive Works Program, under the guidance of CEO and Works Manager, seen a successful roadwork's program throughout 2005/06, some projects included the completion of Gnowangerup Road and the commencement of the works on Ongerup Road which includes bitumen. Due to the flood damage in January 2006, some of the programs scheduled for 2005/06 have been carried forward to 2006/07.

Other major projects completed in 2005/2006 include the finalisation of the Short-term Accommodation in Pingrup, landscaping and kerbing at Pingrup Caravan Park and refurbishment of 26 Aspendale Street.

On the political landscape, debate on local government Structural Reform and/or Amalgamations continues to dominate. This, together with perceived cost shifting by both Federal and State Governments to Local Government are two of the major political issues facing local authorities in Western Australia.

Council's finances continue to be very well managed, and for 2005/2006 Council finished the year with a \$720,371 surplus. The majority of these funds relates to pre-committed works to be carried forward in 2006/2007. The balance will be utilised for ongoing projects and to continue to pay off existing loans, therefore reducing Council's overall debt service.

As in previous years, Council is keen to remain focussed on projects that involve community facilities, and will endeavour to obtain grant funding for capital projects and infrastructure improvements in order to cushion any burden on rates.

I again would like to acknowledge the efforts and commitment of my fellow Councillors, who as a team, are committed one and all to the sometimes difficult decision making process. My special thanks go to Deputy Shire President Cathy Crosby for her continued support and commitment.

On behalf of Council, and in conclusion, I would like to extend special thanks to Council's management, administration, works crew and other staff for their continued good work, which is often above and beyond the call of duty.

**CR BRUCE ALTHAM**  
**SHIRE PRESIDENT**

## 4. CHIEF EXECUTIVE OFFICER'S REPORT



I am pleased to present to the electors of Kent my report on the activities for the Shire of Kent for the year ending 30 June 2006.

The year in which the report covers saw very little changes in regard to administration staffing and I would like to thank the outgoing CEO, David Burt, whom finished on the 4 July 2006, along with all the administration staff for their efforts over the year.

The Works Supervisor David Long is once again thanked for his support and the completion of the majority of the works program during the year. The workforce overall has done a very good job in all areas, including, parks and gardens, building maintenance, and roads.

2005/2006 saw a \$4.6 million budget with which Council was able to place \$79,000 into reserve accounts for future funding assistance to various proposed projects. Council also utilized \$201,346 from the Plant Reserve to assist in the purchase of a Grader, Truck, Trailer, Dolly and Utilities for the works area. Council's cash flow was assisted with 78% of the ratepayers taking advantage of the discount and Council finishing with a total rate collection for the year of 99%. The Loan liability was reduced by \$166,740 which included the payout of eight loans using surplus funds, which reduced the debt level to a balance of \$1,057,618 at the 30 June 2006.

It is pleasing to note that the \$1.122 million received in the previous Roads to Recovery scheme was again made available to Kent Shire commencing July 2005 with the Auslink program. The first year of the new program was utilized with works commencing on the Ongerup road and the completion of the Gnowangerup road. The Road program also saw \$270,000 of Council funds spent on road upgrades and \$656,000 on road maintenance. Unspent MRWA road grants (due to the floods) from the previous year are to be spent in 2006/07.

Appreciation is extended to all the staff in all areas of responsibility within the Council who worked efficiently to meet the objectives and for their team approach towards successfully completing most programs provided for in the 2005/06 budget.

A thank you is given to the many dedicated people in our community who have worked on community committees, been involved as volunteers, and been a part of the various projects, giving freely of their time and promoting and making the Shire of Kent a progressive district.

Finally a note of appreciating to the Shire President and Councillors who have put in many hours over the year on Council, committees, community, and representation of the electors for the benefit of everyone in the district.

**AB Wright**  
**CHIEF EXECUTIVE OFFICER**

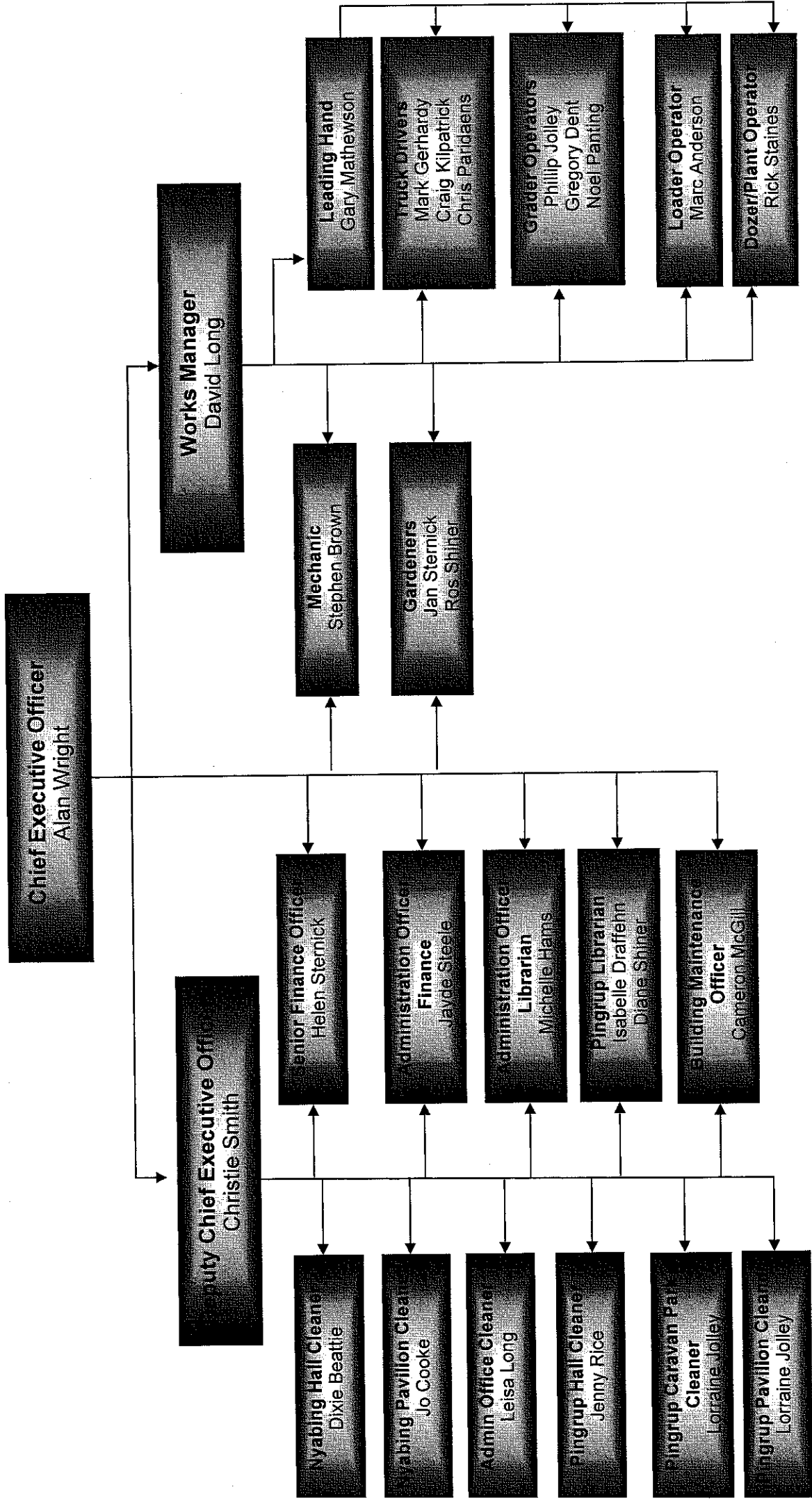
## 5. SHIRE OF KENT MEMBERS - 2005/2006



*Front Row:  
Cr Yvonne Featherstone, Cr Cathy Crosby (Deputy President), Cr Megan Tuffley, Cr Lucy Skipsey  
Back Row:  
Cr Bruce Altham (President), Cr Neil Grant-Williams, Cr Terry Gray, Cr Vanessa Anderson*

<b>Councillors</b>	<b>Ward</b>	<b>Telephone</b>	<b>Fax</b>
B M (Bruce) Altham	Holland Rock	9820 1064	9820 1040
C (Cathy) Crosby	Nampup	9829 1061	9829 1151
N M (Neil) Grant-Williams	Holland Rock	9820 6025	9820 6025
Y S (Yvonne) Featherstone	Pingarnup	9820 1078	9820 1003
L (Lucy) Skipsey	Pingarnup	9829 6085	9829 6085
M J (Megan) Tuffley	Nampup	9829 1076	9829 1076
V J (Vanessa) Anderson	Mindarabin	9829 1140	9829 1140
T M (Terry) Gray	Mindarabin	9829 6067	9829 6067

## 6. ORGANISATIONAL STRUCTURE



## 7. COUNCIL DOCUMENTS

### DOCUMENTS AVAILABLE FOR INSPECTION

There are various documents available for inspection by members of the public. These include:

Council Agendas	Council Minutes
Annual Budgets	Policy Manual
Annual Financial Statements	Local Laws
Forward Planning Budget	Delegations Register
Town Planning Scheme	Rates Assessment Book
Electoral Roll	Strategic Plan
Customer Service Charter	Sewerage Asset Management Plan
Code of Conduct – Members and Staff	Freedom of Information Statement

In addition to the above documents, Council provides information through the following outlets as a service to the public:

- ⇒ Shire Notes – Nyabing News and Pingrup Post
- ⇒ Community Telephone and Information Directory
- ⇒ Bushfire Information Booklet
- ⇒ Leaflet Drops to Ratepayers

## 8. FREEDOM OF INFORMATION

The Shire of Kent welcomes any enquiries for any information held by Council.

If information cannot be accessed by less formal means, a freedom of information request can be made to:

**The Freedom of Information Officer  
Shire of Kent  
PO Box 15  
NYABING WA 6341**

Council's commitment to open government has meant that this financial year, there has been no need for members of the public to formally apply for information under the Freedom of Information Act.

## **9. STRATEGIC PLAN**

The Shire of Kent has adopted a Mission Statement and a series of objectives to support the Strategic Planning goals for the next 5 years:

***To excel at providing fair, efficient and effective services and facilities which enhance the quality of life for all residents.***

### **District Viability**

To provide leadership in the development and attraction of facilities, services, and business to the district to ensure its long-term viability.

### **Quality Service**

To ensure services and facilities are maintained or enhanced and delivered in an equitable and effective manner.

### **Financial Viability**

To ensure all funds are used efficiently to ensure long-term financial viability of the Council.

### **Productive and Effective Workforce**

To optimise and develop the Shires human resources to maximise their productive potential.

### **Accountability**

To provide an open and accountable level of local government for the district including honest in dealing with all people and exercising initiative in responding to community needs.

## **ACHIEVING OUR MISSION AND OBJECTIVES**

Council's mission and objectives will be achieved through:

### **Representative Government**

By the people of Kent contributing to decisions about the way their community works and develops, better decisions will result through encouraging the people of Kent to contribute to informed discussion on issues of local and regional importance.

### **Meeting Obligations**

Council is obligated by law, to carry out the statutory responsibilities of local government, and Council will fulfill these responsibilities efficiently and with regard to the particular needs of the people of Kent.

### **Community Advocacy**

As Council is only one level of government, this Council will support and advocate the views and needs of the people of Kent to other levels of government, so as to provide additional and improved facilities for the use of the community.

Apart from being committed to maintaining and improving existing services and facilities, the Shire of Kent faces many new challenges.

## **CHALLENGES**

Given the current environment within local government regarding amalgamation issues, national competition policy, structural reform, and requirements of Council and staff under the Local Government Act, the Council needs to retain its own identity.

Some important factors that require consideration are:

- ⇒ acceptance of change
- ⇒ maintaining appropriate funding levels
- ⇒ raising the Council profile
- ⇒ maintaining financial and time resources of Council and staff
- ⇒ developing community pride and a sense of community help
- ⇒ maintaining our population level and working to increase the district population

## **10. NATIONAL COMPETITION POLICY LEGISLATION**

The Shire of Kent is classified as a Category 1 local government under current National Competition Policy. National Competition Policy is designed to enhance the efficiency and effectiveness of public sector agencies, and lead to more efficient use of economic resources.

Local governments' are required to apply the principal of competitive neutrality to all business activities generating user-pays income in excess of \$200,000.00. The principal being that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

The Shire of Kent does not operate any activities where the income from fees and charges exceed \$200,000.00 and there is no indication that Council will become involved in any significant business activities during the next financial reporting period.

### **Legislation Review**

All local governments are required periodically to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

The Shire of Kent did not undertake any review of Local Laws during the 2005/2006 financial year.

### **Statutory Reform**

Before local governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

For the 2005/2006 financial year, there were no developments for structural reform. Nevertheless, the Shire of Kent is committed to the principals of structural reform under National Competition Policy.

## 11. STATE RECORDS ACT 2000

The Shire of Kent is in compliance with the requirements of the State Records Act 2000 including the adoption of a Record Keeping Plan.

A new records management system was implemented by 31 December 2004 as noted in the Shire of Kent Recordkeeping Plan and appropriate staff training has been undertaken at this time with further training planned for 2006/2007.

## 12. 2006/2007 DISABILITY SERVICES REPORT

It is a requirement under section 29(2) of the Disability Services Act 1993 to report on the following outcomes in Council's approach to assisting disabled people.

Council annually review their plan and timelines and carry out what works are required annually. A complete review of the Disability Plan will be undertaken in 2006/2007 which will include other objectives for the benefit of the disabled population.

### 1. Existing services are adapted to ensure they meet the needs of people with disabilities.

Council continued its process in 2005/2006 to ensure opportunities were created for people with disabilities, their families and carers. Council was receptive to any feedback received and acted immediately on any complaints to ensure people with disabilities could live within our community without unnecessary obstacles.

### 2. Access to buildings and facilities is improved

Disabled/pram ramps have been installed on all paved footpaths in Nyabing and Pingrup. Disabled access ramps are also available to provide access to the Pingrup Pavilion for recreational facilities. Toilet and shower facilities for disabled people have been installed at the Pingrup Caravan Park and Council is currently looking at improved disabled toilet facilities at the Nyabing Recreation Centre.

A new Tourist building with ablution block is in the planning stages for the Nyabing Townsite and will include disable facilities.

Additional footpaths have been installed in the townsite of Pingrup.

### 3. Information about services is provided in formats which meet the communication requirements of people with disabilities

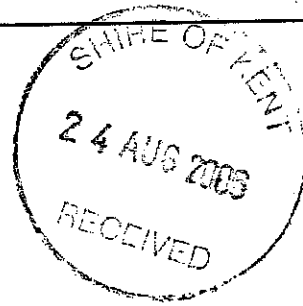
With the community of the Shire of Kent having a comparatively small population, it was possible to advise the few people affected with disability in our community by other communication channels. (e.g. verbal). Council is mindful of the need to keep outgoing information in an easy to understand manner for all its constituents.

### 4. Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities

Staff at the Shire of Kent are dynamic to resource awareness information when the need arises.

### 5. Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes

Access to public consultation including public meetings, launches, elections and Council meetings are available with access facilities at the Nyabing Pavilion, Council Chambers, Nyabing Hall and a disabled ramp and toilet at the Pingrup Pavilion.



File No: 110  
Distribution: Council Meeting  
Audited Committee  
 URR  RR  NRR  IB

18 August 2006

Mr A Wright  
Chief Executive Officer  
Shire of Kent  
PO Box 15  
NYABING WA6341

Dear Alan

**AUDIT OF SHIRE OF KENT  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2006**

We advise that we have completed the audit of your Shire for the year ended 30<sup>th</sup> June 2006 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Tomasi'.

DAVID TOMASI  
PARTNER

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**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE SHIRE OF KENT**

**Scope**

***The financial report and Council's responsibility***

The financial report comprises the income statement by nature or type, income statement by program, balance sheet, statement of changes in equity, cash flow statement, rate setting statement and accompanying notes to the financial statements for the Shire of Kent for the year ended 30 June 2006.

Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

***Audit approach***

We conducted an independent audit in order to express an opinion to the electors of the Shire. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 (as amended), including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Shire's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedure, our audit was not designed to provide assurance on internal controls.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In our opinion, the financial report presents, fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Kent as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE SHIRE OF KENT (continued)**

**Statutory Compliance**

During the course of our audit we became aware of the following instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

**Submission of Annual Financial Report**

The 2004/2005 Annual Financial Report was not submitted to the Executive Director of Local Government within 30 days of receipt by the CEO of the audit report as required by Financial Management Regulation 51(2).

**Financial Reports**

The Monthly Financial Reports for the months of July 2005 through to January 2006 were not presented to Council as required by Financial Management Regulation 34, particularly with respect to:

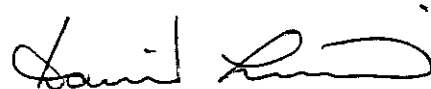
- (1) A statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget under Regulation 22(1)(d).  
  
In essence, an "operating statement" was presented instead of a "rate setting statement" (Financial Management Regulation 34(1)).
- (2) Details of the net current assets at the end of the month to which the statement relates (Financial Management Regulation 34(1)(e)).
- (3) An explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted asset (Financial Management Regulations 34(2)(a)).

**Other Matters**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS



DAVID TOMASI  
PARTNER

Date: 18 August 2006  
Perth, WA

S:\David\Local Govt\Kent\2006\06 June Audit Report.doc

**SHIRE OF KENT  
FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

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**Shire of Kent  
23/24 Richmond Street  
NYABING WA 6341**

**SHIRE OF KENT**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Kent being the annual financial report and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the Shire of Kent at 30th June 2006 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the eighteenth day of August 2006.

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**Alan Wright**  
**Chief Executive Officer**

**SHIRE OF KENT**  
**INCOME STATEMENT**  
**BY NATURE OR TYPE**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>Revenues From Ordinary Activities</b>				
Rates	20	1,165,475	1,164,528	1,060,073
Grants and Subsidies	26	861,366	855,641	778,147
Contributions Reimbursements and Donations		157,551	1,000	63,784
Service Charges	22	7,590	7,590	7,314
Fees and Charges	25	248,479	181,369	200,772
Interest Earnings	2(a)	74,917	44,000	86,970
Other Revenue		461,320	538,116	126,708
		2,976,698	2,792,244	2,323,768
<b>Expenses From Ordinary Activities</b>				
<b>Excluding Borrowing Costs Expense</b>				
Employee Costs		(820,818)	(858,671)	(825,817)
Materials and Contracts		(876,959)	(905,546)	(517,437)
Utilities		(85,916)	(88,583)	(100,178)
Depreciation	2(a)	(1,016,712)	(864,339)	(988,516)
Interest Expenses	2(a)	(75,722)	(76,039)	(80,845)
Insurance		(112,835)	(124,124)	(113,690)
Other Expenditure		(181,001)	(154,464)	(9,696)
		(3,169,963)	(3,071,766)	(2,636,179)
		(193,265)	(279,522)	(312,411)
Grants and Subsidies - non-operating	26	581,398	358,330	93,982
Profit on Asset Disposals	17	71,050	171,891	20,323
Loss on Asset Disposals	17	(23,133)	(25,846)	(16,470)
<b>Net Result</b>		<b>436,050</b>	<b>224,853</b>	<b>(214,576)</b>

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

**SHIRE OF KENT**  
**INCOME STATEMENT**

**BY PROGRAM**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>Revenues From Ordinary Activities</b>				
Governance		1,693	1,200	3,186
General Purpose Funding		1,504,084	1,473,085	1,384,789
Law, Order, Public Safety		40,402	37,360	37,038
Education and Welfare		567	0	259
Community Amenities		34,928	61,636	33,378
Recreation and Culture		23,144	19,390	37,995
Transport		1,214,807	1,024,869	653,715
Economic Services		169,557	76,520	104,809
Other Property and Services		639,964	602,559	182,904
		<b>3,629,146</b>	<b>3,296,619</b>	<b>2,438,073</b>
<b>Expenses From Ordinary Activities</b>				
<b>Excluding Borrowing Costs Expense</b>				
Governance		(158,707)	(180,629)	(214,121)
General Purpose Funding		(62,438)	(73,419)	(59,926)
Law, Order, Public Safety		(57,598)	(57,207)	(56,260)
Health		(6,389)	(10,663)	(5,884)
Education and Welfare		(14,544)	(16,712)	(17,452)
Community Amenities		(94,204)	(108,203)	(90,624)
Recreation & Culture		(373,127)	(420,675)	(398,400)
Transport		(1,572,111)	(1,434,010)	(1,416,803)
Economic Services		(174,798)	(150,584)	(194,886)
Other Property and Services		(603,458)	(543,625)	(117,448)
		<b>(3,117,374)</b>	<b>(2,995,727)</b>	<b>(2,571,804)</b>
<b>Borrowing Costs Expense</b>				
Law, Order, Public Safety		(1,311)	(1,311)	(1,832)
Community Amenities		(5,436)	(5,105)	(5,436)
Economic Services		(65)	(65)	(708)
Other Property and Services		(68,910)	(69,558)	(72,869)
	2	(75,722)	(76,039)	(80,845)
<b>Net Result</b>		<b>436,050</b>	<b>224,853</b>	<b>(214,576)</b>

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

**SHIRE OF KENT  
BALANCE SHEET**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2005 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	3	1,052,752	1,143,727
Trade and Other Receivables	4	164,394	154,680
Inventories	5	35,414	28,540
<b>Total Current Assets</b>		<b>1,252,560</b>	<b>1,326,947</b>
<b>Non-Current Assets</b>			
Other Receivables	4	25,759	27,113
Property, Plant and Equipment	6	4,099,156	3,711,754
Infrastructure	7	29,078,724	29,238,581
<b>Total Non-Current Assets</b>		<b>33,203,639</b>	<b>32,977,448</b>
<b>Total Assets</b>		<b>34,456,199</b>	<b>34,304,395</b>
<b>Current Liabilities</b>			
Trade and Other Payables	8	90,036	221,682
Current Portion of Long Term Borrowings	9	65,976	89,946
Provisions	10	98,457	58,802
<b>Total Current Liabilities</b>		<b>254,469</b>	<b>370,430</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	9	991,641	1,134,411
Provisions	10	28,521	54,036
<b>Total Non-Current Liabilities</b>		<b>1,020,162</b>	<b>1,188,447</b>
<b>Total Liabilities</b>		<b>1,274,631</b>	<b>1,558,877</b>
<b>Net Assets</b>		<b>33,181,568</b>	<b>32,745,518</b>
<b>Equity</b>			
Retained Surplus		21,668,479	21,096,703
Reserves - Cash Backed	11	405,453	541,179
Reserves - Asset Revaluation	12	11,107,636	11,107,636
<b>Total Equity</b>		<b>33,181,568</b>	<b>32,745,518</b>

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

**SHIRE OF KENT**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2005 \$
<b>Retained Surplus</b>			
Balance as at 1 July 2005		21,096,703	21,346,230
Net Result		436,050	(214,576)
Transfer from/(to) Reserves		135,726	(34,951)
Balance as at 30 June 2006		21,668,479	21,096,703
<b>Reserves - Cash Backed</b>			
Balance as at 1 July 2005		541,179	506,228
Amount Transferred (to)/from Retained Surplus		(135,726)	34,951
Balance as at 30 June 2006	11	405,453	541,179
<b>Reserves - Asset Revaluation</b>			
Balance as at 1 July 2005		11,107,636	11,107,636
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2006	12	11,107,636	11,107,636
<b>Total Equity</b>		<b>33,181,568</b>	<b>32,745,518</b>

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

**SHIRE OF KENT**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,168,064	1,175,576	1,057,007
Grants and Subsidies - operating		861,366	855,641	778,147
Contributions, Reimbursements & Donations		157,551	1,000	63,784
Service Charges		7,590	7,590	7,314
Fees and Charges		236,245	300,002	76,497
Interest Earnings		74,917	44,000	86,970
Goods and Services Tax		81,385	0	146,280
Other		379,935	538,116	126,708
		2,967,053	2,921,925	2,342,707
<b>Payments</b>				
Employee Costs		(804,623)	(976,374)	(825,157)
Materials and Contracts		(1,014,955)	(905,984)	(378,556)
Utilities (gas, electricity, water, etc)		(85,916)	(88,583)	(100,178)
Insurance		(112,835)	(124,124)	(113,690)
Interest		(78,299)	(76,039)	(81,597)
Goods and Services Tax		(166,849)	0	(139,419)
Other		(14,151)	(154,464)	(9,696)
		(2,277,628)	(2,325,568)	(1,648,293)
<b>Net Cash Provided By Operating Activities</b>	13(b)	689,425	596,357	694,414
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(1,136,814)	(1,385,000)	(1,038,481)
Payments for Construction of Infrastructure		(521,776)	(837,934)	(527,134)
Advances to Community Groups		0	0	(29,000)
Grants/Contributions for the Development of Assets		581,398	358,330	93,982
Proceeds from Sale of Property				
Plant & Equipment	17	462,247	729,654	160,701
Land & Buildings	17	0	27,000	29,000
<b>Net Cash Used in Investing Activities</b>		(614,945)	(1,107,950)	(1,310,932)
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures	19	(166,740)	(166,739)	(91,901)
Proceeds from Self Supporting Loans	4	1,285	(1,563)	756
Proceeds from New Debentures	19	0	0	29,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		(165,455)	(168,302)	(62,145)
<b>Net Increase (Decrease) in Cash Held</b>		(90,975)	(679,895)	(678,663)
<b>Cash at Beginning of Year</b>		1,143,727	1,143,727	1,822,390
<b>Cash at End of Year</b>	13(a)	1,052,752	463,832	1,143,727

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

**SHIRE OF KENT**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2006 \$	2006 Budget \$
<b>Revenues</b>			
Governance		1,693	1,200
General Purpose Funding		338,609	297,509
Law, Order, Public Safety		40,402	37,360
Education and Welfare		567	0
Community Amenities		34,928	61,636
Recreation and Culture		23,144	19,390
Transport		1,214,807	1,050,715
Economic Services		169,557	76,520
Other Property and Services		639,964	602,559
		<b>2,463,671</b>	<b>2,146,889</b>
<b>Expenses</b>			
Governance		(158,707)	(180,629)
General Purpose Funding		(62,438)	(73,419)
Law, Order, Public Safety		(58,909)	(58,518)
Health		(6,389)	(10,663)
Education and Welfare		(14,544)	(16,712)
Community Amenities		(99,640)	(113,308)
Recreation & Culture		(373,127)	(420,675)
Transport		(1,572,111)	(1,459,856)
Economic Services		(174,863)	(150,649)
Other Property and Services		(672,368)	(613,183)
		<b>(3,193,096)</b>	<b>(3,097,612)</b>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals	17	(47,917)	(146,045)
Movement in Accrued Interest		(2,577)	0
Movement in Accrued Salaries and Wages		2,055	0
Movement in Employee Benefit Provisions		14,140	0
Depreciation on Assets	2(a)	1,016,712	864,339
<b>Capital Expenditure and Revenue</b>			
Purchase Land and Buildings		(234,982)	(185,000)
Purchase Infrastructure Assets - Roads		(521,182)	(837,934)
Purchase Plant and Equipment		(893,114)	(1,178,000)
Purchase Furniture and Equipment		(8,718)	(22,000)
Proceeds from Disposal of Assets	17	462,247	756,654
Repayment of Debentures	19(a)	(166,740)	(166,741)
Self-Supporting Loan Principal Income		1,285	1,277
Transfers from Unspent Loans		90,000	90,000
Transfers to Reserves (Restricted Assets)	11	(69,820)	(79,000)
Transfers from Reserves (Restricted Assets)	11	205,546	206,346
<b>ADD Estimated Surplus/(Deficit) July 1 B/Fwd</b>		<b>#REF!</b>	<b>482,299</b>
<b>LESS Estimated Surplus/(Deficit) June 30 C/Fwd</b>		<b>720371 -#REF!</b>	<b>0</b>
<b>Amount Req'd to be Raised from Rates</b>	<b>20</b>	<b>#REF!</b>	<b>(1,164,528)</b>

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**Basis of Accounting**

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Local Government Act 1995 and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting.

**First AIFRSs Financial Report**

This is the Shire's first Australian Equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB 1 "First time adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principals ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 33.

**Compliance with IFRSs**

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 Financial Reporting by Local Governments also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrement on a class of asset basis rather than individual asset basis.

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

##### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

###### Critical Accounting Estimates

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

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

###### The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 15 to this financial report.

###### Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

###### Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Statement of Financial Position. Land under roads are excluded from infrastructure in accordance with legislative requirements.

As of 1 July 2001, Council elected to revert to the cost basis for measuring land and buildings and all infrastructure assets that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2001.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on first application of the Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories**

**General**

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

**Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

<b>Buildings</b>	<b>30 to 50 years</b>
<b>Furniture and Equipment</b>	<b>4 to 10 years</b>
<b>Plant and Equipment</b>	<b>5 to 15 years</b>
<b>Sealed roads and streets</b>	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
<b>Gravel roads</b>	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
<b>Formed roads (unsealed)</b>	
clearing and earthworks	not depreciated
construction/road base	50 years
<b>Footpaths - concrete &amp; brick paving</b>	<b>40 years</b>
<b>Sewerage piping</b>	<b>100 years</b>
<b>Water supply piping &amp; drainage systems</b>	<b>75 years</b>

**Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

**Investments**

All investments are valued at cost and interest on those investments is recognised when accrued.

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

##### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

###### Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

###### Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

###### *Wages, Salaries, Annual Leave and Long Service Leave (Short-term benefits)*

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount that the municipality has a present obligation to pay resulting from employees' services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

###### *Annual Leave and Long Service Leave (Long-term benefits)*

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

###### Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(C). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

###### Superannuation

The Shire of Kent contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interest Rate Risk**

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 19(e).

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

**Fair Values**

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

**Rounding Off Figures**

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

**Comparative Figures**

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

**SHIRE OF KENT**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

2. REVENUES AND EXPENSES	2006	2005
	\$	\$
<b>(a) Result from Ordinary Activities</b>		
The Result from Ordinary Activities includes:		
<b>(i) Charging as an Expense:</b>		
Auditors Remuneration		
- Audit	10,055	4,950
- Other Services	4,915	3,095
Bad and Doubtful Debts		
Rates	0	0
Sundry Debtors	0	0
Depreciation		
Buildings	83,082	61,730
Furniture and Equipment	32,598	37,806
Plant and Equipment	219,509	219,209
Roads	671,712	660,117
Parks and Reserves	9,811	9,654
	1,016,712	988,516
Interest Expenses		
Debentures ( <i>refer Note 19(a)</i> )	75,722	80,845
	75,722	80,845
Rental Charges		
- Operating Leases	3,897	3,897
<b>(ii) Crediting as Revenue:</b>		
	2006	2006
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	23,319	10,000
- Other Funds	49,486	33,000
Other Interest Revenue ( <i>refer note 24</i> )	2,112	1,000
	74,917	44,000
		2005
		\$
		22,863
		62,554
		1,553
		86,970

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

The Shire of Kent is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**Governance**

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

**General Purpose Funding**

Rates, general purpose government grants and interest revenue.

**Law, Order, Public Safety**

Supervision of various by-laws, fire prevention, emergency services and animal control.

**Health**

Food quality and pest control, immunisation services, operation of child health clinic.

**Education and Welfare**

Operation of Pre-school facilities, assistance to playgroups and other voluntary services.

**Housing**

Maintenance of rental housing.

**Community Amenities**

Rubbish collection services, operation of tips, administration of the town planning scheme, maintenance of cemeteries and townsite sewerage schemes.

**Recreation and Culture**

Maintenance of halls, recreation centres and various reserves; operation of library.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**Transport**

**Construction and maintenance of streets, roads; cleaning and lighting of streets, depot maintenance.**

**Economic Services**

**The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control and standpipes.**

**Other Property & Services**

**Private works operations, plant repairs and operations costs.**

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**2. REVENUES AND EXPENSES (Continued)**

	2006	2005
	\$	\$
<b>(c) Conditions Over Contributions</b>		
<b>Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).</b>		
Grants for Nyabing Playgroup (Education & Welfare)	0	1,051
Grants for Roads to Recovery (transport)	111,244	126,539
Grants for Regional Road Group (transport)	36,700	0
Grants for District Employment Project (other property services)	0	0
	<b>147,944</b>	<b>127,590</b>
<b>Add:</b>		
<b>New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.</b>		
Grants for Roads to Recovery (transport)	358,713	111,244
Grants for Regional Road Group (transport)	75,900	36,700
Grants for District Employment Project (other property services)	27,500	0
Contribution for CALM - Lake Bryde Project	42,747	0
<b>Less:</b>		
<b>Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.</b>		
Grants for Nyabing Playgroup (Education & Welfare)	0	(1,051)
Grants for Roads to Recovery (transport)	(111,244)	(126,539)
Grants for District Employment Project (other property services)	(16,450)	0
Contribution for CALM - Lake Bryde Project	(6,391)	0
<b>Closing balances of unexpended grants</b>	<b>518,719</b>	<b>147,944</b>
<b>Comprises:</b>		
Grants for Roads to Recovery (transport)	358,713	111,244
Grants for Regional Road Group (transport)	112,600	36,700
Grants for District Employment Project (other property services)	11,050	0
Contribution for CALM - Lake Bryde Project	36,356	0
	<b>518,719</b>	<b>147,944</b>

**SHIRE OF KENT**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006	2005
	\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	128,580	364,604
Restricted	924,172	779,123
	<b>1,052,752</b>	<b>1,143,727</b>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Long Service Leave Reserve	65,086	42,656
Plant Reserve	37,416	233,000
Building Reserve	75,330	71,270
Nyabing Recreation Reserve	53,660	43,389
Pingrup Recreation Reserve	16,840	12,148
Cemetery Reserve	9,112	8,147
Water Supply Reserve	18,347	17,358
Sewerage Reserve	73,575	60,148
Computer Equipment Reserve	56,087	53,063
Unspent Grants	518,719	147,944
Unspent Loans	0	90,000
	<b>924,172</b>	<b>779,123</b>

**4. TRADE AND OTHER RECEIVABLES**

Current		
Rates Outstanding	4,934	7,523
Sundry Debtors	158,260	146,026
Receivables - Loans	1,200	1,131
	<b>164,394</b>	<b>154,680</b>
Non Current		
Receivables - Loans	25,759	27,113
	<b>25,759</b>	<b>27,113</b>

**5. INVENTORIES**

Current		
Fuel and Materials	35,414	28,540
	<b>35,414</b>	<b>28,540</b>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006	2005
	\$	\$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	3,325,944	3,090,961
Less Accumulated Depreciation	(1,037,934)	(954,851)
	2,288,010	2,136,110
Furniture and Equipment - Cost	435,774	427,055
Less Accumulated Depreciation	(338,159)	(306,205)
	97,615	120,850
Plant and Equipment - Cost	3,204,561	3,049,581
Less Accumulated Depreciation	(1,491,030)	(1,594,787)
	1,713,531	1,454,794
	4,099,156	3,711,754

Effective from 1 July 2001, Council deemed the carrying amount of land and buildings previously carried at a revalued amount based on market value to be their cost.

This was in accordance with the requirements on first application of Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'. These assets, along with all other property, plant and equipment asset classes, are now being carried at cost and are not subject to a policy of regular revaluation.

These assets, along with all other plant and equipment asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

#### 6. PROPERTY, PLANT AND EQUIPMENT (Continued)

##### Movements in Carrying Amounts

The following represents the 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 & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2005	2,136,110	120,850	1,454,794	3,711,754
Additions	234,982	8,718	893,114	1,136,814
(Disposals)	0	0	(414,333)	(414,333)
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0
Impairment (losses)/ reversals	0	0	0	0
Depreciation (Expense)	(83,082)	(32,598)	(219,509)	(335,189)
Other Movements	0	645	(535)	110
Balance as at 30 June 2006	2,288,010	97,615	1,713,531	4,099,156

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2005 \$
<b>7. INFRASTRUCTURE</b>		
Roads - cost	40,265,710	39,743,934
Less Accumulated Depreciation	(11,406,415)	(10,734,703)
	28,859,295	29,009,231
Parks & Ovals - cost	412,107	412,107
Less Accumulated Depreciation	(192,678)	(182,757)
	219,429	229,350
	29,078,724	29,238,581

The valuations of the municipality's infrastructure were originally based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 'Current Cost Accounting'.

Effective from 1 July 2001, Council deemed the carrying amount of all infrastructure assets to be their cost. This was in accordance with the requirements on first application of Accounting Standards AASB 1041 "Revaluation of Non-Current Assets". These assets are now carried at cost and are not subject to a policy of regular revaluation.

Whilst infrastructure assets are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

# SHIRE OF KENT

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2006

#### 7. INFRASTRUCTURE (Continued)

##### Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Parks and Ovals \$	Total \$
Balance as at 1 July 2005	29,009,231	229,350	29,238,581
Additions	521,776	0	521,776
(Disposals)	0	0	0
Revaluation - Increments	0	0	0
- (Decrements)	0	0	0
Impairment (losses)/ reversals	0	0	0
Depreciation (Expense)	(671,712)	(9,811)	(681,523)
Other Movements	0	(110)	(110)
Balance as at 30 June 2006	28,859,295	219,429	29,078,724

**SHIRE OF KENT**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006 \$	2005 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	50,120	171,654
PAYG Liability	11,945	25,074
GST Payable	5,427	1,888
Accrued Interest on Debentures	17,277	19,854
Accrued Salaries and Wages	5,267	3,212
	<b>90,036</b>	<b>221,682</b>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge Debentures	65,976	89,946
	<b>65,976</b>	<b>89,946</b>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	991,641	1,134,411
	<b>991,641</b>	<b>1,134,411</b>
Additional detail on borrowings is provided in Note 19.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	49,991	47,870
Provision for Long Service Leave	48,466	10,932
	<b>98,457</b>	<b>58,802</b>
<b>Non-Current</b>		
Provision for Annual Leave	10,967	7,968
Provision for Long Service Leave	17,554	46,068
	<b>28,521</b>	<b>54,036</b>

**SHIRE OF KENT**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006 \$	2006 Budget \$	2005 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Employee Entitlements Reserve</b>			
Opening Balance	42,656	42,656	63,681
Amount Set Aside / Transfer to Reserve	22,430	21,480	23,002
Amount Used / Transfer from Reserve	0	0	(44,027)
	<b>65,086</b>	<b>64,136</b>	<b>42,656</b>
<b>(b) Plant Reserve</b>			
Opening Balance	233,000	233,000	183,834
Amount Set Aside / Transfer to Reserve	5,762	3,980	49,166
Amount Used / Transfer from Reserve	(201,346)	(201,346)	0
	<b>37,416</b>	<b>35,634</b>	<b>233,000</b>
<b>(c) Building Reserve</b>			
Opening Balance	71,270	71,270	66,152
Amount Set Aside / Transfer to Reserve	4,060	28,220	25,118
Amount Used / Transfer from Reserve	0	0	(20,000)
	<b>75,330</b>	<b>99,490</b>	<b>71,270</b>
<b>(d) Nyabing Recreation Reserve</b>			
Opening Balance	43,389	43,389	25,344
Amount Set Aside / Transfer to Reserve	14,471	6,740	21,195
Amount Used / Transfer from Reserve	(4,200)	0	(3,150)
	<b>53,660</b>	<b>50,129</b>	<b>43,389</b>
<b>(e) Pingrup Recreation Reserve</b>			
Opening Balance	12,148	12,148	11,538
Amount Set Aside / Transfer to Reserve	4,692	6,210	5,466
Amount Used / Transfer from Reserve	0	0	(4,856)
	<b>16,840</b>	<b>18,358</b>	<b>12,148</b>
<b>(f) Reseal Reserve</b>			
Opening Balance	0	0	33,044
Amount Set Aside / Transfer to Reserve	0	0	635
Amount Used / Transfer from Reserve	0	0	(33,679)
	<b>0</b>	<b>0</b>	<b>0</b>
<b>(g) Cemetery Reserve</b>			
Opening Balance	8,147	8,147	7,494
Amount Set Aside / Transfer to Reserve	965	140	653
Amount Used / Transfer from Reserve	0	0	0
	<b>9,112</b>	<b>8,287</b>	<b>8,147</b>
<b>(h) Water Supply Reserve</b>			
Opening Balance	17,358	17,358	16,577
Amount Set Aside / Transfer to Reserve	989	300	781
Amount Used / Transfer from Reserve	0	0	0
	<b>18,347</b>	<b>17,658</b>	<b>17,358</b>

**SHIRE OF KENT**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006 \$	2006 Budget \$	2005 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(i) Sewerage Reserve</b>			
Opening Balance	60,148	60,148	47,891
Amount Set Aside / Transfer to Reserve	13,427	11,030	12,257
Amount Used / Transfer from Reserve	0	0	0
	<b>73,575</b>	<b>71,178</b>	<b>60,148</b>
<b>(j) Computer Equipment Reserve</b>			
Opening Balance	53,063	53,062	50,673
Amount Set Aside / Transfer to Reserve	3,024	900	2,390
Amount Used / Transfer from Reserve	0	(5,000)	0
	<b>56,087</b>	<b>48,962</b>	<b>53,063</b>
<b>Total Cash Backed Reserves</b>	<b>405,453</b>	<b>413,832</b>	<b>541,179</b>

All of the cash backed 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.

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

##### 11. RESERVES - CASH BACKED (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

###### Employee Entitlements Reserve

This reserve is to be used to fund employee leave requirements.

###### Plant Reserve

This reserve is for the purchase of major plant and equipment.

###### Building Reserve

Funds set aside for the Construction and/or Capital Maintenance of Building Infrastructure.

###### Nyabing Recreation Reserve

This reserve is for the upgrading of Sporting facilities in Nyabing.

###### Pingrup Recreation Reserve

This reserve is for the upgrading of Sporting facilities in Pingrup.

###### Reseal Reserve

Used to provide supplementary funding for Council's Reseal Program.

###### Cemetery Reserve

This reserve is for upgrading the Nyabing and Pingrup cemeteries.

###### Water Supply Reserve

This reserve is for providing water services to rural areas of the Shire.

###### Sewerage Reserve

Used for the upgrading and/or major maintenance of townsite sewerage schemes.

###### Computer Equipment Reserve

This reserve is for upgrading the main administration computer system and software.

The Employee Entitlements, Plant, Building, Nyabing Recreation, Pingrup Recreation, Reseal, Cemetery, Water Supply, Sewerage and Computer Equipment Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

12. RESERVES - ASSET REVALUATION	2006	2005
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2005	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2006	0	0
(b) Roads		
Balance as at 1 July 2005	11,107,636	11,107,636
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2006	11,107,636	11,107,636
<b>Total Asset Revaluation Reserves</b>	<b>11,107,636</b>	<b>11,107,636</b>

#### 13. NOTES TO THE CASH FLOW STATEMENT

##### (a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Balance Sheet as follows:

	2006	2006	2005
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	1,052,752	463,832	1,143,727
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	436,050	224,853	(214,576)
Depreciation	1,016,712	864,339	988,516
(Increase)/Decrease in Receivables	(9,645)	129,681	(122,368)
(Profit)/Loss on Sale of Asset	(47,917)	(146,045)	(3,853)
(Increase)/Decrease in Inventories	(6,874)	3,540	(6,672)
Increase/(Decrease) in Payables	(131,643)	(121,681)	174,975
Increase/(Decrease) in Employee Provisions	14,140	0	(27,626)
Grants/Contributions for the Development of Assets	(581,398)	(358,330)	(93,982)
<b>Net Cash from Operating Activities</b>	<b>689,425</b>	<b>596,357</b>	<b>694,414</b>

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

#### 13. NOTES TO THE CASH FLOW STATEMENT (Continued)

	2006	2005
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	600,000	600,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	8,000	8,000
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	608,000	608,000
(d) Loan Facilities		
Loan Facilities - Current	65,976	89,946
Loan Facilities - Non-Current	991,641	1,134,411
Total Facilities in Use at Balance Date	1,057,617	1,224,357
Unused Loan Facilities at Balance Date	0	90,000

#### 14. CAPITAL AND LEASING COMMITMENTS

##### Operating Lease Commitments

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

##### Payable:

- not later than one year	3,897	3,897
- later than one year but not later than five years	0	0
- later than five years	0	0
	3,897	3,897

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

#### 15. TRUST FUNDS

Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are as follows:

Detail	Balance 1-Jul-05 \$	Amounts Received (\$)	Amounts Paid \$	Balance 30-Jun-06 \$
Housing Bonds	0	3,490	(3,490)	0
Bond (Caravan Park Keys)	150	0	0	150
Logo Number Plates	100	400	(500)	0
Fitness Club Grant	0	1,100	(1,000)	100
Licencing	9,607	4,334	(9,607)	4,334
Kent 2010	3,460	295	(3,755)	0
LCDC Levy	42,221	0	(42,221)	0
Dept Community Services	598	0	(598)	0
	56,136	9,619	(61,171)	4,584

#### 16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2006	2005
Governance	2,839	11,034
General Purpose Funding	4,934	7,524
Law, Order, Public Safety	66,444	77,858
Health	1,568	1,757
Community Amenities	183,845	181,360
Recreation and Culture	853,573	662,902
Transport	30,840,502	30,404,935
Economic Services	156,799	91,068
Other Property and Services	2,190,156	2,089,139
Unallocated	155,539	776,818
	34,456,199	34,304,395

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

17. DISPOSALS OF ASSETS - 2005/06 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Land &amp; Buildings</b>						
Residence 77 Aspendale Street	0	2,962	0	27,000	0	24,038
<b>Plant &amp; Equipment</b>						
Sedan Works Manager 50KT	27,635	96,000	26,979	96,000	(656)	0
Sedan Works Manager 50KT	27,886	0	25,455	0	(2,431)	0
Truck Works KT011	95,524	99,322	86,827	86,827	(8,697)	(12,495)
Truck Works KT045	95,079	98,860	86,827	86,827	(8,252)	(12,033)
Grader Works KT050	1,842	15,539	67,850	150,000	66,008	134,461
Utility Works KT003	10,893	12,337	11,818	19,000	925	6,663
Utility Works KT004	15,318	15,318	17,954	14,000	2,636	(1,318)
Utility Works KT019	10,835	12,271	10,909	19,000	74	6,729
CEO Vehicle 0KT (3 Changeovers)	36,647	144,000	37,014	144,000	367	0
CEO Vehicle 0KT (3 Changeovers)	37,142	0	38,182	0	1,040	0
DCEO Vehicle 40KT (3 Changeover)	27,643	114,000	26,977	114,000	(666)	0
DCEO Vehicle 40KT (3 Changeover)	27,886	0	25,455	0	(2,431)	0
	<b>414,330</b>	<b>610,609</b>	<b>462,247</b>	<b>756,654</b>	<b>47,917</b>	<b>146,045</b>

Summary

Profit on Asset Disposal	71,050
Loss on Asset Disposal	(23,133)
	47,917

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

18. FINANCIAL RATIOS	2006	2005	2004
Current Ratio	1.59	1.67	3.17
Untied Cash to Trade Creditors Ratio	2.56	1.74	16.10
Debt Ratio	0.04	0.05	0.04
Debt Service Ratio	0.08	0.07	0.06
Gross Debt to Revenue Ratio	0.29	0.55	0.59
Gross Debt to Economically Realisable	0.20	0.24	0.25
Rate Coverage Ratio	0.32	0.43	0.36
Outstanding Rates Ratio	0.004	0.010	0.010

The above rates are calculated as follows:

Current Ratio equals 
$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Untied Cash to Trade Creditors Ratio 
$$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$$

Debt Ratio equals 
$$\frac{\text{Total liabilities}}{\text{Total assets}}$$

Debt Service Ratio equals 
$$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$$

Gross Debt to Revenue Ratio 
$$\frac{\text{Gross debt}}{\text{Total revenue}}$$

Gross Debt to Economically Realisable Assets Ratio 
$$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$$

Rate Coverage Ratio equals 
$$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$$

Outstanding Rates Ratio equals 
$$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$$

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

19. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-05 \$	New Loans \$	Principal Repayments		Principal 30-Jun-06		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety Loan 83, Nyabing Fire Truck	20,650		7,837	7,836	12,813	12,814	1,311	1,311
Community Amenities Loan 54, Nyabing Effluent Loan 87, Mobile Telephones	39,329 23,548		846 23,548	846 23,548	38,483 0	38,483 0	3,471 1,634	3,471 1,634
Economic Services Loan 89, Water Pipeline Extension	7,160		7,160	7,160	0	0	65	65
Other Property and Services Loan 37, 103 & 104 Bourke St, Nyabing Loan 51, 100 Aspendale St, Nyabing Loan 55, 100 Aspendale St, Nyabing Loan 82, 20 Aspendale St, Nyabing Loan 85, Administration Extensions Loan 86, New House for CEO Loan 88, Nyabing Store Loan 90, Principal Housing, Pingrup Loan 91, Various Duplexes Loan 92, 36 Carrie St, Pingrup (*)	1,159 5,115 2,582 25,339 39,864 70,641 68,445 161,448 730,688 28,389		1,159 5,115 2,582 25,339 39,864 12,178 2,510 16,758 20,568 1,276	1,159 5,115 2,582 25,339 39,864 12,178 2,510 16,758 20,568 1,276	0 0 0 0 0 58,463 65,935 144,690 710,120 27,113	0 0 0 0 0 58,463 65,935 144,690 710,120 27,113	21 435 335 1,325 1,627 4,864 4,476 8,149 46,001 1,677	38 356 218 1,461 2,058 4,901 4,484 8,149 46,223 1,670
	1,224,357	0	166,740	166,739	1,057,617	1,057,618	75,722	76,039

(\*) Self supporting loan financed by payments from third parties.  
All other loan repayments were financed by general purpose income.

# SHIRE OF KENT

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2006

#### 19. INFORMATION ON BORROWINGS (Continued)

##### (b) New Debentures - 2005/06

Council did not take out any new debentures during the 2005/06 financial year.

##### (c) Unspent Debentures

Council did not have any unspent debentures as at 30 June 2006.

##### (d) Overdraft

Council established an overdraft facility of \$600,000 in 2000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2005 and 30 June 2006 was \$Nil.

##### (e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

Borrowings	2006 \$	2005 \$
Floating interest rates		
Fixed interest rate maturing		
- within one year	12,813	8,319
- one to five years	58,463	187,739
- over five years	986,341	1,028,299
Non interest bearing	0	0
<b>Total Borrowings</b>	<b><u>1,057,617</u></b>	<b><u>1,224,357</u></b>
<b>Weighted average effective interest rate</b>	<b>6.38%</b>	<b>6.38%</b>

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

20. RATING INFORMATION - 2005/06 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$ (cents)	Number of Properties	Rateable Value \$	2006 Actual Rate Revenue \$	2006 Actual Interim Rates \$	2006 Actual Back Rates \$	2006 Actual Total Revenue \$	2006 Budget Rate Revenue \$	2006 Budget Interim Rate \$	2006 Budget Back Rate \$	2006 Budget Total Revenue \$
<b>General Rates</b>											
GRV - Residential	9.5590	57	189,488	18,113	0	0	18,113	18,112	0	0	18,112
GRV - Commercial	9.5590	11	115,887	11,078	0	0	11,078	11,078	0	0	11,078
UV - Rural	1.6340	375	71,012,500	1,160,344	4,269	0	1,164,613	1,160,627	0	0	1,160,627
Mining	1.6340	8	48,416	791	0	0	791	791	0	0	791
<b>Sub-Totals</b>		451	71,366,291	1,190,326	4,269	0	1,194,595	1,190,608	0	0	1,190,608
<b>Minimum Rates</b>											
GRV - Residential	220	10	10,089	2,200	0	0	2,200	2,200	0	0	2,200
GRV - Commercial	220	6	3,757	1,320	0	0	1,320	1,320	0	0	1,320
UV - Rural	220	12	104,500	2,640	0	0	2,640	2,640	0	0	2,640
Mining	220	8	18,784	1,760	(1,100)	0	660	1,760	0	0	1,760
<b>Sub-Totals</b>		36	137,130	7,920	(1,100)	0	6,820	7,920	0	0	7,920
<b>Discounts</b>											
<b>Totals</b>							1,201,415				1,198,528
							(35,940)				(34,000)
							1,165,475				1,164,528

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

#### 21. HEALTH RATE - 2005/06 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Sewerage Rate</b>							
- Nyabing Residential	0.329	GRV	117,522	8,687	8,687	8,687	8,687
- Nyabing Commerical	0.329	GRV	163,310	3,612	3,612	3,612	3,612
- Nyabing Vacant	158.90	GRV	450	477	477	477	477
- Pingrup Residential	0.380	GRV	66,664	4,826	4,826	4,826	4,826
- Pingrup Commerical	0.380	GRV	55,662	4,644	4,644	4,644	4,644
- Pingrup Vacant	158.90	GRV	125	159	159	159	159
- 1st Fixture	158.90	GRV		318	318	318	318
- Additional Fixtures	228.80	GRV		714	3,203	714	3,203
				<b>23,437</b>	<b>25,926</b>	<b>23,437</b>	<b>25,926</b>

The Health Rate is for the provision of sewerage. The charge is applicable to all owners within a designated area surrounding the townsite.

The proceeds of the health rate are to be applied in full to the costs of maintenance and operation. A small surplus has been made as can be seen in the table above.

A transfer of \$10,000 has been made to reserves to cover the deficiency in expenditure above and to provide for future maintenance /construction works for the facility in accordance with legislative requirements

#### 22. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Television - Nyabing	110	4,950	4,950	4,950	4,950
Television - Pingrup	110	2,640	2,640	2,640	2,640
		<b>7,590</b>	<b>7,590</b>	<b>7,590</b>	<b>7,590</b>

The service charge is for the provision of television re-broadcasting. The charge is applicable to all owners occupiers within a designated area surrounding the townsite.

The proceeds of the service charge are applied in full to the costs of maintenance and operation.

No transfer to or from reserve accounts has occurred.

## SHIRE OF KENT

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

#### 1. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2005/06 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	4	35,940	34,000
Minimum Rate	Discount	4		
			35,940	34,000
Photocopy Charge	Waiver			
Rate Assessment	Write-Off			

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

Photocopy Charges are waived for certain community groups such as the local newsletter, sporting groups and community organisations. Council considers its support of these groups necessary for the overall benefit of the community.

#### 4. INTEREST CHARGES AND INSTALMENTS - 2005/06 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	8.5		2,112	1,000
Charges on Instalment Plan		15	1,035	900
			3,147	1,900

Ratepayers had the option of paying rates in two or four equal instalments, the two instalments were due on 31st August 2005 and 31st January 2006. Administration charges applied for the final instalment. The four instalments were due on 31st August 2005, 29th October 2005, 31st December 2005 and 25th February 2006. Administration charges applied for the final three instalments.

15. FEES & CHARGES	2006 \$	2005 \$
General Purpose Funding	15,951	3,003
Law, Order, Public Safety	18,038	15,648
Community Amenities	34,347	11,502
Recreation & Culture	11,079	12,207
Economic Services	33,318	45,488
Other Property & Services	135,746	112,924
	248,479	200,772

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 2006**

	2006	2005
	\$	\$
<b>26. GRANT REVENUE</b>		
By Nature and Type:		
Grants and Subsidies - operating	861,366	778,147
Grants and Subsidies - non-operating	581,398	93,982
	<b>1,442,764</b>	<b>872,129</b>

Grants and subsidies are included as operating revenues in the operating statement in the following programs:

General Purpose Funding	251,846	225,901
Law, Order, Public Safety	17,900	21,390
Transport	1,145,168	624,838
Other Property & Services	27,850	0
	<b>1,442,764</b>	<b>872,129</b>

	2006	2006	2005
	\$	Budget	\$
		\$	
<b>27. COUNCILLORS' REMUNERATION</b>			

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

Meeting Fees	18,920	18,920	17,437
President's Allowance	3,950	3,950	3,750
Deputy President's Allowance	0	0	0
Travelling Expenses	5,614	10,000	4,249
Telecommunications Allowance	3,475	5,000	2,886
	<b>31,959</b>	<b>37,870</b>	<b>28,322</b>

	2006	2005
<b>28. EMPLOYEE NUMBERS</b>		

The number of full-time equivalent Employees at balance date

	23	24
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**29. EMPLOYEES REMUNERATION**

There are no employees in the Shire of Kent with a annual salary of \$100,000 or more.

**30. ECONOMIC DEPENDENCY**

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 26.

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2005/06 financial year.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2005/06 financial year.

**SHIRE OF KENT**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**33. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)**

**(a) Reconciliation of Equity at 1 July 2004**

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

**(b) Reconciliation of Equity at 30 June 2005**

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

**(c) Reconciliation of Net Result for the Year Ended 30 June 2005**

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

**(d) Explanation of Material Adjustments to the Cash Flow Statement**

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

## 15. FORWARD PLANNING BUDGET

### FORWARD PLANNING BUDGET

1 JULY 2005 TO 30 JUNE 2006

Council's Forward Planning Budget provides an overview of the significant activities that were proposed by Council for the four (4) year period 2006 – 2010.

Forward Planning commenced or continued during the financial year and an assessment of Council's performance in relation to each principal activity are as follows:

#### Forward Planning – Plant Replacement

Replacing plant, vehicles and other assets (but excluding land, buildings and major infrastructure).

- the timely purchase and replacement of major plant assets in accordance with predetermined acquisition and replacement programmes;
- minimising vehicle replacement costs;
- optimising the performance of the plant fleet;
- maintaining a good safe working environment for Council Staff.

#### Performance Measures

An annual assessment of plant and equipment by the Works, Plant and Services Committee:

- to be based upon plant costing records and a physical examination of the condition of all items, including general safety;
- to take into account plant operating costs and the down-time due to repairs; and
- to consider the potential replacement change-over costs.

Item	2006/2007 Proposed Expenditure (Net)	2005/2006 Actual Expenditure (Net)
Plant Purchase Program	265,000	741,976

All purchases were made in accordance with Plant Purchase Program.

## Forward Planning – Capital Infrastructure – Land & Buildings

*The upgrading and effective utilisation of streetscape and properties under the care, control and management of Council.*

### Objectives

To improve the amenity of the Shire and to enhance performance with respect to works and services in general.

### Performance Measures

An annual assessment by Council's Building, Health and Town Planning Committee of its capital infrastructure requirements including property capital maintenance.

### Funding

Land and Buildings will be funded from Council's Municipal Fund subject to Grants monies being made available when applicable. Reserve and Loan funds may be used if deemed appropriate.

<b>LAND AND BUILDINGS PROGRAM</b>				
	<b>YEAR ENDED 30 JUNE</b>			
	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
<b>Land and Building Program</b>				
Townscape	12,000	20,000	24,000	24,000
Housing	74,500	68,500	66,000	56,000
Staff/Community				
Nyabing Hall	9,500	4,500	4,500	9,500
Nyabing Pavilion	15,000	16,000	12,000	12,000
Nyabing Depot	20,000	20,000	20,000	20,000
Nyabing General Store	4,000	4,000	4,000	4,000
Nyabing Caravan Park	500	500	500	500
Nyabing Tennis Club	2,800	2,800	3,000	3,000
Council Chambers	3,300	4,950	4,950	3,300
Administration Centre	20,000	26,000	26,000	20,000
Pingrup Hall	13,000	8,000	12,000	8,500
Pingrup Pavilion	18,500	18,500	21,000	16,000
Pingrup Caravan Park	23,000	23,000	22,000	22,000
Pingrup Depot	9,000	9,000	9,000	9,000
Landcare Centre	2,500	3,700	2,500	2,500
Pingrup Potters	2,400	2,400	2,400	2,500
<b>Total Land and Buildings</b>	<b>230,000</b>	<b>231,850</b>	<b>233,850</b>	<b>212,800</b>

All budgeted works were carried out in accordance with Council's identified program.

## Forward Planning – Capital Infrastructure – Recreation & Culture

*To maintain and enhance lifestyle opportunities for the community.*

### Objective:

- maintain existing facilities (ovals, playing fields, parks and gardens etc.) excluding buildings, (refer Buildings Program), to an appropriate standard.
- determine community needs and priorities for future facilities.
- determine (with the community) minimum viability criteria for retaining recreational and cultural facilities and funding activities.
- ensure sufficient resources are allocated to these functions.
- determine and deliver optimum levels of service.

### Performance Measures:

1. Assessment of user accolades and or complaints.
2. Revenue generation.

### Funding:

Recreation and Cultural facilities will be funded from Council's Municipal Fund subject to Grant monies being made available when applicable. Reserve Funds and/or Loan funds may be used if deemed appropriate.

<b>RECREATION &amp; CULTURE PROGRAM</b>				
	<b>YEAR ENDED 30 JUNE</b>			
	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
Recreation Grounds	225,000	230,000	240,000	245,000
Libraries	25,500	26,000	26,500	27,000
Parks, Gardens & Reserves	70,000	76,000	80,000	85,000
Playground Equipment	44,200	10,000	5,000	5,000
Other Culture	42,000	42,500	43,000	44,000
TV Re-Broadcasting	18,000	18,500	19,000	20,000
<b>Total Land</b>	<b>424,700</b>	<b>403,000</b>	<b>413,500</b>	<b>426,000</b>

All works and services identified in Council's Forward Planning were carried out although additional costs were evident with respect to maintenance of oval and pavilion facilities in both Nyabing and Pingrup.

Provision has been made in Council's 2006/2007 Budget for significant oval dam water catchment works to be completed in both towns.

## **Forward Planning – Road Asset Management**

*The management of the road infrastructure system including the road pavement, footpaths, drainage, street lighting, verge maintenance, signs and street furniture.*

### **Objective:**

To maintain and improve the quality and useful economic life of the road infrastructure system in the most efficient manner possible.

### **Performance Measures:**

- An annual evaluation and/or inspection by staff to ascertain road conditions.
- Using ROMAN as a principal planning tool, to bridge the gap between present expenditure levels and those necessary to achieve the desired level.

### **Note:**

The Shire uses ROMAN, a computer modeling system widely recognised in Western Australia, for measuring road asset condition, planning preservation requirements and maximising the economic useful life of roads and associated assets. In conjunction with regular inspection and condition reporting, ROMAN assists the council to determine the desired asset condition to be established or maintained and the optimum works/expenditure scheduling necessary to achieve or maintain that standard.

### **Funding:**

- This activity is funded from several sources. Main Roads WA provides some funding through the Regional Road Program and the untied Direct Road Grant. Federal Funding for specific road projects is currently provided under the Roads to Recovery Program. Untied funding is also received as the road grant component of the Local Government Grants Commission allocation. In 2006 Council will receive a once off special grant from the Federal Government of \$280,610. These funds are to be spent in 2007/2008.

An extension to these funds may be allocated in future years in the form of Black Spot and CALM projects.

Year to year income/expenditure variances are due to Regional Road allocation variations determined in accordance with Regional Road Funding priorities, and reduced projected Roads to Recovery Funding in accordance with the Federal Government's new funding formula.

- All other costs are met from general purpose income.

<b>ROAD ASSET MANAGEMENT PROGRAM</b>				
	<b>YEAR ENDED 30 JUNE</b>			
	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
<b>Grant Funded Projects</b>				
Regional Roads Program	75,900	120,000	120,000	120,000
Roads to Recovery Auslink Program	280,610	280,610	280,610	0
AusLink (R2R) Special Funding		280,610		
Black Spot Funding	79,920			
<b>Total Grant Funded Projects</b>	<b>\$436,430</b>	<b>\$681,220</b>	<b>\$400,610</b>	<b>\$120,000</b>
<b>Road Works - Council's Resources</b>				
Own Resources Re-Sheeting	318,500	144,000	208,500	151,600
Own Resources Seals/Reseal	25,500	105,000	157,000	110,000
Road Maintenance ex. Deprn	840,000	850,000	870,000	900,000
<b>Total Works from Council Resources</b>	<b>\$1,184,000</b>	<b>\$1,099,000</b>	<b>\$1,235,500</b>	<b>\$1,161,600</b>
<b>Total Road Works</b>	<b>\$1,620,430</b>	<b>\$1,780,220</b>	<b>\$1,636,110</b>	<b>\$1,281,600</b>
<b>Grant Funding</b>				
Regional Road Grants	50,600	80,000	80,000	80,000
Roads to Recovery - Auslink	280,610	280,610	280,610	0
AusLink Special Funds	0	280,610	0	0
Direct Grants	85,376	85,500	86,000	86,500
Grants Commission	493,580	490,000	495,000	500,000
Black Spot Funding	53,280	0	0	0
Previous Year C/Fwd	0	0	0	0
<b>Total Grant Funding</b>	<b>\$963,446</b>	<b>\$1,216,720</b>	<b>\$941,610</b>	<b>\$666,500</b>
<b>Municipal/Reserve Funds</b>	<b>\$656,984</b>	<b>\$563,500</b>	<b>\$694,500</b>	<b>\$615,100</b>

Council's road network continues to be maintained to the highest of standards. This is reflected in the minimal number of complaints received. Ratepayer requests with respect to road infrastructure are attended to without delay and Council is constantly monitoring industry trends in order to improve efficiency and achieve higher standards.

Grant funding received through the Federal Government's Roads to Recovery and Auslink Programs and the State Government's Regional Roads Program continue to provide for significant works on Council owned roads. A portion of the grants received in 2005/2006 have been carried forward to the next financial year.

Gravel sheeting works from Council's own resources that were budgeted for but not completed in 2005/2006 have been included in Council's 2006/2007 budget.

## Forward Planning – Economic Services

*Provision of services to the community such as Landcare Co-ordination and Water Supply.*

### Objectives:

#### Landcare

- Provide ongoing funding for the Landcare Co-ordinator.
- Attract funding to investigate and combat water problems in town sites – e.g. Rural Towns - Liquid Assets.
- Develop and implement a gravel pit rehabilitation program.

#### Water Supply

- Negotiate to take over responsibility for non-strategic Water Corporation agricultural area dams.
- Provide new water tanks or standpipes for farm water supplies where funding permits.
- Maintain existing water tanks and standpipes to an acceptable standard.
- Investigate alternative water sources to help drought proof the Shire

#### Performance Measures

- Assessment of the level of funding achieved.
- Achieving the objectives.
- Customer survey - Quarterly phone survey of 10 residents, selected randomly.

#### Funding:

Economic Service activities will be funded from Council's Municipal Fund subject to Grant monies being made available when applicable. Reserve Funds and/or Loan funds may be used if deemed appropriate.

<b>ECONOMIC SERVICES PROGRAM</b>				
	<b>YEAR ENDED 30 JUNE</b>			
	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
<b><u>Estimated Expenditure</u></b>				
Landcare services	15,900	10,000	10,000	10,000
Gravel pit rehabilitation	5,000	5,000	5,000	5,000
Rural Towns program	10,000	0	0	0
Community Water Grants	40,000	20000		
<b>Total</b>	<b>\$70,900</b>	<b>\$35,000</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b><u>Estimated Funding</u></b>				
Reserve Funds	20,000	0	0	0
Municipal Funds	15,000	15,000	15,000	15,000
Government Grants	35,900	20000	0	0
<b>Total</b>	<b>\$70,900</b>	<b>\$35,000</b>	<b>\$15,000</b>	<b>\$15,000</b>

All activities identified in Council's Economic Services Program have been completed in accordance with budget expectations.

## Forward Planning - Waste Disposal And Sewerage

*Upgrade existing waste disposal management and waste water systems.*

### Objectives:

- Establish effective waste disposal systems in Nyabing and Pingrup.
- Investigate transfer station for Pingrup refuse site.
- Develop an acceptable town sewerage scheme, and upgrade program over five years in conjunction with the State Government's Small Town Sewerage Scheme.

### Performance Measures:

- Achieving objectives on time and within budget.
- Number of valid complaints received regarding services provided.

<b>WASTE DISPOSAL &amp; SEWERAGE PROGRAM</b>				
	<b>YEAR ENDED 30 JUNE</b>			
	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
<b>Estimated Expenditure</b>				
New rubbish site – Pingrup and Nyabing	20,000	10000	0	0
Recycling scheme	10000	5000	5000	5000
Sewerage schemes – maintenance & upgrade	50,000	50,000	50,000	50,000
<b>Total</b>	<b>\$80,000</b>	<b>\$65,000</b>	<b>\$55,000</b>	<b>\$55,000</b>
<b><u>Estimated Funding</u></b>				
Reserve Funds	20,000	10000	0	0
Municipal Funds	60,000	55,000	55,000	55,000
Grant/Loan Funding	0	0	0	0
<b>Total</b>	<b>\$80,000</b>	<b>\$65,000</b>	<b>\$55,000</b>	<b>\$55,000</b>

All activities identified in Council's Economic Services Program have been completed in accordance with budget expectations.

