



SHIRE OF KENT

2006/2007

ANNUAL REPORT



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1. INTRODUCTION

The Shire of Kent is pleased to present the Annual Report for the 2006/2007 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 Ljiljana Ravlich MLC. 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
Office Hours: 8.00am to 4.30pm, Monday to Friday

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

SHIRE STATISTICS

Area	6552sq km	Average Min Temp	4.5(C)
Position	320km SE of Perth	Wool Clip	1,961,000kg
Population	634	Wheat Produced	103,839 tonnes
Length of Roads	224km sealed 1206 gravel	Barley Produced	42,709 tonnes
Rateable Assessments	460	Number of Sheep	347,200
Average Rainfall	383mm	Number of Pigs	700
Average Max Temp	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 2006 to 30 June 2007.

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.

Firstly I would like to thank Alan Wright and Christie Smith for their work and efforts in their first year with the Shire of Kent.

Thanks to David Long and his works crew for planning and implementing a successful roadworks program throughout 2006/07, some projects included the completion of Newdegate-Pingrup Road and widening on the Dumbleyung Road which was funded under the Regional Road Group Program. Works Crew also continued the works on Ongerup Road under the Roads to Recovery 2 Program.

The drainage project was successfully completed at Lake Bryde which was a contract tendered to the Shire of Kent by CALM. Works on Steele Road, Warren Road, McLaren Road, Rassmussen Road and Kukerin Road were also completed throughout the year from the Shire's own resources.

Due to the upgrade of the truck fleet, the Works Program for 2006/07 was 99% completed where as in the past was about 88% completed, doing the upgrade has increased productivity immensely.

Council's finances continue to be very well managed, and for 2006/2007 Council finished the year with a \$741,714 surplus. The majority of these funds relates to pre-committed works to be carried forward in 2007/2008. The balance will be utilised for ongoing projects and to continue to pay off existing loans, therefore reducing Council's overall debt service.

Council's upcoming 2007/2008 Program is comprehensive and again provides for significant capital works totalling \$2.4M; of this, major component is \$1.22M which has been set aside for road construction projects and road plant purchases/replacement. The operational budget continues to provide for the full range of local government services. Major operational cost increases are evident with respect to fuel costs, government utilities and contracted services. In other areas of Council's operations costs have been generally constrained to CPI or less.

Once again Council and staff continue to operate as a committed team and will pursue objectives that will bring tangible benefits across the broad spectrum of our Shire. Thanks to Cathy Crosby, Deputy Shire President, and all Councillors for their assistance and support throughout the year.

To Helen, Jayde and Michelle in the office, thank you for your hard work and dedication to the Shire of Kent.

On behalf of Council, and in conclusion, I would like to once again 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 2007.

The year in which the report covers saw no changes in regard to administration staffing and I would like to thank all the administration staff for their efforts over the year.

The Works Supervisor David Long is once again thanked for his support and with the workforce completed the majority of the works program during the year. The workforce which remained unchanged during the period, once again have carried out a very good job in all areas, including, parks and gardens, building maintenance, and roadworks.

2006/2007 saw a \$4.47 million budget with which Council was able to place \$277,000 into reserve accounts for future funding assistance to various proposed projects. Council also utilized \$154,582 from the Municipal funds to purchase a Front End Loader, Station Sedan and three Utilities for the works area. Council's cash flow was assisted with 72% of the ratepayers taking advantage of the discount, similar to the previous year, and Council finished with a total rate collection for the year of 99.6%. The Loan liability was reduced by \$91,735 which included the payout of one self supporting loan, this reduced the total debt level to \$965,883 at the 30 June 2007.

The Roads to Recovery (Auslink) number 2 program continued to provide much needed road funding to Council during the year. The program was utilized with all funds received for the year being spent on the Ongerup road widening and upgrade. The Road program also saw \$249,100 of Council funds spent on road upgrades and \$680,560 on road maintenance. Additional special funds of \$280,610 received from the Auslink program are to be spent in 2007/08 on the completion of the widening of the Gnowangerup and Dumbleyung roads.

Appreciation is extended to all the staff in all areas within the Council who worked efficiently to meet the objectives and for their team approach towards successfully completing most programs provided for in the 2006/07 budget.

A thank you is given to the many dedicated people in our community who have worked on community committees, have been involved as volunteers, and have 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

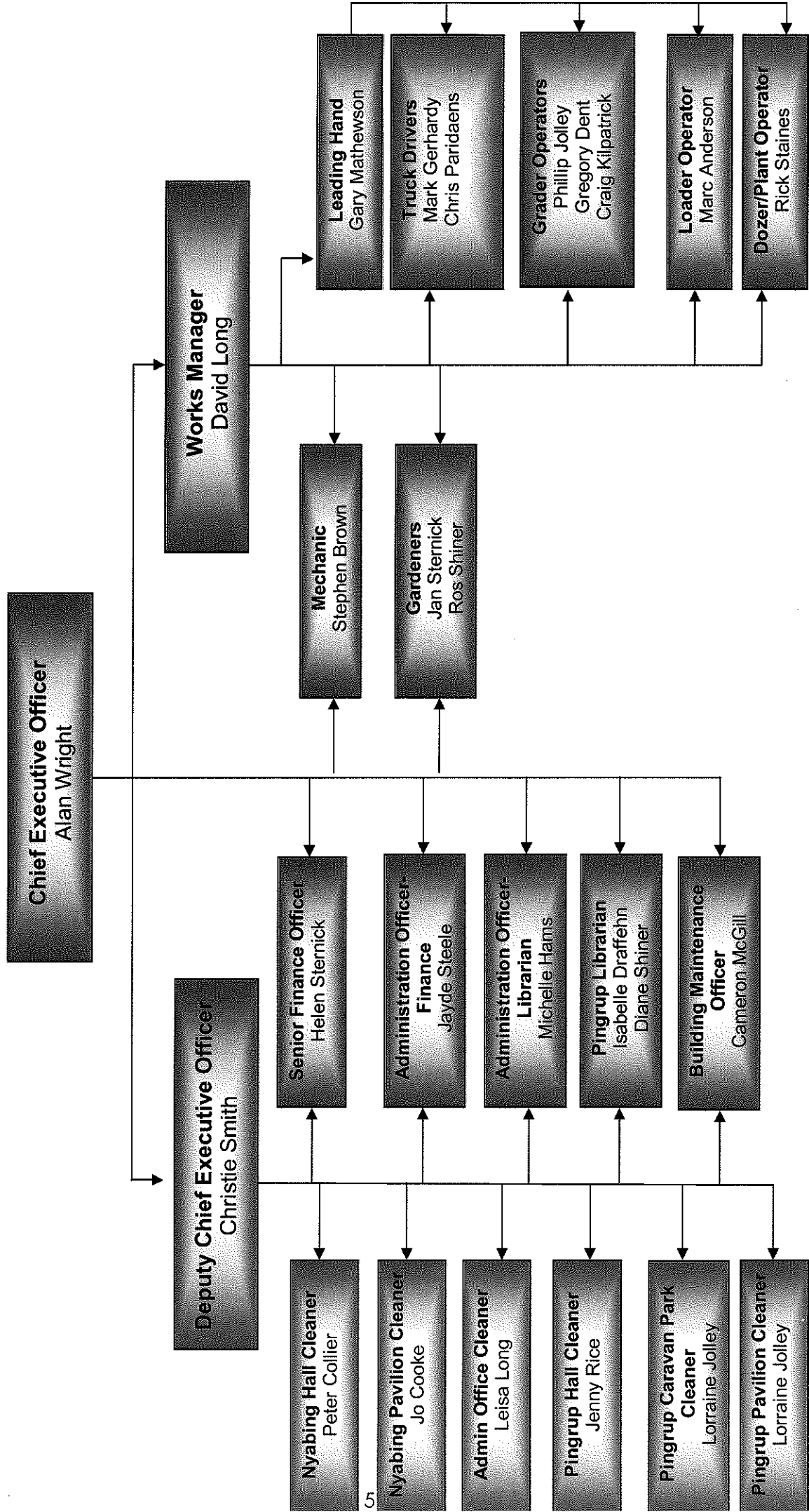
5. SHIRE OF KENT MEMBERS - 2006/2007



*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*

Councillors	Ward	Telephone	Fax
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 2006/2007 financial year.

Statutory Reform

For the 2006/2007 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.

Future reform issues will be addressed in the forthcoming years.

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 further upgrades will be as required.

Records are forwarded as required to State Archives on a regular basis.

12. 2007/2008 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.

The Western Australia Disability Services Act requires all Local Governments to develop and implement a Disability Access and Inclusion Plan (DAIP) to ensure that people with disabilities have equal access to its facilities and services. Council implemented a DAIP at the Ordinary Meeting of Council held 18 July 2007.

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

Council continued its process in 2003/2004 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.

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.

Council have budgeted \$25,000 to put towards a new public toilet building in Nyabing which will include a disabled toilet. These facilities will be a huge upgrade on the current public toilet building we have as they are quite hidden being behind the Public Hall and access is rather difficult.

Construction of these public conveniences will be subject to a successful Community Facilities Funding Grant application to be submitted as soon as funding rounds are released. Funding, if successful, will be on a 50/50 basis with Council's contribution being \$25,000.

A ramp has been put in place at the entrance to the Council Chambers to make the entrance accessible for people in wheelchairs.

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.

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.

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.

SHIRE OF KENT
FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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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 2007

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 2007 are in my opinion properly drawn up to present fairly the financial position of the Shire of Kent at 30th June 2007 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 third day of September 2007.



Alan Wright
Chief Executive Officer

SHIRE OF KENT
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
Revenues From Ordinary Activities				
Rates	20	1,293,060	1,283,406	1,165,475
Grants and Subsidies	26	771,439	852,914	861,366
Contributions Reimbursements and Donations		113,329	1,500	157,551
Service Charges	22	7,982	7,935	7,590
Fees and Charges	25	229,872	288,117	248,479
Interest Earnings	2(a)	85,958	61,500	74,917
Other Revenue		433,634	517,260	461,320
		2,935,274	3,012,632	2,976,698
Expenses From Ordinary Activities				
Employee Costs		(1,262,503)	(1,023,034)	(820,818)
Materials and Contracts		(439,469)	(597,664)	(876,959)
Utilities		(90,141)	(82,045)	(85,916)
Depreciation	2(a)	(1,064,050)	(1,034,556)	(1,016,711)
Interest Expenses	2(a)	(66,778)	(66,479)	(75,722)
Insurance		(111,126)	(122,521)	(112,835)
Other Expenditure		(138,357)	(409,136)	(181,001)
		(3,172,424)	(3,335,435)	(3,169,962)
		(237,150)	(322,803)	(193,264)
Grants and Subsidies - non-operating	26	305,239	456,378	581,398
Profit on Asset Disposals	17	65,403	115,943	71,050
Loss on Asset Disposals	17	(9,337)	(7,939)	(23,133)
Net Result		124,155	241,579	436,051

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 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
Revenues From Ordinary Activities	2(a)			
Governance		0	1,700	1,693
General Purpose Funding		1,650,809	1,615,950	1,504,084
Law, Order, Public Safety		46,824	86,100	40,402
Education and Welfare		171	0	567
Community Amenities		37,962	62,431	34,928
Recreation and Culture		49,187	42,103	23,144
Transport		749,826	1,012,179	1,214,807
Economic Services		115,238	48,150	169,557
Other Property and Services		655,899	708,401	639,964
		3,305,916	3,577,014	3,629,146
Expenses From Ordinary Activities	2(a)			
Excluding Borrowing Costs Expense				
Governance		(170,027)	(186,826)	(158,707)
General Purpose Funding		(72,131)	(73,796)	(62,438)
Law, Order, Public Safety		(58,385)	(64,514)	(57,598)
Health		(7,814)	(9,850)	(6,389)
Education and Welfare		(14,035)	(16,828)	(14,544)
Community Amenities		(104,781)	(110,873)	(94,204)
Recreation & Culture		(399,553)	(431,693)	(373,127)
Transport		(1,529,214)	(1,528,892)	(1,572,111)
Economic Services		(151,885)	(128,410)	(174,798)
Other Property and Services		(607,158)	(717,274)	(603,457)
		(3,114,983)	(3,268,956)	(3,117,373)
Borrowing Costs Expense	2(a)			
Law, Order, Public Safety		(758)	(1,355)	(1,311)
Community Amenities		(3,378)	(3,380)	(5,436)
Economic Services		0	0	(65)
Other Property and Services		(62,642)	(61,744)	(68,910)
		(66,778)	(66,479)	(75,722)
Net Result		124,155	241,579	436,051

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

SHIRE OF KENT
BALANCE SHEET
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
Current Assets			
Cash and Cash Equivalents	3	1,445,896	1,052,752
Trade and Other Receivables	4	64,962	164,394
Inventories	5	22,781	35,414
Total Current Assets		1,533,639	1,252,560
Non-Current Assets			
Other Receivables	4	615	25,759
Property, Plant and Equipment	6	4,018,716	4,099,157
Infrastructure	7	29,002,597	29,078,724
Total Non-Current Assets		33,021,928	33,203,640
Total Assets		34,555,567	34,456,200
Current Liabilities			
Trade and Other Payables	8	149,956	90,036
Current Portion of Long Term Borrowings	9	64,234	65,976
Provisions	10	91,923	98,457
Total Current Liabilities		306,113	254,469
Non-Current Liabilities			
Long Term Borrowings	9	901,648	991,641
Provisions	10	42,082	28,521
Total Non-Current Liabilities		943,730	1,020,162
Total Liabilities		1,249,843	1,274,631
Net Assets		33,305,724	33,181,569
Equity			
Retained Surplus		21,565,924	21,668,480
Reserves - Cash Backed	11	632,164	405,453
Reserves - Asset Revaluation	12	11,107,636	11,107,636
Total Equity		33,305,724	33,181,569

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 2007

	NOTE	2007 \$	2006 \$
Retained Surplus			
Balance as at 1 July 2006		21,668,480	21,096,703
Changes in Accounting Policy		0	0
Correction of Errors		0	0
Restated Balance		21,668,480	21,096,703
Net Result		124,155	436,051
Transfer from/(to) Reserves		(226,711)	135,726
Balance as at 30 June 2007		21,565,924	21,668,480
Reserves - Cash Backed			
Balance as at 1 July 2006		405,453	541,179
Amount Transferred (to)/from Retained Surplus		226,711	(135,726)
Balance as at 30 June 2007	11	632,164	405,453
Reserves - Asset Revaluation			
Balance as at 1 July 2006		11,107,636	11,107,636
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2007	12	11,107,636	11,107,636
Total Equity		33,305,724	33,181,569

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

SHIRE OF KENT
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,293,267	1,279,906	1,168,064
Grants and Subsidies - operating		771,439	852,914	861,366
Contributions, Reimbursements & Donations		113,329	1,500	157,551
Service Charges		7,982	7,935	7,590
Fees and Charges		338,724	153,597	236,245
Interest Earnings		85,958	61,500	74,917
Goods and Services Tax		30,749	0	81,385
Other		391,443	517,260	379,935
		3,032,891	2,874,612	2,967,053
Payments				
Employee Costs		(1,254,554)	(946,056)	(804,623)
Materials and Contracts		(368,980)	(511,615)	(1,014,955)
Utilities (gas, electricity, water, etc)		(90,141)	(82,045)	(85,916)
Insurance		(111,126)	(122,521)	(112,835)
Interest		(65,636)	(66,479)	(78,299)
Goods and Services Tax		0	0	(166,849)
Other		(138,356)	(409,136)	(14,151)
		(2,028,793)	(2,137,852)	(2,277,628)
Net Cash Provided By Operating Activities	13(b)	1,004,098	736,760	689,425
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(447,600)	(425,786)	(1,136,814)
Payments for Construction of				
Infrastructure		(620,681)	(1,226,504)	(521,776)
Advances to Community Groups		0	0	0
Grants/Contributions for the Development of Assets		305,239	456,378	581,398
Proceeds from Sale of Property				
Plant & Equipment	17	159,864	170,000	462,247
Land & Buildings	17	57,000	110,000	0
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		(546,178)	(915,912)	(614,945)
Cash Flows from Financing Activities				
Repayment of Debentures	19	(91,735)	(65,975)	(166,740)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans	4	26,959	1,374	1,285
Proceeds from New Debentures	19	0	0	0
Net Cash Provided By (Used In) Financing Activities		(64,776)	(64,601)	(165,455)
Net Increase (Decrease) in Cash Held		393,144	(243,753)	(90,975)
Cash at Beginning of Year		1,052,752	1,052,752	1,143,727
Cash and Cash Equivalents at the End of Year	13(a)	1,445,896	808,999	1,052,752

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	2007 \$	2007 Budget \$
Revenues			
Governance		0	1,700
General Purpose Funding		357,749	332,544
Law, Order, Public Safety		46,824	86,100
Health		0	0
Education and Welfare		171	0
Community Amenities		37,962	62,431
Recreation and Culture		49,187	42,103
Transport		749,826	1,020,118
Economic Services		115,238	48,150
Other Property and Services		655,899	708,401
		2,012,856	2,301,547
Expenses			
Governance		(170,027)	(186,826)
General Purpose Funding		(72,131)	(73,796)
Law, Order, Public Safety		(59,143)	(65,869)
Health		(7,814)	(9,850)
Education and Welfare		(14,035)	(16,828)
Community Amenities		(108,159)	(114,253)
Recreation & Culture		(399,553)	(431,693)
Transport		(1,529,214)	(1,536,831)
Economic Services		(151,885)	(128,410)
Other Property and Services		(669,800)	(779,018)
		(3,181,761)	(3,343,374)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	17	(56,066)	(108,004)
Movement in Accrued Interest		1,142	0
Movement in Accrued Salaries and Wages		922	0
Movement in Employee Benefit Provisions		7,027	0
Depreciation on Assets	2(a)	1,064,050	1,034,556
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	0
Purchase Land and Buildings		(68,127)	(175,277)
Purchase Infrastructure Assets - Roads		(579,355)	(1,226,504)
Purchase Infrastructure Assets - Parks		(41,326)	0
Purchase Plant and Equipment		(359,158)	(314,000)
Purchase Furniture and Equipment		(20,315)	(33,200)
Proceeds from Disposal of Assets	17	216,864	280,000
Repayment of Debentures	19(a)	(91,735)	(65,975)
Proceeds from New Debentures	19	0	0
Self-Supporting Loan Principal Income		26,959	1,354
Transfer to Unspent Loans (Restricted)		0	0
Transfers from Unspent Grant		36,700	0
Transfers to Reserves (Restricted Assets)	11	(277,665)	(354,900)
Transfers from Reserves (Restricted Assets)	11	50,953	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		741,714	720,371
LESS Estimated (Surplus)/Deficit June 30 C/Fwd		(776,741)	0
Amount Req'd to be Raised from Rates	20	<u>(1,293,062)</u>	<u>(1,283,406)</u>

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 2007

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.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2007.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the changes may impact upon the way in which some financial information is disclosed.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

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.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short term borrowings in current liabilities on the balance sheet.

Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

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

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

General

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

Fixed Assets

Initial Recognition

All assets are initially recognised at cost. 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 Municipality includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

Other

As of 1 July 2004, Council elected to revert to the cost basis for measuring all the roads that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2004.

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 application of AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

Investments and Other Financial Assets

Financial Assets in the scope of AASB 139 *'Financial Instruments: Recognition and Measurement'* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

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

Where such an indication exists, an 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.

Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

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.

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(e). 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 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Rate Risk

Information on interest rate risk as it applies to financial instruments is disclosed in Note 33.

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 balance sheet and notes to and forming part of the financial report.

The one major concentration of credit risk within the municipality is in relation to its cash and cash equivalent deposits which are all with the one financial institution.

Liquidity Risk

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

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 2007

2. REVENUES AND EXPENSES	2007	2006	
	\$	\$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
Significant Expense			
Transport	0	60,154	
This significant expense related to Cyclone Clare (flood damage)			
Auditors Remuneration			
- Audit	7,450	10,055	
- Other Services	400	4,915	
Depreciation			
Buildings	89,198	83,082	
Furniture and Equipment	30,247	32,599	
Plant and Equipment	247,797	219,507	
Roads	685,838	671,712	
Parks and Reserves	10,970	9,811	
	1,064,050	1,016,711	
Interest Expenses			
Debentures (refer Note 19(a))	66,778	75,722	
	66,778	75,722	
Rental Charges			
- Operating Leases	0	3,897	
(ii) Crediting as Revenue:			
	2007	2007	2006
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	24,414	20,000	23,319
- Other Funds	60,922	40,000	49,486
Other Interest Revenue (refer note 24)	622	1,500	2,112
	85,958	61,500	74,917

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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.

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.

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 2007

2. REVENUES AND EXPENSES (Continued)

	2007	2006
(c) Conditions Over Contributions	\$	\$
<p>Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).</p>		
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	
	518,719	147,944
<p>Add: New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.</p>		
Grants for Crime Prevention (law, order, public safety)	6,200	0
Grants for Roads to Recovery (transport)	0	358,713
Grants for Regional Road Group (transport)	0	75,900
Grants for Black Spot (transport)	42,624	0
Grants for Dept of Water - Holland Tank (economic services)	37,000	27,500
Contribution for CALM - Lake Bryde Project	0	42,747
<p>Less: 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.</p>		
Grants for Crime Prevention (law, order, public safety)	0	0
Grants for Roads to Recovery (transport)	(78,103)	(111,244)
Grants for Regional Road Group (transport)	(112,600)	0
Grants for Black Spot (transport)	(12,272)	0
Grants for Dept of Water - Holland Tank (economic services)	0	0
Grants for District Employment Project (other property services)	(9,894)	(16,450)
Contribution for CALM - Lake Bryde Project	(36,356)	(6,391)
Closing balances of unexpended grants	355,318	518,719
<p>Comprises:</p>		
Grants for Crime Prevention (law, order, public safety)	6,200	0
Grants for Roads to Recovery (transport)	280,610	358,713
Grants for Regional Road Group (transport)	0	112,600
Grants for Black Spot (transport)	30,352	0
Grants for Dept of Water - Holland Tank (economic services)	37,000	0
Grants for District Employment Project (other property services)	1,156	11,050
Contribution for CALM - Lake Bryde Project	0	36,356
	355,318	518,719

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	458,414	128,580
Restricted	987,482	924,172
	1,445,896	1,052,752
<p>The following restrictions have been imposed by regulations or other externally imposed requirements:</p>		
Employee Entitlements Reserve	89,065	65,086
Plant Reserve	149,154	37,416
Building Reserve	132,322	75,330
Nyabing Recreation Reserve	22,014	53,660
Pingrup Recreation Reserve	18,082	16,840
Cemetery Reserve	10,469	9,112
Water Supply Reserve	19,469	18,347
Sewerage Reserve	88,072	73,575
Computer Equipment Reserve	59,517	56,087
Administration Vehicle Reserve	24,000	0
Refuse Disposal Facilities Reserve	20,000	0
Unspent Grants	355,318	518,719
Unspent Loans	0	0
	987,482	924,172
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	4,112	4,934
Sundry Debtors	49,408	158,260
GST Receivable	11,442	0
Receivables - Loans	0	1,200
	64,962	164,394
Non Current		
Receivables - Loans	0	25,759
Rates Deferred	615	0
	615	25,759
5. INVENTORIES		
Current		
Fuel and Materials	22,781	35,414
	22,781	35,414

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	3,326,171	3,325,944
Less Accumulated Depreciation	(1,072,524)	(1,037,933)
	2,253,647	2,288,011
Furniture and Equipment - Cost	466,860	435,774
Less Accumulated Depreciation	(370,757)	(338,159)
	96,103	97,615
Plant and Equipment - Cost	3,267,952	3,204,561
Less Accumulated Depreciation	(1,598,986)	(1,491,030)
	1,668,966	1,713,531
	4,018,716	4,099,157

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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 2006	2,288,010	97,615	1,713,531	4,099,156
Additions	68,127	20,315	359,158	447,600
(Disposals)	(7,137)	0	(153,661)	(160,798)
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0
Impairment (losses)/ reversals	0	0	0	0
Depreciation (Expense)	(89,198)	(30,247)	(247,797)	(367,242)
Other Movements	(6,155)	8,420	(2,265)	0
Balance as at 30 June 2007	2,253,647	96,103	1,668,966	4,018,716

SHIRE OF KENT
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

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 2007 are in my opinion properly drawn up to present fairly the financial position of the Shire of Kent at 30th June 2007 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 third day of September 2007.



Alan Wright
Chief Executive Officer

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
7. INFRASTRUCTURE		
Roads - cost	40,845,065	40,265,710
Less Accumulated Depreciation	(12,092,253)	(11,406,415)
	28,752,812	28,859,295
Parks & Ovals - cost	453,433	412,107
Less Accumulated Depreciation	(203,648)	(192,678)
	249,785	219,429
	29,002,597	29,078,724

Effective from 1 July 2004, Council deemed the carrying amount of all the roads, to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets 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 2007

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 2006	28,859,295	219,429	29,078,724
Additions	579,355	41,326	620,681
(Disposals)	0	0	0
Revaluation - Increments - (Decrements)	0 0	0 0	0 0
Impairment (losses)/ reversals	0	0	0
Depreciation (Expense)	(685,838)	(10,970)	(696,808)
Other Movements	0	0	0
Balance as at 30 June 2007	28,752,812	249,785	29,002,597

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	113,471	50,120
PAYG Liability	11,877	11,945
GST Payable	0	5,427
Accrued Interest on Debentures	18,419	17,277
Accrued Salaries and Wages	6,189	5,267
	149,956	90,036
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	64,234	65,976
	64,234	65,976
Non-Current		
Secured by Floating Charge		
Debentures	901,648	991,641
	901,648	991,641
Additional detail on borrowings is provided in Note 19.		
10. PROVISIONS		
Current		
Provision for Annual Leave	54,934	49,991
Provision for Long Service Leave	36,989	48,466
	91,923	98,457
Non-Current		
Provision for Annual Leave	7,630	10,967
Provision for Long Service Leave	34,452	17,554
	42,082	28,521

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007 \$	2007 Budget \$	2006 \$
11. RESERVES - CASH BACKED			
(a) Employee Entitlements Reserve			
Opening Balance	65,086	65,086	42,656
Amount Set Aside / Transfer to Reserve	20,000	20,000	22,430
Transfer of Interest to Reserve	3,979	3,210	
Amount Used / Transfer from Reserve	0	0	0
	89,065	88,296	65,086
(b) Plant Reserve			
Opening Balance	37,416	37,416	233,000
Amount Set Aside / Transfer to Reserve	109,450	126,900	5,762
Transfer of Interest to Reserve	2,288	1,846	
Amount Used / Transfer from Reserve	0	0	(201,346)
	149,154	166,162	37,416
(c) Building Reserve			
Opening Balance	75,330	75,330	71,270
Amount Set Aside / Transfer to Reserve	57,000	110,000	4,060
Transfer of Interest to Reserve	4,537	3,676	
Amount Used / Transfer from Reserve	(4,545)	0	0
	132,322	189,006	75,330
(d) Nyabing Recreation Reserve			
Opening Balance	53,660	53,660	43,389
Amount Set Aside / Transfer to Reserve	9,000	6,000	14,471
Transfer of Interest to Reserve	2,975	2,646	
Amount Used / Reimburse Contribution	(11,078)	0	(4,200)
Amount Used / Transfer from Reserve	(32,543)	0	
	22,014	62,306	53,660
(e) Pingrup Recreation Reserve			
Opening Balance	16,840	16,840	12,148
Amount Set Aside / Transfer to Reserve	3,000	6,000	4,692
Transfer of Interest to Reserve	1,029	830	
Amount Used / Transfer from Reserve	(2,787)	0	0
	18,082	23,670	16,840
(f) Cemetery Reserve			
Opening Balance	9,112	9,112	8,147
Amount Set Aside / Transfer to Reserve	800	0	965
Transfer of Interest to Reserve	557	490	
Amount Used / Transfer from Reserve	0	0	0
	10,469	9,602	9,112
(g) Water Supply Reserve			
Opening Balance	18,347	18,347	17,358
Amount Set Aside / Transfer to Reserve	0	0	989
Transfer of Interest to Reserve	1,122	906	
Amount Used / Transfer from Reserve	0	0	0
	19,469	19,253	18,347

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007 \$	2007 Budget \$	2006 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Sewerage Reserve			
Opening Balance	73,575	73,575	60,148
Amount Set Aside / Transfer to Reserve	10,000	10,000	13,427
Transfer of Interest to Reserve	4,497	3,630	
Amount Used / Transfer from Reserve	0	0	0
	88,072	87,205	73,575
(i) Computer Equipment Reserve			
Opening Balance	56,087	56,087	53,063
Amount Set Aside / Transfer to Reserve	0	0	3,024
Transfer of Interest to Reserve	3,430	2,766	
Amount Used / Transfer from Reserve	0	0	0
	59,517	58,853	56,087
(j) Administration Vehicles Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	24,000	36,000	0
Transfer of Interest to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	24,000	36,000	0
(k) Refuse Disposal Facilities Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	20,000	20,000	0
Transfer of Interest to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	20,000	20,000	0
Total Cash Backed Reserves	632,164	760,353	405,453

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 2007

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.

Administration Vehicles Reserve

This reserve is for future vehicle changeovers for the Chief Executive Officer and Deputy Chief Executive Officer.

Refuse Disposal Facilities Reserve

This reserve is for a transfer disposal station to be placed at the Pingrup Rubbish Site.

The Employee Entitlements, Plant, Building, Nyabing Recreation, Pingrup Recreation, Reseal, Cemetery, Water Supply, Sewerage, Computer Equipment, Administration Vehicles and Refuse Disposal Facilities 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 2007

12. RESERVES - ASSET REVALUATION	2007	2006
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2006	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2007	0	0
(b) Roads		
Balance as at 1 July 2006	11,107,636	11,107,636
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2007	11,107,636	11,107,636
Total Asset Revaluation Reserves	11,107,636	11,107,636

13. NOTES TO THE STATEMENT OF CASH FLOWS

(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:

	2007	2007	2006
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	1,445,896	808,999	1,052,752
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	124,155	241,579	436,051
Depreciation	1,064,050	1,034,556	1,016,711
(Increase)/Decrease in Receivables	97,617	138,020	(9,645)
(Profit)/Loss on Sale of Asset	(56,066)	(108,004)	(47,917)
(Increase)/Decrease in Inventories	12,633	10,415	(6,874)
Increase/(Decrease) in Payables	59,921	(123,428)	(131,643)
Increase/(Decrease) in Employee Provisions	7,027	0	14,140
Grants/Contributions for the Development of Assets	(305,239)	(456,378)	(581,398)
Net Cash from Operating Activities	1,004,098	736,760	689,425

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

13. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2007	2006
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	100,000	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	108,000	608,000
(d) Loan Facilities		
Loan Facilities - Current	64,234	65,976
Loan Facilities - Non-Current	901,648	991,641
Total Facilities in Use at Balance Date	965,882	1,057,617
Unused Loan Facilities at Balance Date	0	0

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

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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-06 \$	Amounts Received (\$)	Amounts Paid \$	Balance 30-Jun-07 \$
Housing Bonds	0	1,740	(1,740)	0
Bond (Caravan Park Keys)	150	0	0	150
Pingrup Bushfire Brigade	0	873	0	873
Logo Number Plates	0	800	(800)	0
Fitness Club Grant	100	0	(100)	0
Licencing	4,334	4,130	(4,334)	4,130
Nomination Deposits	0	0	0	0
BCITF Levy	0	323	(323)	0
	4,584	7,866	(7,297)	5,153

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2007 \$	2006 \$
Governance	2,328	2,839
General Purpose Funding	4,727	4,934
Law, Order, Public Safety	59,729	66,444
Health	1,378	1,568
Education and Welfare	0	0
Community Amenities	207,854	183,845
Recreation and Culture	644,416	853,573
Transport	30,654,447	30,840,502
Economic Services	207,648	156,799
Other Property and Services	2,246,128	2,190,156
Unallocated	526,912	155,540
	34,555,567	34,456,200

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

17. DISPOSALS OF ASSETS - 2006/07 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land & Buildings						
77 Aspendale St, Nyabing	6,216	7,122	27,000	25,000	20,784	17,878
103/104 Bourke St, Nyabing	0	8,401	0	30,000	0	21,599
17 Carrie St, Pingrup	922	1,096	30,000	30,000	29,078	28,904
73 Reid St, Pingrup	0	9,360	0	25,000	0	15,640
Plant & Equipment						
Caterpillar Loader KT028	93,986	100,966	95,500	120,000	1,514	19,034
Subura Forrester 50KT	31,155	0	21,818	0	(9,337)	0
Utility Works KT026	9,205	11,556	11,455	18,000	2,250	6,444
Utility Works KT014	10,109	21,939	17,091	14,000	6,982	(7,939)
Utility Works KT020	9,205	11,556	11,455	18,000	2,250	6,444
Station Wagon Ford 60KT	0	0	2,545	0	2,545	0
	160,798	171,996	216,864	280,000	56,066	108,004

Summary

Profit on Asset Disposal

65,403

Loss on Asset Disposal

(9,337)

56,066

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006	2005
18. FINANCIAL RATIOS			
Current Ratio	1.78	1.59	1.67
Untied Cash to Trade Creditors Ratio	4.04	2.56	1.74
Debt Ratio	0.04	0.04	0.05
Debt Service Ratio	0.05	0.08	0.07
Gross Debt to Revenue Ratio	0.32	0.29	0.55
Gross Debt to Economically Realisable Assets	0.17	0.20	0.24
Rate Coverage Ratio	0.39	0.32	0.43
Outstanding Rates Ratio	0.003	0.004	0.01

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 2007

19. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-06 \$	New Loans \$	Principal Repayments		Principal 30-Jun-07		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety Loan 83, Nyabing Fire Truck	12,814		8,394	8,394	4,420	4,420	758	1,355
Community Amenities Loan 54, Nyabing Effluent	38,483		923	922	37,560	37,561	3,378	3,380
Other Property and Services Loan 86, New House for CEO	58,463		13,083	13,083	45,380	45,380	4,056	3,953
Loan 88, Nyabing Store	65,935		2,679	2,679	63,256	63,256	4,572	4,306
Loan 90, Principal Housing, Pingrup	144,690		17,638	17,638	127,052	127,052	7,413	7,269
Loan 91, Various Duplexes	710,120		21,905	21,905	688,215	688,215	46,258	44,635
Loan 92, 36 Carrie St, Pingrup (*)	27,113		27,113	1,354	0	25,759	343	1,581
	1,057,618	0	91,735	65,975	965,883	991,643	66,778	66,479

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose income.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

19. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2006/07

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-05 \$	Expended During Year \$	Balance 30-Jun-06 \$
		0	0	0

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2007 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2006 and 30 June 2007 was \$Nil.

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

20. RATING INFORMATION - 2006/07 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$ (cents)	Number of Properties	Rateable Value \$	2007 Actual Rate Revenue \$	2007 Actual Interim Rates \$	2007 Actual Back Rates \$	2007 Actual Total Revenue \$	2007 Budget Rate Revenue \$	2007 Budget Interim Rate \$	2007 Budget Back Rate \$	2007 Budget Total Revenue \$
General Rates											
GRV - Residential	10.5620	60	205,994	20,013	191	0	20,204	20,014	0	0	20,014
GRV - Commercial	10.5620	11	99,381	12,240	0	0	12,240	12,240	0	0	12,240
UV - Rural	1.4430	376	88,884,000	1,281,903	3,047	0	1,284,950	1,281,904	0	0	1,281,904
Mining	1.4430	7	35,319	510	0	0	510	510	0	0	510
Sub-Totals		454	89,224,694	1,314,666	3,238	0	1,317,904	1,314,668	0	0	1,314,668
Minimum Rates											
GRV - Residential	243.10	10	10,089	2,431	0	0	2,431	2,431	0	0	2,431
GRV - Commercial	243.10	6	3,757	1,459	83	0	1,542	1,459	0	0	1,459
UV - Rural	243.10	12	123,530	2,917	0	0	2,917	2,917	0	0	2,917
Mining	243.10	9	64,744	2,431	243	0	2,674	2,431	0	0	2,431
Sub-Totals		37	202,120	9,238	326	0	9,564	9,238	0	0	9,238
Discounts							1,327,468				1,323,906
Totals							(34,408)				(40,500)
							1,293,060				1,283,406

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. HEALTH RATE - 2006/07 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Sewerage Rate							
- Nyabing Residential	0.341	GRV	117,522	9,000	9,000	9,000	9,000
- Nyabing Commerical	0.341	GRV	163,310	3,857	4,409	3,857	4,409
- Nyabing Vacant	164.60	GRV	450	494	494	494	494
- Pingrup Residential	0.394	GRV	66,664	5,102	5,000	5,102	5,000
- Pingrup Commerical	0.394	GRV	55,662	5,511	5,511	5,511	5,511
- Pingrup Vacant	164.60	GRV	125	330	165	330	165
- 1st Fixture	158.90	GRV	0	0	0	0	0
- Additional Fixtures	228.80	GRV	0	0	0	0	0
				24,294	24,579	24,294	24,579

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

2. SERVICE CHARGES - 2006/07 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Television - Nyabing	115	5,175	5,175	5,175	5,175
Television - Pingrup	115	2,807	2,760	2,807	2,760
		7,982	7,935	7,982	7,935

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 2007

23. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2006/07 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	4	34,408	40,500
Minimum Rate	Discount	4	0	0
			34,408	40,500
Photocopy Charge	Waiver		0	0
Rate Assessment	Write-Off		0	0

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.

24. INTEREST CHARGES AND INSTALMENTS - 2006/07 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	8.5		622	1,500
Charges on Instalment Plan		15	1,060	1,000
			1,682	2,500

Ratepayers had the option of paying rates in two or four equal instalments, the two instalments were due on 8th September 2006 and 12th January 2007. Administration charges applied for the final instalment. The four instalments were due on 8th September 2006, 10th November 2006, 12th January 2007 and 16th March 2007. Administration charges applied for the final three instalments.

25. FEES & CHARGES	2007 \$	2006 \$
Governance	0	0
General Purpose Funding	15,803	15,951
Law, Order, Public Safety	21,842	18,038
Health	0	0
Housing	0	0
Community Amenities	36,550	34,347
Recreation & Culture	4,842	11,079
Transport	0	0
Economic Services	44,061	33,318
Other Property & Services	106,774	135,746
	229,872	248,479

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

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
6. GRANT REVENUE		
By Nature and Type:		
Grants and Subsidies - operating	771,439	861,366
Grants and Subsidies - non-operating	305,239	581,398
	1,076,678	1,442,764
Grants and subsidies are included as operating revenues in the operating statement in the following programs:		
General Purpose Funding	257,709	251,846
Law, Order, Public Safety	24,000	17,900
Recreation & Culture	22,138	0
Transport	735,831	1,145,168
Economic Services	37,000	0
Other Property & Services	0	27,850
	1,076,678	1,442,764

	2007	2007	2006
	\$	Budget	\$
		\$	
7. COUNCILLORS' REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	32,000	32,000	18,920
President's Allowance	4,000	4,000	3,950
Deputy President's Allowance	0	0	0
Travelling Expenses	4,604	6,000	5,614
Telecommunications Allowance	3,619	4,000	3,475
	44,223	46,000	31,959

	2007	2006
8. EMPLOYEE NUMBERS		
The number of full-time equivalent Employees at balance date	23	23

9. EMPLOYEES REMUNERATION

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

10. 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.

11. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2006/07 financial year.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2006/07 financial year.

SHIRE OF KENT

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

33. INTEREST RATE RISK

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
Year Ended 30 June 2007	\$	\$	\$	\$	\$	\$	\$	
FINANCIAL ASSETS								
Fixed Rate	0	0	0	0	0	0	0	0.00%
Other Financial Assets								
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1,445,896	5.51%
Floating Rate								
Cash and Cash Equivalents	1,445,896	0	0	0	0	0	1,445,896	5.51%
Weighted Average Effective Interest Rate	5.51%	0.00%	0.00%	0.00%	0.00%	0.00%		
FINANCIAL LIABILITIES								
Fixed Rate								
Debentures	(4,419)	0	0	(45,380)	0	(916,082)	(965,881)	6.40%
Weighted Average Effective Interest Rate	7.00%	0.00%	0.00%	7.30%	0.00%	6.35%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007**

33. INTEREST RATE RISK (Continued)

Year Ended 30 June 2006	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
FINANCIAL ASSETS								
Fixed Rate								
Other Financial Assets	0	0	0	0	0	0	0	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%
Floating Rate								
Cash and Cash Equivalents	1,052,752	0	0	0	0	0	1,052,752	5.04%
Weighted Average Effective Interest Rate	5.04%	0.00%	0.00%	0.00%	0.00%	0.00%		5.04%
FINANCIAL LIABILITIES								
Fixed Rate								
Debentures	0	(12,813)	0	(58,463)	0	(986,341)	(1,057,617)	6.38%
Weighted Average Effective Interest Rate	0.00%	7.00%	0.00%	7.30%	0.00%	6.32%		6.38%

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF KENT**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Kent, which comprises the balance sheet as at 30 June 2007 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement, rate setting statement, expenditure and cash flow statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S 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).

Adoption of Material Variance

Council did not adopt a percentage or value to be used in statements of financial activity for reporting material variances as required by Financial Management Regulation 34(5).

Submission of Annual Financial Report

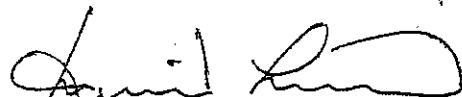
The 2005/2006 Annual Financial Report was not submitted to the Executive Director of Local Government within 30 days of receipt by the CEO of the audit report as required by Financial Management Regulation 51(2).

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 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

Address: Perth, WA
Date: 14 September 2007

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14. FORWARD PLANNING BUDGET

1 JULY 2006—30 JUNE 2007

Council's Forward Planning Budget provides an overview of the significant activities that were proposed by Council for the four (4) year period 2007—2011.

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	2007/2008 Proposed Expenditure (Net)	2006/2007 Actual Expenditure (Net)
Plant Purchase Program	265,000	359,158

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.

Objective:

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.

14. FORWARD PLANNING BUDGET (cont.....)

Proposed Projects—Land & Buildings

- ⇒ Land availability at Pingrup for residential development
- ⇒ Richmond street reserve for Landscape Protection
- ⇒ Ablution block Richmond Street Nyabing
- ⇒ Caravan Park Pingrup
- ⇒ Nyabing Hall

Land & Buildings Program				Table 2
	YEAR ENDED 30 JUNE			
	2006/2007	2007/2008	2008/2009	2009/2010
<i>Land Program</i>				
Townscape	12,000	20,000	24,000	24,000
Total Land	12,000	20,000	24,000	24,000
<i>Buildings Program</i>				
Housing Staff/Community	74,500	68,500	66,000	56,000
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
Total Buildings	218,000	211,850	209,850	188,800

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

14. FORWARD PLANNING BUDGET (cont.....)

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:

- ⇒ Assessment of user accolades and or complaints.
- ⇒ 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.

Proposed Project

- ⇒ Future playground equipment upgrade at the Nyabing and Pingrup Pavilions
- ⇒ Gymnasium
- ⇒ Tourism centre Richmond Street Nyabing

Recreation & Culture Program				Table 3
	YEAR ENDED 30 JUNE			
	2006/2007	2007/2008	2008/2009	2009/2010
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
Total Land	424,700	403,000	413,500	426,000

The majority of works and services identified in Council's Forward Planning have been carried out for 2006/2007.

14. FORWARD PLANNING BUDGET (cont.....)

Forward Planning—Road Asset Management

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

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 modelling 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, Black Spot Program and the Direct untied Road Grant.

Federal Funding is currently provided under the road grant component of the Local Government Grants Commission allocation. Specific road projects are Funded under the Roads to Recovery Auslink Program. In 2006 Council received a once off special grant from the Federal Government of \$280,610, these funds will be spent in 2007/08. An extension to these funds allocated has come from Private works associated with Main Roads WA 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 Auslink Funding in accordance with the Federal Government's new funding formula. The Auslink program will continue until 2011 and thereafter be reviewed.

All other costs are met from Council's general purpose income.

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 and the State Government continue to provide for significant works on Council owned roads. A portion of the grants received in 2006/2007 have been carried forward to the next financial year.

Gravel sheeting works from Council's own resources that were budgeted for were completed in 2006/2007. Further works have been included in Council's 2007/2008 budget.

14. FORWARD PLANNING BUDGET (cont.....)

Road Asset Management Program				Table 4
	YEAR ENDED 30 JUNE			
	2006/2007	2007/2008	2008/2009	2009/2010
<i>Grant Funded Projects</i>				
Regional Roads Program	75,900	120,000	120,000	120,000
Roads to Recovery AusLink Program	280,610	280,610	280,610	
AusLink (R2R) Special Funding		280,610		
Black Spot Funding	79,920			
Total Grant Funded Projects	\$436,430	\$681,610	\$400,610	\$120,000
<i>Road Works from Council's own Resources</i>				
Own Resources Re-sheeting	318,500	144,000	208,500	151,600
Own Resources Seals/Reseals	25,500	105,000	157,000	110,000
Road Maintenance (ex depn)	840,000	850,000	870,000	900,000
Total Works from Council's own Resources	\$1,184,000	\$1,099,000	\$1,235,500	\$1,161,600
TOTAL ROAD WORKS	\$1,620,430	\$1,780,220	\$1,636,110	\$1,281,600
<i>Grant Funding</i>				
Regional Road Grants	50,600	80,000	80,000	80,000
Roads to Recovery-AusLink	280,610	280,610	280,610	
AusLink Special Funds		280,610		
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			
Previous Year C/Fwd				
Total Grant Funding	\$963,446	\$1,216,720	\$941,610	\$666,500
MUNICIPAL/RESERVE FUNDS	\$656,984	\$563,500	\$694,500	\$615,100

14. FORWARD PLANNING BUDGET (cont.....)

Forward Planning—Economic Services

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

Objective:

Landcare

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

Water Supply

- ⇒ 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.
- ⇒ Seek funding for water saving alternatives.

Performance Measures

- ⇒ Assessment of the level of funding achieved.
- ⇒ Achieving the objectives.
- ⇒ Customer survey

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.

Economic Services Program				Table 6
	YEAR ENDED 30 JUNE			
	2006/2007	2007/2008	2008/2009	2009/2010
<i>Estimated Expenditure</i>				
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			
Community Water Grants	40,000	20,000		
TOTAL	\$70,900	\$35,000	\$15,000	\$15,000
<i>Estimated Funding</i>				
Reserve Funds	20,000			
Municipal Funds	15,000	15,000	15,000	15,000
Government Grants	35,900	20,000		
TOTAL	\$70,900	\$35,000	\$15,000	\$15,000

The water tank at Neves Dam was completed during the 2006/07 year. Applications for Community Water Grants were submitted but unsuccessful on this occasion.

14. FORWARD PLANNING BUDGET (cont.....)

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.

Proposed Projects

- ⇒ New rubbish site at Nyabing
- ⇒ Transfer station at Pingrup
- ⇒ Upgrade sewerage system
- ⇒ Look at future combined rubbish sites with neighbouring Councils

Waste Disposal and Sewerage Program				Table 7
	YEAR ENDED 30 JUNE			
	2006/2007	2007/2008	2008/2009	2009/2010
<i>Estimated Expenditure</i>				
New rubbish site—Pingrup and Nyabing	20,000	10,000	0	0
Recycling Scheme	10,000	5,000	5,000	5,000
Sewerage Schemes—maintenance and upgrade	50,000	50,000	50,000	50,000
TOTAL	\$80,000	\$65,000	\$55,000	\$55,000
<i>Estimated Funding</i>				
Reserve Funds	20,000	10,000	0	0
Municipal Funds	60,000	55,000	55,000	55,000
Grant/Loan Funding	0	0	0	0
TOTAL	\$80,000	\$65,000	\$55,000	\$55,000

