



Shire of Kent – Annual Report 2014/2015

# Shire of Kent



**Annual Report 2014/15**



## Shire of Kent – Annual Report 2014/2015

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# Shire of Kent – Annual Report 2014/2015

## 1. INTRODUCTION

The Shire of Kent is pleased to present the Annual Report for the 2014/2015 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 G M (Tony) Simpson MLA. The Shire of Kent operates under the provision of the Local Government Act 1995 (as amended).

### SHIRE OFFICE LOCATIONS

Administration Centre:	Richmond Street, Nyabing
Postal Address:	PO Box 15, NYABING WA 6341
Telephone:	(08) 98291051
Facsimile:	(08) 98291083
Email:	<a href="mailto:admin@kent.wa.gov.au">admin@kent.wa.gov.au</a>
Office Hours:	8.30am to 4.30pm, Monday to Friday

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

### SHIRE STATISTICS

<b>Area</b>	6552sq km	<b>Average Min Temp</b>	9(C)
<b>Position</b>	320km SE of Perth	<b>Wool Clip</b>	1,961,000kg
<b>Population</b>	540	<b>Wheat Produced</b>	141,000 tonnes
<b>Length of Roads</b>	224km sealed	<b>Barley Produced</b>	55,000 tonnes
	1206km gravel		
<b>Rateable Assessments</b>	486	<b>Number of Sheep</b>	414,000
<b>Average Rainfall</b>	375mm	<b>Number of Pigs</b>	11,000
<b>Average Max Temp</b>	23(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



## Shire of Kent – Annual Report 2014/2015

### 3. SHIRE PRESIDENTS REPORT

It is with pleasure that I report on the activities of the Shire of Kent for the period 1 July 2014 to 30 June 2015. The Council finished the year with a surplus of \$766,352. The result is a healthy one and sees the continuation of prudent financial management of the Council's resources.

Council has continued to endeavour to maintain a vibrant rural community and pursue the objectives of the Community Strategic Plan.

This year has seen works commence at the Pingrup Caravan Park to upgrade the Men's ablutions, however prior to this work being undertaken it was necessary to upgrade the plumbing throughout the whole building. Renovations will begin once this work has been carried out. Work to install fencing at Burston Street Park and BBQ's at Memorial Park and Burston Street Park is nearing completion. These projects are funded from Royalties for Regions Program (R 4 R).

Two new Well Aged Accommodation units were built in Nyabing through Action Agenda Funding (R 4 R) to provide housing for over 55's transitioning into retirement, with the possibility of future funding for a further unit to be built in Pingrup. Royalties for Regions also funded the upgrade of the Nyabing Town Tower to a mobile base station as part of the State Government's communications upgrades program. As part of the project the exchange at Nyabing was also upgraded to enable ADSL. ADSL was also enabled in Pingrup and was funded partly by GDSC, with Council raising a new loan for the balance.

It has been another challenging year, with a number of large projects being undertaken. While local government reform is off the table for the time being the Premier and Minister remain committed to the reform process and this remains a focus for staff as well as Councillors. Our CEO and staff continue to look for opportunities to enhance services, and access funds to help maintain and improve services to our communities and to enhance the sustainability of an independent Shire of Kent.

I will not be seeking re-election in the upcoming Council Elections in October 2015 and would like to take this opportunity to thank Peter, all staff members and Councillors (past and present) for their dedication throughout the year. Also thanks goes to Cr Mark Stephens for his support as Deputy Shire President. I wish the Council all the best for the future.

**CR CATHY CROSBY**  
**SHIRE PRESIDENT**



## 4. CHIEF EXECUTIVE OFFICERS REPORT

It is with great pleasure that I present my report for the 2014/2015 financial year, a year that continued to focus on future planning and provided many challenges for our small workforce.

### Integrated Planning

After engaging with the community and consulting with our stakeholders to develop our Community Strategic Plan and Workforce Plan, both Plans they were adopted in June 2013. Other informing documents, an Asset Management Plan, Long Term Financial Plan and Corporate Plan are nearing completion. The Asset Management Plan will provide the underpinning and overarching plan that captures all the assets and resources in the Shire. It will document the resources required to enable the Shire to meet its community commitments and provide information regarding the capability of all our assets

The Workforce Plan has been reviewed and provides an insight into future staffing and training requirements. The Long Term Financial Plan is also nearing completion and will enable completion of the Corporate Business Plan.

### Financial Performance

The Shire of Kent continued to maintain a strong financial position throughout the 2014-2015 financial year. Some of the highlights are as follows:

- The year finished with \$1,640,842 in cash backed reserves. These cash backed reserves are set aside for specific future purposes and there are restrictions on how the funds can be spent. Council budgets on an annual basis to place funds in these reserves to assist in meeting the future needs of the community.
- The 2014-2015 year saw Council raise a new loan for \$140,000 for the provision of ADSL in both Nyabing and Pingrup which will greatly improve telecommunications. A contribution of \$10,000 was received from the Great Southern Development Commission.

### Financial Ratios

As part of the annual financial reporting process a local government is required to report on a number of financial ratios which provide a “snapshot” of the local government’s financial strength. This year saw the introduction of new ratios and In this regard the Shire of Kent has the following outcomes for the 2014-15 year:-

- **Current ratio** – (indicates the Shire’s ability to meet short term debt obligations) Council’s ratio is 4.11 where the standard is met if the ratio is greater than 1.0. Thus we finished in a very strong position.
- **Asset Sustainability Ratio** – (indicates that the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out) Council’s ratio is 2.12 where the standard is met if the ratio is greater than 0.9. Again Council finished in a very strong position.
- **Debt ratio** – (indicates the Shire’s ability to repay its debt including lease payments). Our ratio is 32.34 where a basic standard is met if the ratio is greater than or equal to 2. An advanced standard is met if the ratio is greater than 5. The Debt Service Ratio is considerably higher than the 2013-14 financial year due to a major increase in general and road grants and also Royalties for Regions funding.
- **Operating Surplus Ratio** – (indicates the Shire’s ability to cover it operational costs and have revenues available for capital funding or other purposes). Our ratio is 0.47 where a basic standard is met if the ratio is between 0.01 and 0.15. Council meets the basic standard.



#### 4. CHIEF EXECUTIVE OFFICERS REPORT (cont.)

- **Own Source Revenue Coverage Ratio** – (indicates the Shire’s ability to cover its costs through its own revenue effort). This year the ratio is 0.62 where the standard is met if the ratio is between 0.4 and 0.6. Council meets the basic standard.
- **Asset Consumption Ratio** – (measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost). Council’s ratio is 0.997 where the standard is met if the ratio is 0.5 or greater. Council meets the basic standard with this ratio.
- **Asset Renewal Funding Ratio** – (measures the ability of the Shire to fund its projected asset renewal/replacements in the future). This year the Council is unable to provide this ratio due to the information not being available. The standard is met if the ratio is between 0.75 and 0.95. The standard is improving if the ratio is between 0.95 and 1.05.

#### Projects

##### Road Projects

The 2014-2015 budget was adopted by Council on 28 July 2014 and included an overall rate increase of 5.0%. With the assistance of funding through Roads to Recovery and the Regional Road Group program Council completed the following major road projects:-

- South Fence Road – (*Reform and Re-sheet*)
- Dumbleyung Road – (*Various Black spot*)
- Newdegate-Pingrup Road – (*widen and seal*)
- Kuringup Road – (*Stabilise and Seal*)
- Warren Road – (*Gravel Re-sheet*)
- Manual Road – (*Gravel Re-sheet*)
- Nyabing South Road – (*Gravel Re-sheet*)
- Dualling Road – (*Gravel Re-sheet*)
- Peterson Road – (*Gravel Re-sheet*)
- Rasmussen Road – (*Gravel Re-sheet*)
- North Kuringup Road – (*Gravel Re-sheet*)
- Ryan Road – (*Gravel Re-Sheet*)
- East Road – (*Gravel Re-sheet*)

#### Royalties for Regions – Country Local Government Fund

##### Memorial Park and Burston Street Park

\$196,975 was allocated for the continued park projects. This includes some carry over funds from the previous year’s program.

##### Regional Component

Council has invested its regional component into the Regional Waste project along with the Shires of Jerramungup, Gnowangerup, Ravensthorpe and Katanning. The project will deliver two regional waste sites to Ravensthorpe and Katanning. The reason for investing heavily in this project is that the Nyabing waste site is nearing the end of its viable life and the Department of Environment and Conservation has refused all alternative sites within the Shire. This means that an external site, in this case Katanning, has been an imperative.

The construction of a Waste Transfer Station in Nyabing has been completed in preparation for the change to Regional Waste Model.



## 4. CHIEF EXECUTIVE OFFICERS REPORT (cont.)

### Other Projects

#### Coates Close Subdivision

The land at Coates Close has been vested in the Shire of Kent for residential purposes and the Council can now move to freehold these lots for housing. One lot is earmarked as a future senior staff house, and another for well aged accommodation.

#### Well Aged Accommodation Units

Two well aged housing units were constructed in Nyabing, funded entirely from Royalties for Regions program funding of over \$800,000, in 2014-2015. These units will provide housing for well aged persons transitioning into retirement and wishing to remain within the community.

#### Water Treatment Plant

The pilot Water Treatment plant that was deferred from the previous year has now been completed with funding provided by the Department of Water.

#### Bushfire Brigades

During 2014/15 the Shire of Kent employed a Community Emergency Services Manager (CESM) in an agreement with the Department of Fire and Emergency Services (DFES). This position is in partnership with the Shires of Dumbleyung and Lake Grace and is designed to support local brigades through the facilitating the mitigation of fire and other hazards impact on the community and implementing the delivery of fire preparedness and providing leadership and expert technical and professional advice to emergency volunteer groups, and assist Council to better plan and respond to a range of possible emergency situations through the development and review of fire and emergency planning.

#### Other

Over the past twelve months the Council has continued to work hard to ensure that the Shire continues to deliver the best services that it can and to be in a good position to meet the demands placed on it should the State Government continue the reform process in the future and once again propose amalgamations across Local Governments. Overall given the environment of constant change that we find ourselves in, the Shire of Kent can confidently claim to have achieved another successful year. In conclusion I would like to thank the President and Councillors for their support during the year and the staff for their ongoing support, loyalty and dedication to their roles. Thank you all.

**PETER BENTLEY**  
CHIEF EXECUTIVE OFFICER



**5. SHIRE OF KENT COUNCIL MEMBERS - 2014/2015**

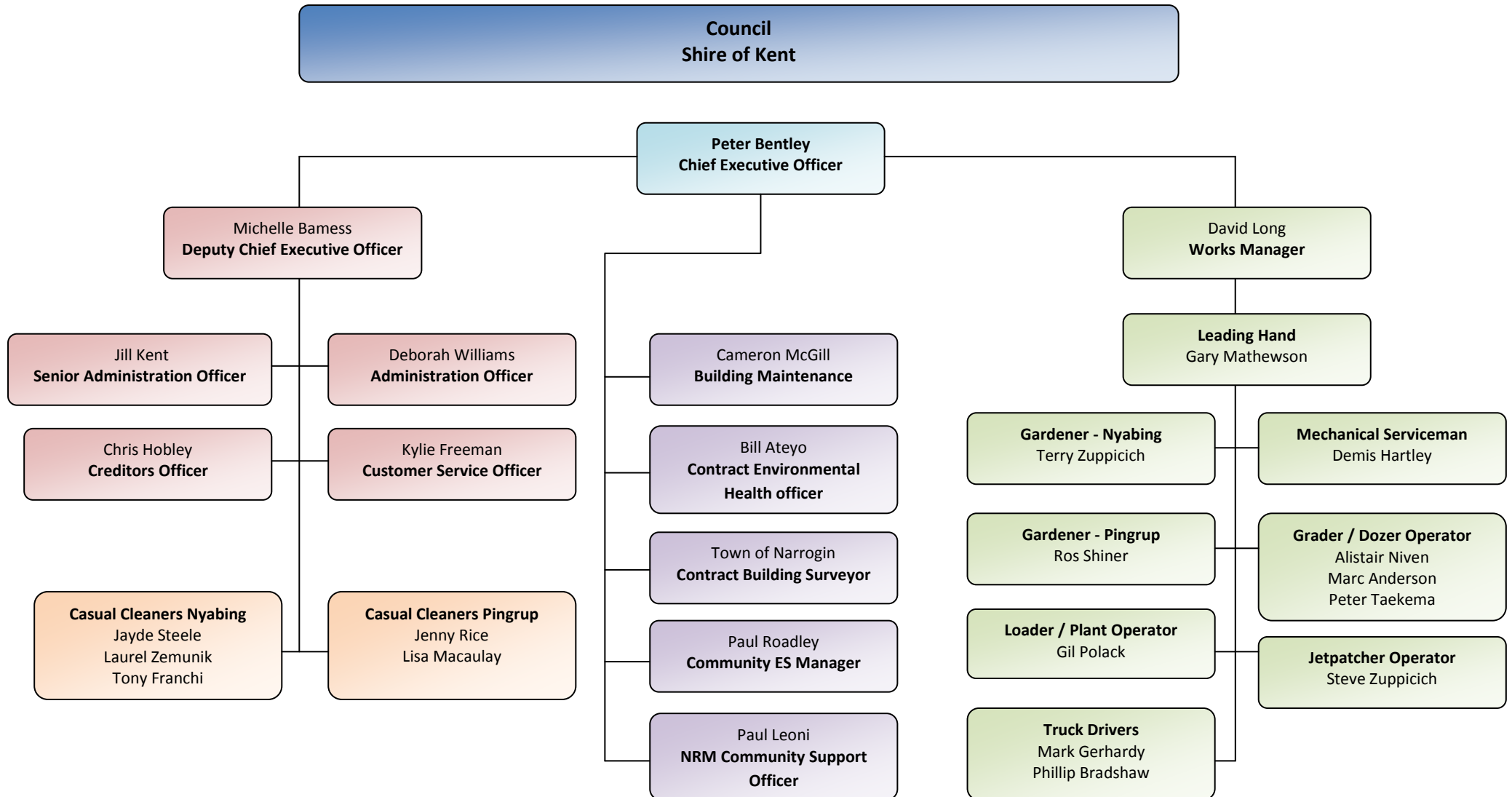


**Back Row** – Cr Mark Stephens (Deputy President), Cr Grant Collins, Cr Bruce Altham, Cr Alan Smith, Cr Gordon Browne  
**Front Row** – Cr Megan Tuffley, Cr Cathy Crosby (Shire President), Cr Renae Jury

<i><b>COUNCILLORS</b></i>	<i><b>PHONE</b></i>	<i><b>FAX</b></i>
<b>C (Cathy) Crosby</b>	98291061	
<b>BM (Bruce) Altham</b>	9820 1064	9820 1040
<b>A (Alan) Smith</b>	9820 1046	9820 1003
<b>G (Grant) Collins</b>	9829 6016	9829 6029
<b>GD (Gordon) Browne</b>	9829 1014	9829 1141
<b>M (Mark) Stephens</b>	9829 1114	9829 1048
<b>MJ (Megan) Tuffley</b>	9829 1076	9829 1076
<b>RA (Renae) Jury</b>	9820 1080	9820 1007



## 6. ORGANISATIONAL STRUCTURE





## Shire of Kent – Annual Report 2014/2015

### 7. COUNCIL DOCUMENTS

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

- Council Agendas
- Annual Budgets
- Annual Financial Statements
- Forward Planning Budget
- Town Planning Scheme
- Electoral Roll
- Customer Service Charter (Sewerage)
- Code of Conduct – Members and Staff
- Council Minutes
- Policy Manual
- Local Laws
- Delegations Register
- Rates Assessment Book
- Community Strategic Plan
- Sewerage Asset Management Plan
- 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. ADDITIONAL INFORMATION

#### NATIONAL COMPETITION POLICY

This policy has been introduced by the Commonwealth Government so as to promote competition for the benefit of business, consumers and the economy by removing unnecessary protection of monopolies of markets where competition can be enhanced. It affects local governments as factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors. In respect to competitive neutrality, the Shire of Broomehill-Tambellup reports:

- ❖ The Shire of Kent during 2014-2015 did not engage in any significant business activities which generated in excess of \$200,000 annual income. Therefore, the introduction of competitive neutrality under Clause 7 of the policy was not required.
- ❖ There is no indication that the Council will become involved in any significant business activities during the next financial reporting period.
- ❖ There have been no allegations received by the Council of non-compliance with the neutrality principles.

#### DISCLOSURE OF ANNUAL SALARY

The Local Government (Administration) Regulations 1996 – Regulation 19B requires that the annual report for a Local Government for a financial year is to contain the following information:

- ❖ The number of employees of the local government entitled to an annual salary of \$100,000 or more.

The Shire of Kent has one employee entitled to an annual salary of \$100,000 or more.

#### SECTION 5.121 REPORT

Section 5.121 of the Local Government Act 1995 requires Annual Reports to contain details of entries made in the Complaints Register regarding complaints made about elected members. There have been no complaints



## 8. ADDITIONAL INFORMATION (cont.)

### SECTION 5.121 REPORT (cont)

There were no complaints lodged against elected members in the year under review.

### ADOPTION OF LOCAL LAWS

The Shire of Kent did not adopt any local laws during the reporting period.

### SHIRE OF KENT – COMMUNITY STRATEGIC PLAN

Following a public consultation process the Council adopted the “Shire of Kent Community Strategic Plan 2013-2023” document in June 2013.

This document has five main strategic objectives:-

- ❖ Building a sense of community;
- ❖ Preserving and sustaining our natural environment;
- ❖ Enhanced lifestyle choices; and
- ❖ Maximise business and employment opportunities; and
- ❖ Strengthen shire leadership.

The document is available for public viewing at the Nyabing office. A Workforce Plan was also adopted at the June 2013 meeting by the Council and this too will be an important part of the future planning process.

State Government initiated changes to legislation has seen the development of this plan which will replace the 2010 – 2014 Shire of Kent Strategic Plan and a Corporate Business Plan, Asset Management Plan, and a Long Term Financial Plan are in development.

These plans have been and will be developed with community consultation and input and represent the community aspirations for the district. It is a requirement that these new plans are reported against each year in the Annual Report.

### FREEDOM OF INFORMATION

The Shire of Kent welcomes any enquiries for information held by Council. If information cannot be accessed by less formal means, a freedom of information request can be made by contacting the Chief Executive Officer. It should be noted that some documents are for viewing only and documents cannot be copied which would breach the Copyright Act. No enquiries were received during the 2014-2015 period however and no formal application for information was received. Council’s Information Statement is reviewed annually and a copy made available at its Nyabing office for perusal, as required under the *Freedom of Information Act 1992*.

### STATE RECORDS ACT 2000

*State Records Commission Standard 2 (Record Keeping Plan) Principle 6 (Compliance) states that government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan. Council is required to report its progress with complying with this Principle in its Annual Report.*

Staff development in the area of Record Keeping compliance has continued through the year, with new staff members receiving a basic introduction to Records as part of their induction into the organisation. This training provides an overview of the responsibilities of individual officers, and Councils obligations under the State Records Act 2000. Elected members received information on what constitutes a record from a Councillor perspective, and their responsibility to ensure relevant information is captured into Council’s record system.



## 8. ADDITIONAL INFORMATION (cont.)

### STATE RECORDS ACT 2000 (cont.)

Section 28 of the State Records Act 2000 (the Act) requires that “no more than 5 years is to elapse between the approval of a government organization’s record keeping plan and a review of it or between one review and another” and that a report of this review must be submitted to the State Records Commission. The purpose of the review is to enable government organizations to comply with section 28 of the Act and to ensure that their recordkeeping systems are continually evaluated and improved in order to meet compliance requirements and continuing business needs. The organization’s existing approved Recordkeeping Plan (RKP) is to be revisited to establish three main objectives, namely whether recordkeeping practices within the organization are still meeting the organization’s business and legislative requirements, or have changed since the RKP was approved, or require improvement or need to be documented differently. The 2014-2015 completed review shows that the Shire of Kent’s Recordkeeping Plan is compliant in all areas

### DISABILITY SERVICES PLAN

Section 29(m) of the *Disability Services Act 1993* requires the Shire to report on the following six outcomes in its approach to assisting disabled people within the Shire:

**1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.**

Council-organised community events are held in appropriate venues with facilities which allow for ease of access by people with a disability. Whilst no new initiatives were undertaken during 2014 -2015, maintenance of the parks and recreation buildings and grounds in Nyabing and Pingrup ensures facilities continue to be easily accessible to all residents and visitors, both disabled and non-disabled persons. The Shire Library services cater for those with a disability through the provision of large print and audio books.

**2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.**

Council is committed to ensuring all Council buildings are able to be accessed by people with a disability.

**3. People with disabilities receive information from the relevant public authority in a format that will enable them to access the information, as readily as other people are able to access it.**

All Council publications are available in a variety of formats on request for people with specific needs. This information is conveyed through local newsletters and within each individual document.

**4. People with disabilities receive the same level and quality of service from the staff of the relevant public authority.**

Council maintains a commitment to providing a high standard of service to all customers of the Shire through all avenues of contact including in-person, over the telephone and through written correspondence. All staff are aware that customers have individual needs, including people with disabilities.

**5. People with disabilities have the same opportunities as other people to make complaints to the relevant public authority.**

A complaints mechanism has been implemented through the Shire Administration and is accessible for all members of the community including people with disabilities.

**6. People with disabilities have the same opportunities as other people to participate in any public consultation by the relevant public authority.**



## 8. ADDITIONAL INFORMATION (cont.)

### DISABILITY SERVICES PLAN (cont.)

Council has used the local newsletter and public advertising to advise residents of issues requiring public consultation. Staff have been available to assist residents with individual requirements as needed.

### 7. People with disabilities have the same opportunities as other people to obtain and maintain meaningful employment with the Shire of Kent.

Council promotes a workplace that actively seeks to include, welcome and value contributions of people with disabilities and ensures that job advertisements are in an accessible format to apply for positions.

### BUILDING MAINTENANCE AND CAPITAL IMPROVEMENT REPORT

A significant amount of building maintenance and capital improvements was undertaken during the 2014-15 year to Council residential and public buildings. Some of the major projects are outlined below:

- 29 (Lot 33) Aspendale St** - Kitchen renovations
- 28 (Lot 102) Aspendale St** - Laundry renovations, refurbish windows/flyscreens
- 166B Coates Close** - Bathroom, laundry and toilet renovations
- 21C George St** - Bathroom, laundry and toilet renovations
- Nyabing Town Hall** - Replace benchtop and cupboards in bar area, lower stove height in kitchen
- Pingrup Hall** - Replace ceilings in Supper Room
- Nyabing Depot** - Extension to Building Maintenance Shed, lean-to for Signs Shed and dangerous goods shed
- Pingrup Depot** - Re-roof main shed, refurbish kitchen and replace floor coverings in kitchen
- Pingrup Caravan Park** - Upgrade plumbing in Ablution block
- Nyabing General Store** - Replace box guttering

Inspections of buildings and required safety checks, including the servicing of fire related equipment, were conducted throughout all Shire buildings. General maintenance was attended to in all buildings as required.

### COMMUNITY SERVICES UPDATE

This year has again been a busy one, with a number of projects completed, and many more in progress. Funding has been sourced from a variety of agencies to enable projects and community programs to be implemented, and Council is appreciative of the support shown by these agencies.

**SHIRE OF KENT**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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Principal place of business: Richmond Street, NYABING WA 6341	

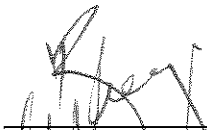
SHIRE OF KENT  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 18<sup>TH</sup> day of November 2015



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Peter Bentley  
Chief Executive Officer

**SHIRE OF KENT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*BY NATURE OR TYPE*  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	2,018,824	2,022,616	1,953,266
Operating grants, subsidies and contributions	28	2,949,765	1,524,608	969,552
Fees and charges	27	593,488	730,950	781,814
Interest earnings	2(a)	69,024	104,910	76,365
Other revenue		36,686	47,150	29,049
		<u>5,667,787</u>	<u>4,430,234</u>	<u>3,810,046</u>
<b>Expenses</b>				
Employee costs		(1,448,139)	(1,542,424)	(1,333,669)
Materials and contracts		(1,001,244)	(792,873)	(921,250)
Utility charges		(130,137)	(138,025)	(149,990)
Depreciation on non-current assets	2(a)	(1,197,825)	(1,448,849)	(1,231,943)
Interest expenses	2(a)	(34,769)	(35,714)	(52,415)
Insurance expenses		(146,990)	(141,076)	(144,279)
Other expenditure		(385,109)	(474,595)	(412,034)
		<u>(4,344,213)</u>	<u>(4,573,556)</u>	<u>(4,245,580)</u>
		1,323,574	(143,322)	(435,534)
Non-operating grants, subsidies and contributions	28	478,899	1,853,395	522,018
Profit on asset disposals	20	0	94,584	9,631
Loss on asset disposals	20	(52,966)	(41,233)	(72,290)
<b>Net result</b>		<b>1,749,507</b>	<b>1,763,424</b>	<b>23,825</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	202,075,708	0	6,363,212
<b>Total other comprehensive income</b>		<u><b>202,075,708</b></u>	<u><b>0</b></u>	<u><b>6,363,212</b></u>
<b>Total comprehensive income</b>		<u><u><b>203,825,215</b></u></u>	<u><u><b>1,763,424</b></u></u>	<u><u><b>6,387,037</b></u></u>

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

**SHIRE OF KENT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>	2(a)			
Governance		26,315	69,500	41,337
General purpose funding		3,959,517	3,357,584	2,543,083
Law, order, public safety		82,408	66,250	71,098
Health		98,976	250	226
Education and welfare		0	500	1,927
Housing		740,125	94,200	81,450
Community amenities		124,927	122,050	126,755
Recreation and culture		29,079	9,500	106,065
Transport		427,745	479,100	491,303
Economic services		31,643	42,300	45,696
Other property and services		147,055	189,000	301,106
		<u>5,667,790</u>	<u>4,430,234</u>	<u>3,810,046</u>
<b>Expenses</b>	2(a)			
Governance		(393,287)	(481,905)	(331,057)
General purpose funding		(80,712)	(155,102)	(64,255)
Law, order, public safety		(111,907)	(96,716)	(77,453)
Health		(11,843)	(21,098)	(22,781)
Education and welfare		(10,676)	(14,334)	(14,758)
Housing		(361,948)	(264,172)	(279,599)
Community amenities		(215,740)	(243,741)	(164,896)
Recreation and culture		(598,260)	(615,510)	(540,625)
Transport		(2,046,496)	(2,264,303)	(2,295,479)
Economic services		(312,009)	(219,261)	(148,728)
Other property and services		(166,569)	(161,701)	(253,534)
		<u>(4,309,447)</u>	<u>(4,537,843)</u>	<u>(4,193,165)</u>
<b>Finance costs</b>	2(a)			
Housing		0	0	(44,946)
Community amenities		(2,427)	(2,476)	(3,409)
Other property and services		(32,342)	(33,237)	(4,060)
		<u>(34,769)</u>	<u>(35,713)</u>	<u>(52,415)</u>
<b>Non-operating grants, subsidies and contributions</b>				
General purpose funding		357,489	324,995	0
Health		0	98,000	0
Housing		0	65,000	0
Community amenities		0	100,000	0
Recreation and culture		0	850,000	0
Transport		121,410	415,400	522,018
Economic services		0	0	0
	28	<u>478,899</u>	<u>1,853,395</u>	<u>522,018</u>
<b>Profit/(Loss) on disposal of assets</b>				
Housing		(6,275)	94,584	0
Transport		(46,691)	(41,233)	(31,811)
Other property and services		0	0	(30,848)
	20	<u>(52,966)</u>	<u>53,351</u>	<u>(62,659)</u>
<b>Net result</b>		<u>1,749,507</u>	<u>1,763,424</u>	<u>23,825</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	202,075,708	0	6,363,212
<b>Total other comprehensive income</b>		<u>202,075,708</u>	<u>0</u>	<u>6,363,212</u>
<b>Total comprehensive income</b>		<u>203,825,215</u>	<u>1,763,424</u>	<u>6,387,037</u>

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

**SHIRE OF KENT  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,570,177	1,849,546
Trade and other receivables	4	167,257	92,336
Inventories	5	56,986	62,903
<b>TOTAL CURRENT ASSETS</b>		<u>2,794,420</u>	<u>2,004,785</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	6,851	5,903
Property, plant and equipment	6	11,415,215	11,003,603
Infrastructure	7	235,274,186	32,497,182
<b>TOTAL NON-CURRENT ASSETS</b>		<u>246,696,252</u>	<u>43,506,688</u>
<b>TOTAL ASSETS</b>		<u>249,490,672</u>	<u>45,511,473</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	104,307	80,643
Current portion of long term borrowings	9	71,970	42,623
Provisions	10	282,916	236,675
<b>TOTAL CURRENT LIABILITIES</b>		<u>459,193</u>	<u>359,941</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	581,755	513,725
Provisions	10	11,668	24,966
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>593,423</u>	<u>538,691</u>
<b>TOTAL LIABILITIES</b>		<u>1,052,616</u>	<u>898,632</u>
<b>NET ASSETS</b>		<u>248,438,056</u>	<u>44,612,841</u>
<b>EQUITY</b>			
Retained surplus		27,188,113	25,784,084
Reserves - cash backed	11	1,640,842	1,295,364
Revaluation surplus	12	219,609,101	17,533,393
<b>TOTAL EQUITY</b>		<u>248,438,056</u>	<u>44,612,841</u>

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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>25,425,289</b>	<b>1,630,334</b>	<b>11,170,181</b>	<b>38,225,804</b>
Comprehensive income					
Net result		23,825	0	0	23,825
Changes on revaluation of non-current assets	12	0	0	6,363,212	6,363,212
Total comprehensive income		<u>23,825</u>	<u>0</u>	<u>6,363,212</u>	<u>6,387,037</u>
Transfers from/(to) reserves		334,970	(334,970)	0	0
<b>Balance as at 30 June 2014</b>		<b>25,784,084</b>	<b>1,295,364</b>	<b>17,533,393</b>	<b>44,612,841</b>
Comprehensive income					
Net result		1,749,507	0	0	1,749,507
Changes on revaluation of non-current assets	12	0	0	202,075,708	202,075,708
Total comprehensive income		<u>1,749,507</u>	<u>0</u>	<u>202,075,708</u>	<u>203,825,215</u>
Transfers from/(to) reserves		(345,478)	345,478	0	0
<b>Balance as at 30 June 2015</b>		<b>27,188,113</b>	<b>1,640,842</b>	<b>219,609,101</b>	<b>248,438,056</b>

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

**SHIRE OF KENT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,971,906	2,017,616	1,941,829
Operating grants, subsidies and contributions		2,946,688	1,450,108	1,015,553
Fees and charges		593,488	730,950	781,814
Service charges		0	0	0
Interest earnings		69,024	104,910	76,365
Goods and services tax		(25,874)	36,000	33,741
Other revenue		36,686	47,150	29,048
		<u>5,591,918</u>	<u>4,386,734</u>	<u>3,878,350</u>
<b>Payments</b>				
Employee costs		(1,374,942)	(1,521,783)	(1,412,509)
Materials and contracts		(1,010,972)	(797,037)	(936,093)
Utility charges		(130,137)	(138,025)	(149,990)
Interest expenses		(35,714)	(35,714)	(38,365)
Insurance expenses		(146,990)	(141,076)	(144,282)
Goods and services tax		0	(36,000)	0
Other expenditure		(385,109)	(474,595)	(412,034)
		<u>(3,083,864)</u>	<u>(3,144,230)</u>	<u>(3,093,273)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>2,508,054</u>	<u>1,242,504</u>	<u>785,077</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,285,517)	(1,657,000)	(543,710)
Payments for construction of infrastructure		(1,318,019)	(1,806,330)	(1,233,845)
Non-operating grants, Subsidies and contributions		478,899	1,853,395	522,018
Proceeds from sale of fixed assets		239,837	224,000	202,454
<b>Net cash provided by (used in) investment activities</b>		<u>(1,884,800)</u>	<u>(1,385,935)</u>	<u>(1,053,083)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(42,623)	(42,623)	(39,970)
<b>Net cash provided by (used in) financing activities</b>		<u>97,377</u>	<u>(42,623)</u>	<u>(39,970)</u>
<b>Net increase (decrease) in cash held</b>		720,631	(186,054)	(307,976)
Cash at beginning of year		1,849,546	1,880,979	2,157,522
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>2,570,177</u>	<u>1,694,925</u>	<u>1,849,546</u>

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

**SHIRE OF KENT  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		26,315	69,500	41,337
General purpose funding		2,298,182	1,683,827	619,667
Law, order, public safety		82,408	66,250	71,098
Health		98,976	98,250	226
Education and welfare		0	500	1,927
Housing		740,125	253,784	81,450
Community amenities		124,927	222,050	126,755
Recreation and culture		29,079	859,500	106,065
Transport		549,155	894,500	1,022,952
Economic services		31,643	42,300	45,696
Other property and services		147,058	189,000	301,106
		<u>4,127,868</u>	<u>4,379,461</u>	<u>2,418,279</u>
<b>Expenses</b>				
Governance		(393,287)	(481,905)	(331,057)
General purpose funding		(80,712)	(155,102)	(64,255)
Law, order, public safety		(111,907)	(96,716)	(77,453)
Health		(11,843)	(21,098)	(22,781)
Education and welfare		(10,676)	(14,334)	(14,758)
Housing		(368,223)	(264,172)	(324,545)
Community amenities		(218,167)	(246,217)	(168,305)
Recreation and culture		(598,260)	(615,510)	(540,625)
Transport		(2,093,187)	(2,305,536)	(2,336,921)
Economic services		(312,009)	(219,261)	(148,728)
Other property and services		(198,911)	(194,938)	(288,442)
		<u>(4,397,182)</u>	<u>(4,614,789)</u>	<u>(4,317,870)</u>
<b>Net result excluding rates</b>		(269,314)	(235,328)	(1,899,591)
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	20	52,966	(53,351)	62,659
Movement in deferred pensioner rates (non-current)		(948)	0	(901)
Movement in employee benefit provisions (non-current)		(13,298)	0	(12,512)
Depreciation and amortisation on assets	2(a)	1,197,825	1,448,849	1,231,943
<b>Capital Expenditure and Revenue</b>				
Purchase of land and buildings	6(b)	(908,024)	(1,120,000)	0
Purchase of Infrastructure Assets - Roads	6(b)	(1,221,566)	(1,479,355)	(998,559)
Purchase of Infrastructure Assets - Parks	6(b)	(96,453)	(326,975)	(235,286)
Purchase of Plant and Equipment	6(b)	(377,493)	(517,000)	(543,710)
Purchase of Furniture and Equipment		0	(20,000)	0
Proceeds from disposal of fixed assets	20	239,837	224,000	202,454
Repayment of debentures	21(a)	(42,623)	(42,623)	(39,970)
Transfers to reserves (restricted assets)	11	(439,798)	(404,160)	(245,030)
Transfers from reserves (restricted assets)	11	94,320	76,000	580,000
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	392,101	393,031	367,189
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	766,355	0	392,101
<b>Total amount raised from general rate</b>	22(a)	<u>(2,018,823)</u>	<u>(2,056,912)</u>	<u>(1,923,415)</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 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

**(b) Goods and Services Tax (GST)**

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

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

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

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

**(c) Cash and Cash Equivalents**

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

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

**General**

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

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

**Land held for sale**

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

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

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

**(f) Fixed Assets**

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

**Mandatory requirement to revalue non-current assets**

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
  - (i) that are plant and equipment; and
  - (ii) that are -
    - (I) land and buildings; or-
    - (II) Infrastructure;

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(f) Fixed Assets (Continued)**

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

***Capitalisation threshold***

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

**Income approach**

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

**Cost approach**

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

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

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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

**(r) Superannuation**

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(s) Current and Non-Current Classification**

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.
[Operative date: Part C Financial Instruments - 1 January 2015]			As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.  This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.  It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.  It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.  It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised Standards were:

- AASB 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>2. REVENUE AND EXPENSES</b>	<b>2015</b>	<b>2014</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the annual financial report	12,632	15,845	
- Other services	1,000	0	
<b>Depreciation</b>			
Non-specialised buildings	168,216	18,955	
Specialised buildings	0	108,901	
Furniture and Equipment	7,076	1,177	
Plant and Equipment	253,205	218,078	
Roads	703,016	807,658	
Infrastructure Other	66,312	77,174	
	<u>1,197,825</u>	<u>1,231,943</u>	
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 21 (a))	<u>34,769</u>	<u>52,415</u>	
	<u>34,769</u>	<u>52,415</u>	
(ii) Crediting as revenue:			
<b>Other revenue</b>			
Reimbursements and recoveries	0	29,049	
Other	<u>36,686</u>	<u>0</u>	
	<u>36,686</u>	<u>29,049</u>	
	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>			
- Reserve funds	41,771	58,160	51,708
- Other funds	18,763	40,250	18,250
Other interest revenue (refer note 26)	8,490	6,500	6,407
	<u>69,024</u>	<u>104,910</u>	<u>76,365</u>

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE 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 oriented programs which it has established.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

Administration and operations 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 service and animal control.

**HEALTH**

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

**EDUCATION AND WELFARE**

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

**HOUSING**

To provide and maintain staff housing and provision to the community if there is an overflow of housing that is surplus to council's requirements for staff.

**COMMUNITY AMENITIES**

**Objective:**

Rubbish collection services, operation of tips, administration of the town planning scheme, maintenance of cemeteries and townsite 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 AND SERVICES**

Private works operation, plant repair and operation costs.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

(c) Conditions Over Grants/Contributions	Grant/Contribution	Function/ Activity	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
			Balance <sup>(1)</sup> 1/07/13 \$	2013/14 \$	2013/14 \$	Balance <sup>(1)</sup> 30/06/14 \$	2014/15 \$	2014/15 \$	Balance 30/06/15 \$
Royalties for Regions 65% Non OJ Governance			(348,617)	0	0	(348,617)	357,489	0	8,872
RLCIP Federal Grant		Governance	30,000	0	0	30,000	0	(30,000)	0
Zero Waste Project (Phase 2)		Community Amenities	27,522	0	0	27,522	0	0	27,522
Park Upgrade Pingrup (RLCIP/2)		Rec & Culture	646	0	0	646	0	(646)	0
Park Upgrade Nyabing (RLCIP/2)		Rec & Culture	3,719	0	0	3,719	0	(3,719)	0
MRWA Direct Grant		Transport	0	125,227	(125,227)	0	0	0	0
Regional Road Group		Transport	(135,362)	110,560	(187,794)	(212,596)	19,200	0	(193,396)
Roads to Recovery		Transport	126,632	377,481	(354,878)	149,235	0	(149,235)	0
2011/12 BlackSpot		Transport	(12,613)	33,977	(89,795)	(68,431)	102,210	0	33,779
Water Treatment Plant		Economic	0	0	0	0	127,273	(96,452)	30,821
<b>Total</b>			<b>(308,073)</b>	<b>647,245</b>	<b>(757,694)</b>	<b>(418,522)</b>	<b>606,172</b>	<b>(280,052)</b>	<b>(92,402)</b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		929,336	554,182
Restricted		1,640,841	1,295,364
		<u>2,570,177</u>	<u>1,849,546</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	178,379	153,359
Plant Reserve	11	387,012	288,566
Building Reserve	11	251,139	141,507
Sewerage Reserve	11	142,650	128,446
Nyabing Recreation Reserve	11	17,597	34,778
Pingrup Recreation Ground Reserve	11	31,631	24,819
Computer Equipment Reserve	11	1,646	1,594
Water Provision Reserve	11	28,037	27,148
Cemetery Reserve	11	17,344	16,794
Refuse Disposal Facility Reserve	11	93,758	90,786
Admin Vehicle Reserve	11	89,336	31,897
Road Reserve	11	92,313	355,670
Landcare Reserve	11	10,000	0
Unspent grants	2(c)	(92,402)	(418,522)
Unspent loans	21(c)	140,000	0
		<u>1,388,440</u>	<u>876,842</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		80,588	34,618
Sundry debtors		46,672	43,595
GST receivable		39,997	14,123
		<u>167,257</u>	<u>92,336</u>
<b>Non-current</b>			
Rates outstanding - pensioners		6,851	5,903
		<u>6,851</u>	<u>5,903</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		56,986	62,903
		<u>56,986</u>	<u>62,903</u>
<b>Non-current</b>			
Land held for resale - cost			
Cost of acquisition		0	0
Development costs		0	0
		<u>0</u>	<u>0</u>

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	401,800	401,800
- Additions after valuation - cost	22,129	0
	423,929	401,800
	423,929	401,800
Non-specialised buildings at:		
- Independent Valuation 2014	4,617,649	4,617,649
- Additions after valuation - cost	596,093	0
Less: accumulated depreciation	(168,216)	0
	5,045,526	4,617,649
Specialised buildings at:		
- Independent Valuation 2014	3,595,000	3,595,000
Less: accumulated depreciation	0	0
	3,595,000	3,595,000
	8,640,526	8,212,649
Total land and buildings	9,064,455	8,614,449
Furniture and Equipment at:		
- Independent Valuation 2014	5,000	5,000
- Additions after valuation - cost	16,262	16,262
Less accumulated depreciation	(14,387)	(11,899)
	6,875	9,363
Plant and Equipment at:		
- Independent Valuation 2014	2,039,800	2,039,800
- Additions after valuation - cost	711,002	543,710
Less accumulated depreciation	(406,917)	(203,719)
	2,343,885	2,379,791
	11,415,215	11,003,603

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	401,800	22,129	0	0	0	(342)	0	423,587
<b>Total land</b>	<b>401,800</b>	<b>22,129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(342)</b>	<b>0</b>	<b>423,587</b>
Non-specialised buildings	4,617,649	885,895	(111,275)	(31,000)	0	(167,874)	(147,527)	5,045,868
Specialised buildings	3,595,000	0	0	0	0	0	0	3,595,000
<b>Total buildings</b>	<b>8,212,649</b>	<b>885,895</b>	<b>(111,275)</b>	<b>(31,000)</b>	<b>0</b>	<b>(167,874)</b>	<b>(147,527)</b>	<b>8,640,868</b>
<b>Total land and buildings</b>	<b>8,614,449</b>	<b>908,024</b>	<b>(111,275)</b>	<b>(31,000)</b>	<b>0</b>	<b>(168,216)</b>	<b>(147,527)</b>	<b>9,064,455</b>
Furniture and Equipment	9,363	0	0	0	0	(7,076)	4,588	6,875
Plant and Equipment	2,379,791	377,493	(181,527)	0	0	(253,205)	21,334	2,343,886
<b>Total property, plant and equipment</b>	<b>11,003,603</b>	<b>1,285,517</b>	<b>(292,802)</b>	<b>(31,000)</b>	<b>0</b>	<b>(428,497)</b>	<b>(121,605)</b>	<b>11,415,216</b>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Freehold land	Level 2	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Independent Valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Non-specialised buildings	Level 2	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Independent Valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Specialised buildings	Level 3	Current replacement cost utilising both observable and unobservable inputs being construction based on recent contract prices, current condition, residual values and remaining useful life.	Independent Valuers	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Furniture and Equipment</b>					
	Level 3	Current replacement costs, condition assessment, residual values and remaining estimated useful life.	Independent Valuers	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and Equipment</b>	Level 2	Open market values of similar assets adjusted for condition and comparability.	Independent Valuers	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Independent Valuation 2015	232,149,490	0
- Cost	0	48,080,018
Less accumulated depreciation	<u>0</u>	<u>(17,542,060)</u>
	232,149,490	30,537,958
Infrastructure Other		
- Independent Valuation 2015	3,124,696	0
- Additions after valuation - cost	139,619	0
- Cost	0	2,750,449
Less accumulated depreciation	<u>(139,619)</u>	<u>(791,225)</u>
	3,124,696	1,959,224
	<u>235,274,186</u>	<u>32,497,182</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

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

SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	30,537,958	1,221,566	0	201,058,858	0	(704,085)	35,193	232,149,490
Infrastructure Other	1,959,224	96,453	0	1,047,850	0	(65,242)	86,411	3,124,696
<b>Total infrastructure</b>	<b>32,497,182</b>	<b>1,318,019</b>	<b>0</b>	<b>202,106,708</b>	<b>0</b>	<b>(769,327)</b>	<b>121,604</b>	<b>235,274,186</b>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$202,106,708 in the net value of infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	inputs used
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure Other</b>	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	16,109	40,066
Accrued interest on debentures	12,144	13,089
Accrued salaries and wages	45,100	0
ATO liabilities	22,643	27,490
Excess Rates	10,854	0
GST	(2,542)	0
	<u>104,308</u>	<u>80,645</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	71,970	42,623
Lease liability	0	0
User defined	0	0
	<u>71,970</u>	<u>42,623</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	581,755	513,725
Lease liability	0	0
User defined	0	0
	<u>581,755</u>	<u>513,725</u>

Additional detail on borrowings is provided in Note 21.

The Shire did not have any long term borrowings at the reporting date.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2014</b>	133,415	103,260	236,675
Non-current provisions	0	24,966	24,966
	<u>133,415</u>	<u>128,226</u>	<u>261,641</u>
Additional provision	20,508	12,435	32,943
<b>Balance at 30 June 2015</b>	<u>153,923</u>	<u>140,661</u>	<u>294,584</u>
<b>Comprises</b>			
Current	153,923	128,993	282,916
Non-current	0	11,668	11,668
	<u>153,923</u>	<u>140,661</u>	<u>294,584</u>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening balance	153,359	153,359	148,088
Amount set aside / transfer to reserve	20,000	20,000	0
Transfer of Interest to Reserve	5,020	5,500	5,271
Amount used / transfer from reserve	0	0	0
	<u>178,379</u>	<u>178,859</u>	<u>153,359</u>
<b>(b) Plant Reserve</b>			
Opening balance	288,566	288,566	355,898
Amount set aside / transfer to reserve	89,000	89,000	150,000
Transfer of Interest to Reserve	9,446	11,000	12,668
Amount used / transfer from reserve	0	0	(230,000)
	<u>387,012</u>	<u>388,566</u>	<u>288,566</u>
<b>(c) Building Reserve</b>			
Opening balance	141,507	141,507	276,659
Amount set aside / transfer to reserve	105,000	100,000	0
Transfer of Interest to Reserve	4,632	11,000	9,848
Amount used / transfer from reserve	0	0	(145,000)
	<u>251,139</u>	<u>252,507</u>	<u>141,507</u>
<b>(d) Sewerage Reserve</b>			
Opening balance	128,446	128,446	119,203
Amount set aside / transfer to reserve	10,000	10,000	5,000
Transfer of Interest to Reserve	4,205	4,300	4,243
Amount used / transfer from reserve	0	0	0
	<u>142,650</u>	<u>142,746</u>	<u>128,446</u>
<b>(e) Nyabing Recreation Reserve</b>			
Opening balance	34,778	34,778	27,789
Amount set aside / transfer to reserve	6,000	6,000	6,000
Transfer of Interest to Reserve	1,138	1,000	989
Amount used / transfer from reserve	(24,320)	(6,000)	0
	<u>17,597</u>	<u>35,778</u>	<u>34,778</u>
<b>(f) Pingrup Recreation Ground Reserve</b>			
Opening balance	24,819	24,819	18,172
Amount set aside / transfer to reserve	6,000	6,000	6,000
Transfer of Interest to Reserve	812	700	647
Amount used / transfer from reserve	0	0	0
	<u>31,631</u>	<u>31,519</u>	<u>24,819</u>
<b>(g) Computer Equipment Reserve</b>			
Opening balance	1,594	1,594	1,539
Amount set aside / transfer to reserve	0	0	0
Transfer of Interest to Reserve	52	60	55
Amount used / transfer from reserve	0	0	0
	<u>1,646</u>	<u>1,654</u>	<u>1,594</u>
<b>(h) Water Provision Reserve</b>			
Opening balance	27,148	27,148	26,215
Amount set aside / transfer to reserve	0	0	0
Transfer of Interest to Reserve	889	1,000	933
Amount used / transfer from reserve	0	0	0
	<u>28,037</u>	<u>28,148</u>	<u>27,148</u>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(i) Cemetery Reserve</b>			
Opening balance	16,794	16,794	16,218
Amount set aside / transfer to reserve	0	0	0
Transfer of Interest to Reserve	550	0	576
Amount used / transfer from reserve	0	0	0
	<u>17,344</u>	<u>16,794</u>	<u>16,794</u>
<b>(j) Refuse Disposal Facility Reserve</b>			
Opening balance	90,786	90,786	97,322
Amount set aside / transfer to reserve	0	0	0
Transfer of Interest to Reserve	2,972	3,500	3,464
Amount used / transfer from reserve	0	0	(10,000)
	<u>93,758</u>	<u>94,286</u>	<u>90,786</u>
<b>(k) Admin Vehicle Reserve</b>			
Opening balance	31,897	31,897	30,800
Amount set aside / transfer to reserve	75,310	30,000	20,001
Transfer of Interest to Reserve	2,130	1,050	1,096
Amount used / transfer from reserve	(20,000)	(20,000)	(20,000)
	<u>89,336</u>	<u>42,947</u>	<u>31,897</u>
<b>(l) Road Reserve</b>			
Opening balance	355,670	355,670	512,431
Amount set aside / transfer to reserve	25,000	25,000	0
Transfer of Interest to Reserve	11,643	18,000	18,239
Amount used / transfer from reserve	0	0	(175,000)
	<u>392,313</u>	<u>398,670</u>	<u>355,670</u>
<b>(m) Landcare Reserve</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	60,000	60,000	0
Transfer of Interest to Reserve	0	1,050	0
Amount used / transfer from reserve	(50,000)	(50,000)	0
	<u>10,000</u>	<u>11,050</u>	<u>0</u>
<b>TOTAL RESERVES</b>	<u>1,640,842</u>	<u>1,623,524</u>	<u>1,295,364</u>
Total Opening balance	1,295,364	1,295,364	1,630,334
Total Amount set aside / transfer to reserve	439,798	404,160	245,030
Total Amount used / transfer from reserve	(94,320)	(76,000)	(580,000)
<b>TOTAL RESERVES</b>	<u>1,640,842</u>	<u>1,623,524</u>	<u>1,295,364</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**11. RESERVES - CASH BACKED (CONTINUED)**

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

- (a) Leave Reserve**  
- to be used to fund employee leave entitlements.
- (b) Plant Reserve**  
- to be used for the purchase of major plant.
- (c) Building Reserve**  
- to be used for the construction and/or capital maintenance of building infrastructure development and for land acquisition.
- (d) Sewerage Reserve**  
- to be used for upgrading and/or major maintenance of town sewerage schemes.
- (e) Nyabing Recreation Reserve**  
- to be used for the upgrading of sporting facilities in Nyabing.
- (f) Pingrup Recreation Ground Reserve**  
- to be used for the upgrading of sporting facilities in Pingrup.
- (g) Computer Equipment Reserve**  
- to be used for upgrading the main administration computer system and software.
- (h) Water Provision Reserve**  
- to be used providing water services to rural areas of the Shire.
- (i) Cemetery Reserve**  
- to be used the upgrading of the Nyabing and Pingrup Cemeteries.
- (j) Refuse Disposal Facility Reserve**  
- to be used for a transfer station to be placed at the Pingrup rubbish site.
- (k) Admin Vehicle Reserve**  
- to be used for future vehicle changeovers for the CEO, DCEO and Works Supervisors.
- (l) Road Reserve**  
- to be used for capital works on roads within the Shire of Kent for future years.
- (m) Landcare Reserve**  
- to be used for operational costs including wages, salaries and other costs for the NRM Officer. From time to time these funds will be transferred to the municipal account to cover such costs.

The leave and plant 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 2015**

**12. REVALUATION SURPLUS**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and buildings</b>		
Opening balance	6,363,212	0
Revaluation increment	31,000	6,634,684
Revaluation decrement	0	(271,472)
	<u>6,394,212</u>	<u>6,363,212</u>
<b>(a) Furniture and Equipment</b>		
Opening balance	0	0
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>0</u>	<u>0</u>
<b>(b) Plant and Equipment</b>		
Opening balance	62,545	62,545
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>62,545</u>	<u>62,545</u>
<b>(c) Roads</b>		
Opening balance	11,107,636	11,107,636
Revaluation increment	201,058,858	0
Revaluation decrement	0	0
	<u>212,166,494</u>	<u>11,107,636</u>
<b>(d) Infrastructure Other</b>		
Opening balance	0	0
Revaluation increment	985,850	0
Revaluation decrement	0	0
	<u>985,850</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<b>219,609,101</b>	<b>17,533,393</b>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>2,570,177</u>	<u>1,694,925</u>	<u>1,849,546</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	1,749,507	1,763,424	23,825
Non-cash flows in Net result:			
Depreciation	1,197,825	1,448,849	1,231,943
(Profit)/Loss on sale of asset	52,966	(53,351)	62,659
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(75,869)	(79,500)	68,305
(Increase)/Decrease in inventories	5,917	(17,805)	(7,200)
Increase/(Decrease) in payables	23,664	13,641	(21,085)
Increase/(Decrease) in provisions	32,943	20,641	(51,352)
Grants contributions for the development of assets	(478,899)	(1,853,395)	(522,018)
Net cash from operating activities	<u>2,508,054</u>	<u>1,242,504</u>	<u>785,077</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	0		100,000
Bank overdraft at balance date	0		0
Credit card limit	0		8,000
Credit card balance at balance date	0		0
<b>Total amount of credit unused</b>	<u>0</u>		<u>108,000</u>
<b>Loan facilities</b>			
Loan facilities - current	71,970		42,623
Loan facilities - non-current	581,755		513,725
<b>Total facilities in use at balance date</b>	<u>653,725</u>		<u>556,348</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>		<u>NIL</u>

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**14. CONTINGENT LIABILITIES**

The Shire of Kent has no contingent assets and contingent liabilities as at 30 June 2015.

	2015	2014
	\$	\$
<b>15. CAPITAL AND LEASING COMMITMENTS</b>		

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the 30 June 2015.

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the 30 June 2015.

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2015	2014
	\$	\$
Governance	573,818	591,267
Law, order, public safety	126,224	133,581
Housing	2,542,331	1,925,000
Community amenities	1,228,240	476,425
Recreation and culture	6,329,150	5,952,258
Transport	232,311,138	30,742,958
Economic services	326,509	402,665
Other property and services	2,862,413	2,909,185
Unallocated	3,190,848	2,378,134
	<u>249,490,671</u>	<u>45,511,473</u>

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

18. FINANCIAL RATIOS	2015	2014	2013
Current ratio	4.11	3.43	2.77
Asset sustainability ratio	2.12	1.44	1.71
Debt service cover ratio **	32.34	8.51	15.46
Operating surplus ratio	0.47	(0.17)	(0.06)
Own source revenue coverage ratio	0.62	0.66	0.64

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 54 of this document.

\*\* The Debt service cover ratio is considerably higher than the 2013/14 financial year. This is due to a major increase in general and road grants and also Royalties for Regions funding.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**19. TRUST FUNDS**

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Housing Bonds	3,492	3,728	(3,112)	4,108
Trust Other	178	10,500	(10,500)	178
BCITF & BRB Levy	0	2,416	(2,416)	0
	<u>3,670</u>			<u>4,286</u>

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
<b>Governance</b>						
Toyota Prado (0KT)	51,288	51,351	45,309	44,000	(5,979)	(7,351)
Toyota Rav4 (40KT)	23,997	35,882	19,091	20,000	(4,906)	(15,882)
Sale of 74 Reid St Pingrup	111,275	5,416	105,000	100,000	(6,275)	94,584
<b>Transport</b>						
Ford Ranger Utility (50KT)	40,734	35,000	32,527	30,000	(8,207)	(5,000)
Pacific Roller	13,226	15,000	7,000	10,000	(6,226)	(5,000)
Mitsub Canter (KT007)	33,766	28,000	23,636	20,000	(10,130)	(8,000)
Gianni Mower	18,517	0	7,274	0	(11,243)	0
	<u>292,803</u>	<u>170,649</u>	<u>239,837</u>	<u>224,000</u>	<u>(52,966)</u>	<u>53,351</u>

Profit	0	94,584
Loss	(52,966)	(41,233)
	<u>(52,966)</u>	<u>53,351</u>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Community amenities</b>	28,270	0	1,852	1,852	26,418	26,418	2,427	2,476
Loan 54, Nyabing Effluent								
<b>Economic Services</b>	0	140,000	0	0	140,000	0	0	0
Loan 93, ADSL Broadband								
<b>Other property and services</b>	38,715	0	4,511	4,511	34,204	34,204	2,446	2,489
Loan 88, Nyabing General Store	489,363	0	36,260	36,260	453,103	453,103	29,896	30,748
Loan 91, Various Duplexes	556,348	140,000	42,623	42,623	653,725	513,725	34,769	35,713

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

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 93, ADSL Broadband	140,000	0	WATC	Debenture	5	11,064	1.36%	0	0	140,000
	140,000	0				11,064		0	0	140,000

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 14 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 15 \$
Loan 93, ADSL Broadband	May 2015	0	140,000	0	140,000
		0	140,000	0	140,000

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2010 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2014 and 30 June 2015 was nil.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
<b>RATE TYPE</b>												
<b>General Rates</b>												
<b>Gross rental value valuations</b>												
GRV Residential/Commercial	0.1248	108	447,092	54,780	0	(169)	54,609	54,780	0	0	54,780	
<b>Unimproved value valuations</b>												
UV Rural	0.0109	371	176,480,500	1,918,837	0	0	1,918,835	1,925,932	0	0	1,925,932	
UV Mining	0.0109		0	0	0	0	0	0	0	0	0	
<b>Sub-Totals</b>		479	176,927,592	1,973,617	0	(169)	1,973,444	1,980,712	0	0	1,980,712	
<b>Minimum payment</b>	<b>Minimum \$</b>											
<b>Gross rental value valuations</b>												
GRV Residential/Commercial	410	22	54,780	9,020	0	0	9,020	9,020	0	0	9,020	
<b>Unimproved value valuations</b>												
UV Rural	410	9	1,925,932	3,690	0	0	3,690	3,690	0	0	3,690	
UV Mining	410	13	0	5,330	0	0	5,330	5,330	0	0	5,330	
<b>Sub-Totals</b>		44	1,980,712	18,040	0	0	18,040	18,040	0	0	18,040	
Ex-gratia rates							1,991,484				1,998,752	
Discounts/concessions (refer note 25)							27340				0	
<b>Total amount raised from general rate</b>							<b>2,018,824</b>				<b>1,998,752</b>	
Specified Area Rate (refer note 23)							0				0	
<b>Totals</b>							<b>2,018,824</b>				<b>1,998,752</b>	

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

**(b) Information on Surplus/(Deficit) Brought Forward**

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>766,355</u>	<u>392,101</u>	<u>392,101</u>
<b>Comprises:</b>			
Cash and cash equivalents			
Unrestricted	929,336	554,182	554,182
Restricted	1,640,841	1,295,364	1,295,364
Receivables			
Rates outstanding	80,588	34,618	34,618
Sundry debtors	46,672	43,595	43,595
GST receivable	39,997	14,123	14,123
Inventories			
Fuel and materials	56,986	62,903	62,903
<b>Less:</b>			
Trade and other payables			
Sundry creditors	(16,109)	(40,066)	(40,066)
Accrued interest on debentures	(12,144)	(13,089)	(13,089)
Accrued salaries and wages	(45,100)	0	0
ATO liabilities	(22,643)	(27,490)	(27,490)
Excess Rates	(10,854)	0	0
GST	2,542	0	0
Current portion of long term borrowings			
Secured by floating charge	(71,970)	(42,623)	(42,623)
Provisions			
Provision for annual leave	(153,923)	(133,415)	(133,415)
Provision for long service leave	(128,993)	(103,260)	(103,260)
<b>Net current assets</b>	<u>2,335,226</u>	<u>1,644,842</u>	<u>1,644,842</u>
<b>Less:</b>			
Reserves - restricted cash	(1,640,841)	(1,295,364)	(1,295,364)
<b>Add:</b>			
Secured by floating charge	71,970	42,623	42,623
<b>Surplus/(deficit)</b>	<u>766,355</u>	<u>392,101</u>	<u>392,101</u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**23. HEALTH RATE - 2014/15 FINANCIAL YEAR**

	Rate in \$	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Sewerage Rate</b>						
Nyabing Residential	0.0446	182,469	11,084	11,890	11,084	11,890
Nyabing Commercial	0.0446	60,580	4,344	3,895	4,344	3,895
Nyabing Vacant	319.00	12,137	608	657	608	657
Pingrup Residential	0.0516	108,524	7,776	6,960	7,776	6,960
Pingrup Commercial	0.0516	69,115	7,240	6,491	7,240	6,491
Pingrup Vacant	219.00	12,137	203	219	203	219
			31,255	30,112	31,255	30,112

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

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2014/15 FINANCIAL YEAR**

No Discount is offered.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council considers support of these groups necessary for the overall benefit of the community.

**26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	8,296	6,500
Charges on instalment plan		\$ 5.00	0	0
Pensioner deferred rate interest	0.00%	0	194	0
			8,490	6,500

**27. FEES & CHARGES**

	2015 \$	2014 \$
Governance	1,841	5,757
General purpose funding	2,222	2,155
Law, order, public safety	36,768	33,885
Health	215	226
Housing	86,516	74,737
Community amenities	56,904	58,209
Recreation and culture	3,160	8,293
Transport	281,272	355,255
Economic services	31,572	45,662
Other property and services	93,018	197,635
	<u>593,488</u>	<u>781,814</u>

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 2015**

**28. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	<b>2015</b>	<b>2014</b>
<b>By Nature or Type:</b>	<b>\$</b>	<b>\$</b>
Operating grants, subsidies and contributions	2,949,765	969,552
Non-operating grants, subsidies and contributions	478,899	522,018
	<u>3,428,664</u>	<u>1,491,570</u>
<b>By Program:</b>		
Governance	24,052	32,426
General purpose funding	2,227,132	541,270
Law, order, public safety	45,445	37,090
Health	98,762	0
Education and welfare	0	1,927
Housing	654,765	6,043
Community amenities	68,023	68,546
Recreation and culture	25,919	97,772
Transport	258,499	647,768
Economic services	0	0
Other property and services	26,067	58,728
	<u>3,428,664</u>	<u>1,491,570</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>27</u>	<u>26</u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	56,000	56,000	59,075
President's allowance	7,000	7,000	7,000
Travelling expenses	12,479	19,000	6,667
Childcare Expenses	0	5,000	250
Telecommunications allowance	8,000	8,000	8,406
	<u>83,479</u>	<u>95,000</u>	<u>81,398</u>

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2014/15.

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

If the Shire did participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	2,570,177	1,849,546	2,570,177	1,849,546
Receivables	174,108	98,239	174,108	98,239
	<u>2,744,285</u>	<u>1,947,785</u>	<u>2,744,285</u>	<u>1,947,785</u>
<b>Financial liabilities</b>				
Payables	104,307	80,643	110,115	80,645
Borrowings	653,725	556,348	436,208	395,181
	<u>758,032</u>	<u>636,991</u>	<u>546,323</u>	<u>475,826</u>

Fair value is determined as follows:

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

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	0	0
- Statement of Comprehensive Income	0	0
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	25,702	994
- Statement of Comprehensive Income	25,702	994

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	100%	100%
- Overdue	0%	0%
Percentage of other receivables		
- Current	100%	94%
- Overdue	0%	6%

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
Borrowings**

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

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

	<u>2015</u>	<u>2014</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	104,307	0	0	104,307	104,308
Borrowings	78,336	313,345	292,342	684,023	653,725
	<u>182,643</u>	<u>313,345</u>	<u>292,342</u>	<u>788,330</u>	<u>758,033</u>
Payables	80,645	0	0	80,645	80,645
Borrowings	78,336	391,680	296,671	766,687	556,348
	<u>158,981</u>	<u>391,680</u>	<u>296,671</u>	<u>847,332</u>	<u>636,993</u>

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

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

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
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**Year ended 30 June 2015**

**Borrowings**

<b>Fixed rate</b>								
Debtentures	0	0	0	26,418	0	487,307	513,725	6.45%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

**Year ended 30 June 2014**

**Borrowings**

<b>Fixed rate</b>								
Debtentures	0	0	0	0	28,270	528,078	556,348	6.45%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	8.90%	6.32%		

**SHIRE OF KENT  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2015	2014	2013
Asset consumption ratio	0.997	0.69911535	N/A
Asset renewal funding ratio	**	**	N/A

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

\*\* This information is not available at this time. Council are working towards the completion of their asset management plan, at which time this ratio will be calculatable.

## INDEPENDENT AUDIT REPORT TO THE SHIRE OF KENT

### Report on the Financial Report

We have audited the accompanying financial report of the Shire of Kent which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and rate setting 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*

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and 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 committee, 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.

Byfields Pty Ltd ACN 150 608 398

DIRECTORS: Andrew Northcott B.Com CPA • Craig Lane B.Com CPA • Dale Woodruff B.Bus CPA • Jon Bush B.Com CPA • Leanne Oliver B.Com CPA  
Neil Hooper B.Com CPA • Simon Northey B.Bus CPA • Glenn Waldock B.Bus CPA • Roger Thomson B.Bus CA • Brant Jansen B.Bus CPA

ASSOCIATES: Ian Jones B.Com CPA • Lea Williams B.Com CA • Ryan Naughton B.Com CPA • Tony Umbrello B.Bus CA

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### *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:

- i) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- ii) 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).



LEANNE OLIVER RCA  
Director

BYFIELDS  
BELMONT WA

Date: 30/11/2015