



Shire of Kent – Annual Report 2016/2017

# Shire of Kent



**Annual Report 2016/17**



## Shire of Kent – Annual Report 2016/2017

### TABLE OF CONTENTS

1.	Introduction	3
2.	Authority and Legislation	3
3.	Shire Presidents Report	4
4.	Chief Executive Officer	5
5.	Shire of Kent Council Members	8
6.	Organisational Chart	10
7.	Council Documents Employees Remuneration	11
8.	Additional Information	11
	➤ National Competition Policy and Legislation	11
	➤ Disclosure of Annual Salary	11
	➤ Section 5.121 Report	12
	➤ Adoption of Local Laws	12
	➤ Shire of Kent Community Strategic Plan	12
	➤ Freedom of Information	12
	➤ State Records Acts 2000	12
	➤ Disability Services Plan	13
	➤ Building Maintenance and Capital Improvements Report	14
	➤ Community Services	15
9.	Annual Financial Statements 2016/17	16
10.	Auditors Report	



## Shire of Kent – Annual Report 2016/2017

### 1. INTRODUCTION

The Shire of Kent is pleased to present the Annual Report for the 2016/2017 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 David Templeman MLA. The Shire of Kent operates under the provision of the Local Government Act 1995 (as amended).

#### SHIRE OFFICE LOCATIONS

Administration Centre: 24-26 Richmond Street, Nyabing  
Postal Address: PO Box 15, NYABING WA 6341  
Telephone: (08) 98291051  
Facsimile: (08) 98291083  
Email: [admin@kent.wa.gov.au](mailto:admin@kent.wa.gov.au)  
Office Hours: 8.30am to 4.30pm, Monday to Friday

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

#### SHIRE STATISTICS

**Area** 6552sq km  
**Position** 320km SE of Perth  
**Population** 540  
**Length of Roads** 224km sealed  
1206km gravel  
**Rateable Assessments** 486  
**Average Rainfall** 375mm  
**Average Max Temp** 23(C)  
**Average Min Temp** 9(C)

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

#### SUBURBS AND LOCALITIES

Pingrup; Nyabing

#### SIGNIFICANT LOCAL EVENTS

Pingrup Races – March each year

#### 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 2016/2017

### 3. SHIRE PRESIDENTS REPORT

It is with pleasure that I report on the activities of the Shire of Kent for the period 1 July 2016 to 30 June 2017. The Council finished the year with a surplus of \$2,419,685 before asset revaluations (\$1,591,297 including). The result is a healthy one and sees the continuation of prudent financial management of the Council's resources. The Shire of Kent continues to be in a strong financial position while maintaining a reasonable suite of services commensurate with our remote location.

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

This year has seen further works at the Pingrup Caravan Park. Burston Street Park and Memorial Park have seen finishing touches projects which were funded through Lotterywest funding. The South Fence Road re-sheeting project continued with ongoing Roads to Recovery funding, the Kukerin Road upgrade/stabilisation, Newdegate/Pingrup Road Black Spot projects and the continuation of works on North Needilup Road had continued State funding through the Regional Road Group.

Two new Multi-use Accommodation units were to be built during the year through R 4 R to provide housing for over 55's transitioning into retirement and/or staff housing. These units have been carried forward to 2017/18 due to funding body requirements. Two more housing units are planned as well as further staff housing next year.

The ongoing nature of the NRM Officer has been contingent on future funding and Paul Leoni continues to work hard to shore up his important role within the Shire. The Community Emergency Services Officer is 85% funded from external sources and this will continue for the next three years.

Council over the coming year will be reviewing the Community Strategic Plan and I encourage members of the community to participate in this process. There has been a community survey already and workshops and a public comment period will follow for community members to provide direction for the Council for the next 10 years. What the Council does in coming years is driven through this process so please make your thoughts known by making a submission.

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. Council is currently investigating funding opportunities for the redevelopment of the Pingrup Pavilion and further employee and community housing. A number of grant applications have been put forward in these areas.

This is my last year as Shire President and I have found the role interesting and rewarding as it has given me the opportunity to observe and compare our performance with other like Councils, to meet and discuss many industry wide issues with other neighbouring Councillors and Shire Presidents and to work closely with our staff on many ongoing matters that they and the Council must deal with in these challenging times. I would like to take this opportunity to thank Peter, all staff members and Councillors for their dedication and help throughout the year and my term as a councillor. Also my thanks go to Cr Renae Jury for her support as Deputy Shire President.

**CR MEGAN TUFFLEY**  
**SHIRE PRESIDENT**



## Shire of Kent – Annual Report 2016/2017

### 4. CHIEF EXECUTIVE OFFICERS REPORT

It is with great pleasure that I present my report for the 2016/2017 financial year, a year that continued to focus on future planning and provided many challenges for our small workforce.

#### Long Term Planning

Council Staff have commenced working on a five year fully costed budget that will likely fulfil the obligations of the Long Term Financial Plan, Asset Management Plan and the Corporate Business Plan. This document will be a fully costed and balanced, detailed snapshot or forecast for the next five years. It is envisaged that the document will be ready for the 2018/19 budget year and will be presented to the Department for Local Government for review.

This single document approach is designed not only to simplify the longer term planning for the Shire but also to give certainty that there are no surprises, speed up the annual budget process and also meet the long term planning requirements under the Local Government Act

#### Financial Performance

The Shire of Kent continued to maintain a strong financial position throughout the 2016-2017 financial year. Some of the highlights are as follows:

- The year finished with \$2,162,047 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. Notably all of Council's employee leave liabilities are now cash backed. Council is also putting away monies for future road projects, replacement of the sewerage system in each town, further housing and maintenance of existing housing and the future replacement of plant and vehicles.

#### Financial Ratios

Three of the 2017 ratios were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017. The early payment of the grant increased operating revenue in 2017 by \$683,642.

Three of the 2016 and 2015 ratios were also distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015. The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$639,164.

- **Current ratio** – (indicates the Shire's ability to meet short term debt obligations) Council's ratio is 12.05 where the standard is met if the ratio is greater than 1.0. We finished in a very strong position financial 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 1.25 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 28.01 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



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

is considerably higher than the 2015-16 financial year due to a major increase in Federal Road Grants, general and special purpose grants.

- **Operating Surplus Ratio** – (indicates the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes). Our ratio is 0.50 where a basic standard is met if the ratio is between 0.01 and 0.15. Council exceeds the basic standard because of the recognition of federal grant funding in 2016/17 that related to the 2017/18 financial year. Council would have achieved the standard had that funding been recognised in the year it related to at 0.15.
- **Own Source Revenue Coverage Ratio** – (indicates the Shire's ability to cover its costs through its own revenue effort). This year the ratio is 0.61 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 0.99 where the standard is met if the ratio is 0.5 or greater. Council exceeds 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 2016-2017 budget was adopted by Council on 1 August 2016 and included an overall rate increase of 2.0%. With the assistance of funding through Roads to Recovery and the Regional Road Group program Council completed the following major road projects:-

- North Needilup Road – (Gravel Re-sheet)
- Kukerin Road – (widen and reseal)
- South Fence Road – (Gravel Re-sheet)
- Newdegate-Pingrup Road – (various Black Spot projects)
- Dumbleyung Road – (Widening of S bend)

##### Lotteries Commission Funded Projects

##### Memorial Park and Burston Street Park

Completion of toilets and exercise equipment

##### 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.



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

The construction of a Waste Transfer Station in Nyabing has been completed in preparation for the change to Regional Waste Model. This will lead to restricted use of the site in the future as the systems are put in place for the regional model.

##### Other Projects

###### Coates Close Subdivision

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

###### Staff Accommodation Units

Two housing units were completed to be funded entirely from Royalties for Regions and own source funds at over \$620,000. These units provide housing for well-aged persons transitioning into retirement and wishing to remain within the community or staff. These housing units will be multi-purpose.

###### Pingrup Pavilion

Preliminary plans have been compiled for an upgrade to the Pingrup Pavilion. This will include extensions to the changerooms, extensions to the function area and Kitchen and the renovation to the kitchen with the provision of a coolroom and extended bar area. Council has sought funding of \$150,000 from the GSDC and an \$80,000 grant has been made through the CSRFF program as well. Along with Councils already budgeted contribution and contributions from community bodies this project is fully funded and will commence early into the 2017/18 financial year with completion prior to the 2018 Pingrup Races.

###### 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 Government.

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. The ever increasing compliance requirements, planning documents and changes in working frameworks that come from many Government Departments has seen staff numbers increase slightly over the last 6 years and this is driven by risk management, requirements to benchmark, a "one size fits all mentality" in State Government, greater requirement for long term, complex planning documents and the push for greater accountability and transparency of the industry as a whole.

It is hoped that with the recent change of government the climate will change somewhat and that the relationship between the State and Local Governments improves and becomes a more collaborative environment to work within.

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**



Shire of Kent – Annual Report 2016/2017

5. SHIRE OF KENT COUNCIL MEMBERS - 2016/2017



Back Row – Cr Alan Smith), Cr Mark Stephens, Cr Grant Collins, Cr Scott Crosby, Cr Gordon Browne  
 Front Row – Cr Renae Jury (Deputy Shire President), Cr Megan Tuffley (Shire President), Cr Tim Borgward

COUNCILLORS	PHONE	FAX
MJ (Megan) Tuffley	9829 1076	9829 1076
RA (Renae) Jury	9820 1080	9820 1007
A (Alan) Smith	9820 1046	9820 1003
G (Grant) Collins	9829 6016	9829 6029
GD (Gordon) Browne	9829 1014	9829 1141
M (Mark) Stephens	0427 557 107	
S (Scott) Crosby	0427 291 115	
T (Tim) Borgward	0429 082 915	

**COUNCIL MEETINGS**

Ordinary Council Meetings are held on the third Wednesday of each month, with the exception of January, in the Council Chambers at the Shire administration office, 24-26 Richmond Street, Nyabing from 4:30pm. All meetings are open to the public. Special Meetings of Council are held as and when they are needed. Minutes of the meetings are available on the Shire's website: [www.kent.wa.gov.au](http://www.kent.wa.gov.au)

**ANNUAL MEETING OF ELECTORS**

An Annual Meeting of Electors is held each financial year in accordance with the Local Government (Administration) Regulations 1996 and the Local Government Act 1995 Part 5, Division 2, Subdivision 4. The purpose of the meeting is to present the Annual Report and Auditor's Report to electors.



## Shire of Kent – Annual Report 2016/2017

### COUNCIL ELECTIONS

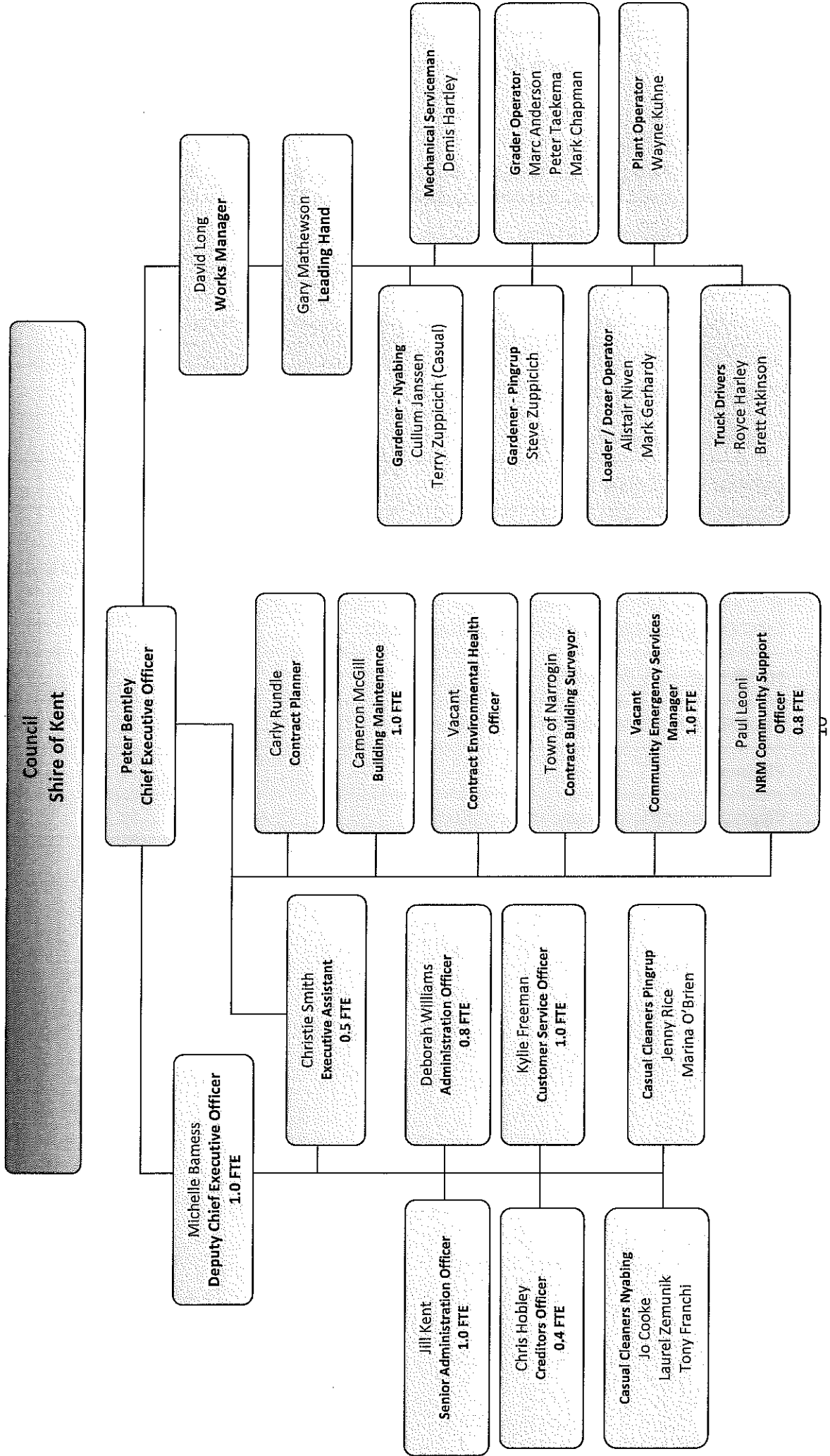
Councillors are elected for four-year terms with council elections held every two years on the third Saturday in October. The next council election will be held in October 2017.

### COUNCIL DELEGATES TO EXTERNAL COMMITTEES

<b>COMMITTEE</b>	<b>REPRESENTATIVE</b>
Great Southern Recreational Advisory Group	Cr A Smith, Cr T Borgward Cr S Crosby (PROXY)
WALGA Great Southern Zone	Cr M Tuffley, Cr R Jury Cr M Stephens (PROXY)
Regional Road Group	Cr G Collins, Cr G Browne Cr T Borgward (PROXY)
Hidden Treasures of the Great Southern	Mrs C Crosby
Audit Committee	Cr M Tuffley, Cr R Jury, Cr G Collins, Cr A Smith, Cr S Crosby (PROXY)
Local Emergency Management Committee (LEMC)	Cr G Collins, Cr G Browne Cr S Crosby (PROXY)
Bushfire Advisory Committee	Cr S Crosby, Cr G Collins Cr G Browne (PROXY)
Great Southern Development Commission	Cr M Tuffley, Cr R Jury, Cr A Smith, Cr G Browne
Pingrup CRC	Cr M Tuffley, Cr R Jury (PROXY)
Pingrup Ground Improvement Committee	Cr A Smith
Nyabing Sports Club Committee	Cr M Tuffley



## 6. ORGANISATIONAL STRUCTURE





## Shire of Kent – Annual Report 2016/2017

### 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) Plan
- Code of Conduct – Members and Staff
- Council Minutes
- Policy Manual
- Local Laws
- Delegations Register
- Rates Assessment Book
- Community Strategic Plan
- Sewerage Asset Management
- Freedom of Information

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
- Shire Website
- FaceBook Page
- SMS Message Service
- Community Email

### 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 Kent reports:

- ❖ The Shire of Kent during 2016-2017 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:



## **DISCLOSURE OF ANNUAL SALARY (cont.)**

- ❖ 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 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:-

1. Building a sense of community;
2. Preserving and sustaining our natural environment;
3. Enhanced lifestyle choices; and
4. Maximise business and employment opportunities; and
5. Strengthen shire leadership.

These plans have been developed with community consultation and input and represent the community aspirations for the district. It is a requirement that these 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 2016-2017 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.



## 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 last review completed in 2014-2015 showed that the Shire of Kent's Recordkeeping Plan is compliant in all areas. The next review of the Shire of Kent's Record Keeping Plan is due on 2019-2020.

## DISABILITY SERVICES PLAN

Section 29(m) of the *Disability Services Act 1993* requires the Shire to report on the following seven 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 2015 -2016, 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.



## DISABILITY SERVICES PLAN (cont.)

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

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 2016-17 year to Council residential and public buildings. Some of the major projects are outlined below:

<b>Administration Building</b>	- Upgrade of Customer Service Counter and Stationery storage unit
<b>13 (Lot 20) Aspendale St</b>	- Refurbish laundry/bathroom
<b>5 George St</b>	- Upgrade floor coverings in passageway and kitchen
<b>2/160 Hobley St</b>	- External painting, separate reticulation system
<b>1/5 Gaby St</b>	- External painting
<b>2/1 Coates Cl</b>	- External painting
<b>2/5 Gaby St</b>	- External painting
<b>1/1 Coates Cl</b>	- External painting
<b>1/160 Hobley St</b>	- External painting
<b>10 Reid St</b>	- External painting
<b>8 Reid St</b>	- External and internal painting
<b>Pingrup Hall</b>	- Replace ceiling in kitchen, replace septic tanks
<b>Pingrup Caravan Park</b>	- Refurbish Ladies Ablution block
<b>Pingrup Standpipe</b>	- Upgrade power supply
<b>Nyabing Depot</b>	- Repair workshop roof, install waste oil tank, upgrade rollers to shed door

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

### LIBRARY SERVICES

The Shire has Library facilities in Nyabing and Pingrup. As the Pingrup Library is co-located with the Pingrup Community Resource Centre (CRC), Library users were also able to access basic Library services, such as borrowing and returning books. This longstanding model of delivery will continue into the future.

## COMMUNITY SERVICES UPDATE (cont.)

### COMMUNITY FINANCIAL ASSISTANCE

The Shire supports a variety of community organisations throughout the Shire. In 2016/17 the Shire provided \$17,378 to community groups and organisations including:

- Pingrup Races
- A Smart Start
- Nyabing P & C
- Pingrup P & C
- Pingrup CRC
- Pingrup Sub Centre
- Nyabing CWA
- Nyabing Community Church
- Pingrup Community Church
- Nyabing Historical Society
- Hidden Treasures
- Nyabing Golf Club

### RANGER SERVICES

Western Australia Contract Ranger Services (WACRS) were engaged by the Shire in 2016/2017 to provide Ranger Services to the Shire of Kent. Throughout the 2016/2017 financial year, the Rangers visited Nyabing and Pingrup residents to introduce themselves and to advise of the services they provide.

Initially, WACRS visited once a week to conduct door to door visits and then gradually extended the time between visits until it was felt that a period of four hours once per month was all that was required, unless there was situation that warranted their presence outside of this regular schedule.

A microchipping service was provided at the Shire Administration building by WACRS due to the legal requirement for all dogs and cats over a certain age to be microchipped. A number of animals, mainly cats, have also microchipped 'in home' since that day.

### WESTERN AUSTRALIAN NATURAL DISASTER RELIEF RECOVERY ARRANGEMENTS

In February 2017 the Shire experienced a significant rainfall event. The Shire sustained nearly \$3.0M worth of damage to the road and drainage infrastructure. This was declared an eligible event under Western Australian Natural Disaster Relief Recovery Arrangements (WANDRRA). The initial reinstatement works to open roads and make them trafficable was undertaken in the 2016/17 financial year and the restoration work will continue into the 2017/18 and 2018/19 financial years.

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 2017**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	9
Supplementary Ratio Information	55
	57

Principal place of business:  
24-26 Richmond Street  
NYABING WA 6341

SHIRE OF KENT  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

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

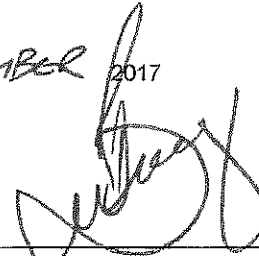
STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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

30

day of ~~NOVEMBER~~ 2017



J P Bentley  
Chief Executive Officer

**SHIRE OF KENT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	23	2,151,219	2,148,433	2,102,549
Operating grants, subsidies and contributions	30	2,518,545	1,670,525	1,449,898
Fees and charges	29	485,082	639,372	557,859
Interest earnings	2(a)	95,157	85,500	103,231
Other revenue	2(a)	654,443	40,950	87,362
		<u>5,904,446</u>	<u>4,584,780</u>	<u>4,300,899</u>
<b>Expenses</b>				
Employee costs		(1,709,654)	(1,734,770)	(1,782,558)
Materials and contracts		(697,577)	(1,092,838)	(874,070)
Utility charges		(122,298)	(142,978)	(128,394)
Depreciation on non-current assets	2(a)	(1,566,149)	(1,398,464)	(1,224,567)
Interest expenses	2(a)	(31,204)	(32,520)	(35,473)
Insurance expenses		(148,345)	(151,126)	(139,955)
Other expenditure		(261,224)	(434,023)	(337,824)
		<u>(4,536,451)</u>	<u>(4,986,719)</u>	<u>(4,522,841)</u>
		1,367,995	(401,939)	(221,942)
Non-operating grants, subsidies and contributions	30	1,022,561	1,009,125	1,443,393
Profit on asset disposals	21	59,603	52,436	22,352
(Loss) on asset disposals	21	(30,474)	(37,591)	(4,562)
<b>Net result</b>		<u>2,419,685</u>	<u>622,031</u>	<u>1,239,241</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(828,388)	508,605	(1,388)
<b>Total other comprehensive income</b>		<u>(828,388)</u>	<u>508,605</u>	<u>(1,388)</u>
<b>Total comprehensive income</b>		<u>1,591,297</u>	<u>1,130,636</u>	<u>1,237,853</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 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		3,516	16,500	12,690
General purpose funding		4,199,119	3,504,983	2,830,545
Law, order, public safety		465,622	188,728	157,813
Education and welfare		0	500	0
Housing		79,660	96,500	243,179
Community amenities		269,958	158,069	244,024
Recreation and culture		233,332	2,450	48,967
Transport		404,541	458,400	571,225
Economic services		52,677	36,900	49,878
Other property and services		196,021	121,750	142,578
		<u>5,904,446</u>	<u>4,584,780</u>	<u>4,300,899</u>
<b>Expenses</b>	2(a)			
Governance		(429,863)	(567,328)	(406,472)
General purpose funding		(95,041)	(147,359)	(80,082)
Law, order, public safety		(157,823)	(241,671)	(178,684)
Health		(25,599)	(29,418)	(6,791)
Education and welfare		(14,629)	(16,524)	(13,803)
Housing		(167,086)	(153,701)	(115,450)
Community amenities		(377,625)	(409,890)	(321,388)
Recreation and culture		(639,973)	(685,809)	(607,984)
Transport		(2,215,692)	(2,312,717)	(2,399,258)
Economic services		(177,401)	(223,243)	(206,691)
Other property and services		(204,515)	(166,539)	(150,765)
		<u>(4,505,247)</u>	<u>(4,954,199)</u>	<u>(4,487,368)</u>
<b>Finance costs</b>	2(a)			
Housing		(24,524)	(25,475)	(26,887)
Community amenities		(2,066)	(2,308)	(2,254)
Economic services		(2,830)	(2,903)	(4,231)
Other property and services		(1,784)	(1,834)	(2,101)
		<u>(31,204)</u>	<u>(32,520)</u>	<u>(35,473)</u>
		1,367,995	(401,939)	(221,942)
Non-operating grants, subsidies and contributions	30	1,022,561	1,009,125	1,443,393
Profit on disposal of assets	21	59,603	52,436	22,352
(Loss) on disposal of assets	21	(30,474)	(37,591)	(4,562)
<b>Net result</b>		<u>2,419,685</u>	<u>622,031</u>	<u>1,239,241</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(828,388)	508,605	(1,388)
<b>Total other comprehensive income</b>		<u>(828,388)</u>	<u>508,605</u>	<u>(1,388)</u>
<b>Total comprehensive income</b>		<u>1,591,297</u>	<u>1,130,636</u>	<u>1,237,853</u>

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

**SHIRE OF KENT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,718,281	2,659,490
Trade and other receivables	4	105,672	228,292
Inventories	5	59,496	79,976
<b>TOTAL CURRENT ASSETS</b>		<u>4,883,449</u>	<u>2,967,758</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	8,772	7,844
Property, plant and equipment	6	11,128,475	11,991,728
Infrastructure	7	236,204,148	235,743,552
<b>TOTAL NON-CURRENT ASSETS</b>		<u>247,341,395</u>	<u>247,743,124</u>
<b>TOTAL ASSETS</b>		<u>252,224,844</u>	<u>250,710,882</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	146,245	151,013
Current portion of long term borrowings	9	79,672	75,705
Provisions	10	266,755	272,572
<b>TOTAL CURRENT LIABILITIES</b>		<u>492,672</u>	<u>499,290</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	426,377	506,049
Provisions	10	38,592	29,637
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>464,969</u>	<u>535,686</u>
<b>TOTAL LIABILITIES</b>		<u>957,641</u>	<u>1,034,976</u>
<b>NET ASSETS</b>		<u>251,267,203</u>	<u>249,675,905</u>
<b>EQUITY</b>			
Retained surplus		30,368,838	28,256,358
Reserves - cash backed	12	2,119,040	1,811,834
Revaluation surplus	13	218,779,325	219,607,713
<b>TOTAL EQUITY</b>		<u>251,267,203</u>	<u>249,675,905</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 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		27,188,108	1,640,843	219,609,101	248,438,052
Comprehensive income					
Net result		1,239,241	0	0	1,239,241
Changes on revaluation of assets				(1,388)	(1,388)
Total comprehensive income	13	<u>1,239,241</u>	<u>0</u>	<u>(1,388)</u>	<u>1,237,853</u>
Transfers from/(to) reserves		(170,991)	170,991	0	0
<b>Balance as at 30 June 2016</b>		<b>28,256,358</b>	<b>1,811,834</b>	<b>219,607,713</b>	<b>249,675,905</b>
Comprehensive income					
Net result		2,419,685	0	0	2,419,685
Changes on revaluation of assets				(828,388)	(828,388)
Total comprehensive income	13	<u>2,419,685</u>	<u>0</u>	<u>(828,388)</u>	<u>1,591,297</u>
Transfers from/(to) reserves		(307,206)	307,206	0	0
<b>Balance as at 30 June 2017</b>		<b>30,368,838</b>	<b>2,119,040</b>	<b>218,779,325</b>	<b>251,267,202</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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,100,736	2,136,433	2,128,938
Operating grants, subsidies and contributions		2,625,399	2,170,525	1,372,013
Fees and charges		513,665	639,372	557,859
Interest earnings		95,157	85,500	103,231
Goods and services tax		0	4,500	(10,532)
Other revenue		654,443	40,950	87,362
		<u>5,989,400</u>	<u>5,077,280</u>	<u>4,238,871</u>
<b>Payments</b>				
Employee costs		(1,710,269)	(1,711,770)	(1,799,147)
Materials and contracts		(676,981)	(1,517,396)	(825,590)
Utility charges		(122,298)	(142,978)	(128,394)
Interest expenses		(32,335)	(32,520)	(36,024)
Insurance expenses		(148,345)	(151,126)	(139,955)
Goods and services tax		36,739	0	0
Other expenditure		(261,224)	(434,023)	(337,824)
		<u>(2,914,713)</u>	<u>(3,989,813)</u>	<u>(3,266,934)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>3,074,687</u>	<u>1,087,467</u>	<u>971,937</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of Land held for resale		0	0	0
Payments for purchase of property, plant & equipment		(1,076,904)	(2,156,000)	(1,166,946)
Payments for construction of infrastructure		(1,293,150)	(1,577,061)	(1,262,127)
Advances to community groups		0	0	0
Non-operating grants, subsidies and contributions		1,022,561	1,009,125	1,443,393
Proceeds from sale of fixed assets		407,303	206,000	175,029
Proceeds from disposal of investments		0	0	0
Proceeds from advances		0	0	0
<b>Net cash provided by (used in) investment activities</b>		<u>(940,190)</u>	<u>(2,517,936)</u>	<u>(810,651)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(75,705)	(75,705)	(71,970)
Grants for the Development of Assets		0	934,767	0
Proceeds from new debentures		0	0	0
<b>Net cash provided by (used in) financing activities</b>		<u>(75,705)</u>	<u>859,062</u>	<u>(71,970)</u>
<b>Net increase (decrease) in cash held</b>		2,058,792	(571,407)	89,316
Cash at beginning of year		2,659,490	2,997,023	2,570,177
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u><u>4,718,284</u></u>	<u><u>2,425,616</u></u>	<u><u>2,659,493</u></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 2017**

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<u>732,337</u>	<u>864,161</u>	<u>766,354</u>
<b>Revenue from operating activities (excluding rates)</b>			
Governance	3,516	23,936	12,690
General purpose funding	2,076,482	1,356,550	727,996
Law, order, public safety	465,622	188,728	157,813
Education and welfare	0	500	0
Housing	79,660	96,500	243,179
Community amenities	269,958	158,069	244,024
Recreation and culture	233,332	2,450	48,967
Transport	464,144	503,400	593,577
Economic services	52,677	36,900	49,878
Other property and services	196,021	121,750	142,578
	<u>3,841,412</u>	<u>2,488,783</u>	<u>2,220,702</u>
<b>Expenditure from operating activities</b>			
Governance	(429,863)	(567,328)	(407,959)
General purpose funding	(95,041)	(147,359)	(80,082)
Law, order, public safety	(157,823)	(241,671)	(178,684)
Health	(25,599)	(29,418)	(6,791)
Education and welfare	(14,629)	(16,524)	(13,803)
Housing	(191,610)	(179,176)	(142,337)
Community amenities	(379,691)	(412,198)	(323,642)
Recreation and culture	(639,973)	(685,809)	(607,984)
Transport	(2,246,166)	(2,350,308)	(2,402,333)
Economic services	(180,231)	(226,146)	(210,922)
Other property and services	(206,299)	(168,373)	(152,866)
	<u>(4,566,925)</u>	<u>(5,024,310)</u>	<u>(4,527,403)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	21	(59,603)	52,436
Loss on disposal of assets	21	30,474	(37,591)
Movement in deferred pensioner rates (non-current)		(928)	0
Movement in employee benefit provisions (non-current)		8,955	0
Depreciation and amortisation on assets	2(a)	1,566,149	1,398,464
<b>Amount attributable to operating activities</b>		<u>1,551,871</u>	<u>(258,057)</u>
			<u>(316,594)</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		1,022,561	1,009,125
Proceeds from disposal of assets	21	407,303	206,000
Purchase of land held for resale		0	0
Purchase of property, plant and equipment	6(b)	(1,076,904)	(2,156,000)
Purchase and construction of infrastructure	7(b)	(1,293,150)	(1,577,061)
<b>Amount attributable to investing activities</b>		<u>(940,190)</u>	<u>(2,517,936)</u>
			<u>(810,651)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of debentures	22(a)	(75,705)	(75,705)
Grants for the Development of Assets		0	934,767
Transfers to reserves (restricted assets)	12	(464,280)	(399,672)
Transfers from reserves (restricted assets)	12	157,074	168,170
<b>Amount attributable to financing activities</b>		<u>(382,911)</u>	<u>627,560</u>
			<u>(242,961)</u>
<b>Surplus(deficiency) before general rates</b>		<u>228,770</u>	<u>(2,148,433)</u>
<b>Total amount raised from general rates</b>	23	<u>2,122,637</u>	<u>2,148,433</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u>2,351,410</u>	<u>0</u>
			<u>732,343</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 2017**

**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 20 to these financial statements.

**(a) 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.

**(b) 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 2017**

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

**(c) 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.

**(d) 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.

**(e) 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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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 2017**

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

**(e) Fixed Assets (Continued)**

***Land under control***

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

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

***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 2017**

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

**(e) 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	50 years
Furniture and equipment	10 years
Heavy Plant and equipment	12 years
Light Plant and Equipment	7 years
Sedan-type vehicles	10 years
Electronic Equipment	3 years
Sealed roads and streets	
- formation	not depreciated
- pavement	50 years
seal	
- 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.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(f) 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 2017**

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

**(f) 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 in accordance with the regulatory framework.

**(g) 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 2017**

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

**(g) 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 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 2017**

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

**(g) 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.

**(h) 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.

**(i) 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 2017**

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

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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 2017**

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

**(n) 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.

**(o) 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

**(p) 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.

**(q) 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 2017**

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

**(r) 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.

**(s) Rounding Off Figures**

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

**(t) 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.

**(u) 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 2017**

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

**(v) 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 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating



**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>-Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

**Notes:**

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

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

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	13,610	10,271
- Other Services	1,800	11,000
<b>Depreciation</b>		
Buildings - non-specialised	144,858	158,780
Furniture and equipment	1,890	3,420
Plant and equipment	586,847	261,574
Infrastructure - Roads	706,492	703,482
Infrastructure - Other	126,062	97,311
	<u>1,566,149</u>	<u>1,224,567</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 22 (a))	31,204	35,473
	<u>31,204</u>	<u>35,473</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Other	654,443	87,362
	<u>654,443</u>	<u>87,362</u>
	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		
- Reserve funds	45,543	46,992
- Other funds	32,578	38,963
Other interest revenue (refer note 28)	17,036	17,276
	<u>95,157</u>	<u>103,231</u>
	<u>85,500</u>	<u>103,231</u>

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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**

Rubbish collection services, operation of refuse sites, 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 operational costs.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Governance</b>							
Royalties for Regions 65% NO	8,872	0	0	8,872			8,872
<b>General purpose funding</b>							
<b>Law, order, public safety</b>							
DFES Fire Truck	0	351,425	(351,425)	0	389,378	(389,378)	0
<b>Community amenities</b>							
Zero Waste Project (phase 2)	27,522	0	0	27,522			27,522
Water Treatment Plant	30,821	0	0	30,821			30,821
Landcare Grants	0	0	0	0	136,272	(92,777)	43,495
<b>Transport</b>							
Regional Road Group	(193,396)	52,000	(40,111)	(181,507)	112,000	(254,316)	(323,823)
Roads to Recovery	0	934,968	(725,167)	209,801	809,228	(743,342)	275,687
2011/12 Blackspot	33,779	105,000	(160,928)	(22,149)	101,333	(98,750)	(19,566)
<b>Total</b>	<b>(92,402)</b>	<b>1,443,393</b>	<b>(1,277,631)</b>	<b>73,360</b>	<b>1,548,211</b>	<b>(1,578,563)</b>	<b>43,008</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 2017**

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		2,556,234	847,656
Restricted		2,162,047	1,811,834
		<u>4,718,281</u>	<u>2,659,490</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	12	285,056	203,657
Reserves cash backed - Plant Reserve	12	588,772	428,026
Reserves cash backed - Building Reserve	12	314,771	258,286
Reserves cash backed - Sewerage Reserve	12	241,649	196,710
Reserves cash backed - Nyabing Recreation Reserve	12	34,759	24,098
Reserves cash backed - Pingrup Recreation Reserve	12	88,853	80,824
Reserves cash backed - Computer Equipment Reserve	12	0	1,693
Reserves cash backed - Water Provision Reserve	12	29,559	28,634
Reserves cash backed - Cemetery Reserve	12	18,285	17,837
Reserves cash backed - Refuse Disposal Facility Reserve	12	83,666	96,426
Reserves cash backed - Admin Vehicle Reserve	12	45,774	111,878
Reserves cash backed - Road Reserve	12	362,352	353,478
Reserves cash backed - Landcare Reserve	12	25,543	10,285
Unspent grants	2(c)	43,008	73,360
		<u>2,162,047</u>	<u>1,885,192</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		74,179	53,206
Sundry debtors		17,703	124,557
GST receivable		13,790	50,529
		<u>105,672</u>	<u>228,292</u>
<b>Non-current</b>			
Rates outstanding - pensioners		8,772	7,844
		<u>8,772</u>	<u>7,844</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:			
<b>Rates outstanding</b>		<u>74,179</u>	<u>53,206</u>
Includes:			
Past due and not impaired		74,179	53,206
Impaired		0	0
<b>Sundry debtors</b>		<u>17,703</u>	<u>124,557</u>
Includes:			
Past due and not impaired		17,703	124,557
Impaired		0	0
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		59,496	79,976
		<u>59,496</u>	<u>79,976</u>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2017 - level 2	64,000	0
- Independent valuation 2017 - level 3	302,300	0
- Independent valuation 2014 - level 2	0	401,800
- Additions after valuation - cost	9,162	22,129
	<u>375,462</u>	<u>423,929</u>
	<u>375,462</u>	<u>423,929</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	2,550,555	0
- Independent valuation 2017 - level 3	2,480,893	0
- Independent valuation 2014 - level 2	0	4,617,649
- Additions after valuation - cost	0	599,329
Buildings - non-specialised - Less: accumulated depreciation	0	(286,312)
	<u>5,031,448</u>	<u>4,930,666</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	2,578,600	0
- Independent valuation 2014 - level 3	0	3,595,000
Buildings - specialised - Less: accumulated depreciation	0	0
	<u>2,578,600</u>	<u>3,595,000</u>
	<u>7,610,048</u>	<u>8,525,666</u>
Total land and buildings	<u>7,985,510</u>	<u>8,949,595</u>
Furniture and equipment at:		
- Independent valuation 2016	19,949	19,949
Furniture and equipment - Less: accumulated depreciation	(8,057)	(6,167)
	<u>11,892</u>	<u>13,782</u>
Plant and equipment at:		
- Independent valuation 2016	2,493,925	2,676,926
- Additions after valuation - cost	1,158,502	351,425
Plant and equipment - Less: accumulated depreciation	(521,354)	0
	<u>3,131,073</u>	<u>3,028,351</u>
	<u>11,128,475</u>	<u>11,991,728</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. 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 2017

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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	423,929	9,162	0	(57,629)	0	0	0	0	375,462
<b>Total land</b>	<b>423,929</b>	<b>9,162</b>	<b>0</b>	<b>(57,629)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>375,462</b>
Buildings - non-specialised	4,930,666	0	0	245,641	0	0	(144,858)	0	5,031,448
Buildings - specialised	3,595,000	0	0	(1,016,400)	0	0	0	0	2,578,600
<b>Total buildings</b>	<b>8,525,666</b>	<b>0</b>	<b>0</b>	<b>(770,759)</b>	<b>0</b>	<b>0</b>	<b>(144,858)</b>	<b>0</b>	<b>7,610,048</b>
<b>Total land and buildings</b>	<b>8,949,595</b>	<b>9,162</b>	<b>0</b>	<b>(828,388)</b>	<b>0</b>	<b>0</b>	<b>(144,858)</b>	<b>0</b>	<b>7,985,510</b>
Furniture and equipment	13,782	0	0	0	0	0	(1,890)	0	11,892
Plant and equipment	3,028,351	1,067,742	(378,174)	0	0	0	(586,847)	0	3,131,073
<b>Total property, plant and equipment</b>	<b>11,991,728</b>	<b>1,076,904</b>	<b>(378,174)</b>	<b>(828,388)</b>	<b>0</b>	<b>0</b>	<b>(733,595)</b>	<b>0</b>	<b>11,128,475</b>

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold land	2	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Independent Valuers	30-Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Independent Valuers	30-Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	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	30-Jun-17	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Furniture and equipment</b>					
	3	Market Approach is determined by comparison to actual sales data for the same or similar assets	Independent Valuers	30-Jun-16	Market data, sales data, vehicle guides, cost books and data supplied by the Shire of Kent
<b>Plant and equipment</b>					
- Independent valuation 2016	2	Market Approach is determined by comparison to actual sales data for the same or similar assets	Independent Valuers	30-Jun-16	Market data, sales data, vehicle guides, cost books and data supplied by the Shire of Kent

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 2017**

	2017	2016
	\$	\$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation 2015	232,149,490	232,149,490
- Additions after valuation - cost	2,327,731	1,088,973
- Less: accumulated depreciation	<u>(1,411,043)</u>	<u>(704,551)</u>
	233,066,178	232,533,912
 Infrastructure - Other		
- Management valuation 2015	3,124,696	3,124,696
- Additions after valuation - cost	401,865	347,473
- Less: accumulated depreciation	<u>(388,591)</u>	<u>(262,529)</u>
	3,137,970	3,209,640
	<u>236,204,148</u>	<u>235,743,552</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. 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  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	232,533,912	1,238,758	0	0	0	(706,492)	0	233,066,178
Infrastructure - Other	3,209,640	54,392	0	0	0	(126,062)	0	3,137,970
<b>Total Infrastructure</b>	<b>235,743,552</b>	<b>1,293,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(832,554)</b>	<b>0</b>	<b>236,204,148</b>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost.	Independent Valuers	30-Jun-15	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	30-Jun-15	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 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	62,766	71,966
Accrued interest on debentures	10,462	11,593
Accrued salaries and wages	5,437	6,970
ATO liabilities	34,339	36,559
Excess Rates	6,612	7,080
GST	<u>26,629</u>	<u>16,845</u>
	<u><u>146,245</u></u>	<u><u>151,013</u></u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	<u>79,672</u>	<u>75,705</u>
	<u><u>79,672</u></u>	<u><u>75,705</u></u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	<u>426,377</u>	<u>506,049</u>
	<u><u>426,377</u></u>	<u><u>506,049</u></u>

Additional detail on borrowings is provided in Note 22.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2016</b>			
Current provisions	175,570	97,002	272,572
Non-current provisions	0	29,637	29,637
	<u>175,570</u>	<u>126,639</u>	<u>302,209</u>
Additional provision	<u>12,314</u>	<u>(9,176)</u>	<u>3,138</u>
<b>Balance at 30 June 2017</b>	<u><u>187,884</u></u>	<u><u>117,463</u></u>	<u><u>305,347</u></u>
<b>Comprises</b>			
Current	187,884	78,871	266,755
Non-current	0	38,592	38,592
	<u>187,884</u>	<u>117,463</u>	<u>305,347</u>

SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave Reserve	203,657	81,399	285,056	203,456	84,840	288,296	178,379	25,278	0	203,657
Reserves cash backed - Plant Reserve	428,027	200,746	588,773	428,026	208,704	596,730	387,012	191,015	(150,000)	428,027
Reserves cash backed - Building Reserve	258,287	56,484	314,771	258,286	59,098	317,384	251,139	7,148	0	258,287
Reserves cash backed - Sewerage Reserve	196,711	44,938	241,649	196,711	47,146	243,857	142,651	54,060	0	196,711
Reserves cash backed - Nyabing Recreation Reserve	24,097	10,662	34,759	24,098	6,855	30,953	17,596	6,501	0	24,097
Reserves cash backed - Pingrup Recreation Reserve	80,824	8,029	88,853	80,824	7,341	88,165	31,631	49,193	0	80,824
Reserves cash backed - Computer Equipment Reserve	1,693	42	(1,735)	1,692	51	(1)	1,646	47	0	1,693
Reserves cash backed - Water Provision Reserve	28,634	925	29,559	28,835	865	29,700	28,037	597	0	28,634
Reserves cash backed - Cemetery Reserve	17,838	448	18,286	17,837	535	18,372	17,344	494	0	17,838
Reserves cash backed - Refuse Disposal Facility Reserve	96,426	33,666	83,666	96,427	35,074	85,075	93,768	2,668	0	96,426
Reserves cash backed - Admin Vehicle Reserve	111,879	2,809	45,775	111,877	1,953	83,830	89,337	22,542	0	111,879
Reserves cash backed - Road Reserve	353,476	8,874	362,350	353,481	10,602	364,083	392,313	11,163	(50,000)	353,476
Reserves cash backed - Landcare Reserve	10,285	15,258	25,543	10,285	361	10,646	10,000	285	0	10,285
	1,811,834	464,280	2,119,040	1,811,834	463,425	2,107,090	1,640,843	370,991	(200,000)	1,811,834

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  
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Leave Reserve		Funds to be used to fund employee leave requirements.
Reserves cash backed - Plant Reserve		Funds to be used for the purchase of major plant and equipment.
Reserves cash backed - Building Reserve		Funds to be set aside for the construction and or capital maintenance of building infrastructure and for land acquisitions and development.
Reserves cash backed - Sewerage Reserve		Funds to be used for upgrading and or/major maintenance of townsite sewerage schemes.
Reserves cash backed - Nyabing Recreation Reserve		Funds to be used for the upgrading of sporting facilities in Nyabing.
Reserves cash backed - Pingrup Recreation Reserve		Funds to be used for the upgrading of sporting facilities in Pingrup.
Reserves cash backed - Computer Equipment Reserve		This Reserve is now closed.
Reserves cash backed - Water Provision Reserve		Funds to be used for the provision of water services to rural areas of the Shire.

Reserves cash backed - Cemetery Reserve  
Reserves cash backed - Refuse Disposal Facility Reserve  
Reserves cash backed - Admin Vehicle Reserve  
Reserves cash backed - Road Reserve  
Reserves cash backed - Landcare Reserve

Funds to be used for the upgrading of the Nyabing and Pingrup Cemeteries.  
Funds to be used for the rehabilitation of the Nyabing and Pingrup rubbish sites.  
Funds to be used for the provision of vehicle changeovers for the CEO, DCEO and Works Manager.  
Funds to be used for capital works on roads within the Shire of Kent for future years.  
Funds to be used for Landcare requirements.

SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

13. REVALUATION SURPLUS

	2017			2016			2016			
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	6,394,212	0	(828,388)	(828,388)	5,565,824	6,394,212	0	0	0	6,394,212
Revaluation surplus - Plant and equipment	61,157	0	0	0	61,157	62,545	8,285	(9,673)	(1,388)	61,157
Revaluation surplus - Infrastructure - Roads	212,166,494	0	0	0	212,166,494	212,166,494	0	0	0	212,166,494
Revaluation surplus - Infrastructure - Other	985,850	0	0	0	985,850	985,850	0	0	0	985,850
	<u>219,607,713</u>	<u>0</u>	<u>(828,388)</u>	<u>(828,388)</u>	<u>218,779,325</u>	<u>219,609,401</u>	<u>8,285</u>	<u>(9,673)</u>	<u>(1,388)</u>	<u>219,607,713</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**14. 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:

	2017 \$	2017 Budget \$	2016 \$
Cash and cash equivalents	<u>4,718,281</u>	<u>2,425,616</u>	<u>2,659,490</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	2,419,685	622,031	1,239,241
Non-cash flows in Net result:			
Depreciation	1,566,149	1,398,464	1,224,567
(Profit)/Loss on sale of asset	(29,129)	(14,845)	(17,790)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	121,692	492,500	(62,028)
(Increase)/Decrease in inventories	20,480	(15,000)	(22,990)
Increase/(Decrease) in payables	(4,768)	(421,558)	46,705
Increase/(Decrease) in provisions	3,138	35,000	7,625
Grants contributions for the development of assets	<u>(1,022,561)</u>	<u>(1,009,125)</u>	<u>(1,443,393)</u>
Net cash from operating activities	<u>3,074,687</u>	<u>1,087,467</u>	<u>971,937</u>
	<b>2017</b>		<b>2016</b>
	<b>\$</b>		<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	100,000		100,000
Bank overdraft at balance date	0		0
Credit card limit	8,000		8,000
Credit card balance at balance date	<u>2,128</u>		<u>4,803</u>
<b>Total amount of credit unused</b>	<u>110,128</u>		<u>112,803</u>
<b>Loan facilities</b>			
Loan facilities - current	79,672		75,705
Loan facilities - non-current	<u>426,377</u>		<u>506,049</u>
<b>Total facilities in use at balance date</b>	<u>506,049</u>		<u>581,754</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 2017**

**15. CONTINGENT LIABILITIES**

The Shire of Kent has no contingent assets and contingent liabilities as at 30 June 2017.

<b>16. CAPITAL AND LEASING COMMITMENTS</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**17. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	515,510	566,870
Law, order, public safety	775,247	466,200
Housing	2,550,000	2,536,898
Community amenities	1,163,739	1,149,047
Recreation and culture	5,334,152	6,409,436
Transport	233,355,907	232,497,472
Economic services	223,662	296,185
Other property and services	663,900	3,220,847
Unallocated	7,642,728	3,567,927
	<u>252,224,844</u>	<u>250,710,882</u>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016	2015
<b>19. FINANCIAL RATIOS</b>			
Current ratio	12.05	3.91	4.11
Asset sustainability ratio	1.25	1.82	2.17
Debt service cover ratio	28.01	9.83	32.34
Operating surplus ratio	0.50	(0.07)	0.47
Own source revenue coverage ratio	0.61	0.62	0.61

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 59 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$683,642.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$639,164.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	9.02	6.07	1.83
Debt service cover ratio	21.62	15.78	24.09
Operating surplus ratio	0.26	0.16	0.24

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**20. 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:

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Housing Bonds	4,604	608	0	5,212
Trust - Other	178	0	0	178
Building Commission Levy	0	2,793	(2,793)	0
	<u>4,782</u>			<u>5,390</u>

**21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Governance</b>								
Toyota RAV4 (40KT)	28422	40591	12170	0	36564	44000	7436	0
Toyota Fortuner (40KT)	34115	43409	9294	0	0	0	0	0
2016 Toyota GXL (0KT)	63060	69773	6713	0	0	0	0	0
2016 Toyota GXL (0KT)	62713	69773	7060	0	0	0	0	0
2017 Toyota GXL (0KT)	53833	70532	16699	0	0	0	0	0
<b>Transport</b>								
2013 Mini Loader	29370	4500	0	-24870	26596	5000	0	-21596
John Deere Loader (KT035)	67333	75000	7667	0	85000	130000	45000	0
Nissan Navara (50KT)	39329	33725	0	-5604	42995	27000	0	-15995
	<u>378,175</u>	<u>407,303</u>	<u>59,603</u>	<u>(30,474)</u>	<u>191,155</u>	<u>206,000</u>	<u>52,436</u>	<u>(37,591)</u>

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments		Self Supporting? Y/N
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	
Housing	414,485		41,129	41,129	373,356	373,356	24,524	25,475	N
Loan 91, Various Duplexes Community amenities	24,398		2,204	2,204	22,194	22,194	2,066	2,308	N
Loan 54, Nyabing Effluent Economic services	113,482		27,234	27,234	86,248	86,248	2,830	2,903	N
Loan 92, ADSL Conversion Nyabing & Pingrup	29,390		5,138	5,138	24,252	24,252	1,784	1,834	N
Other property and services Loan 88, Nyabing General Store	581,755	0	75,705	75,705	506,050	506,050	31,204	32,520	
	581,755	0	75,705	75,705	506,050	506,050	31,204	32,520	

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(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 was nil.



**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**24. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<u>2,351,410</u>	<u>732,337</u>	<u>732,337</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	2,556,234	774,296	774,296
Restricted	2,162,048	1,885,192	1,885,192
Receivables			
Rates outstanding	74,179	53,206	53,206
Sundry debtors	17,703	124,557	124,557
GST receivable	13,790	50,529	50,529
Inventories			
Fuel and materials	59,496	79,976	79,976
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(62,766)	(71,966)	(71,966)
Accrued interest on debentures	(10,462)	(11,593)	(11,593)
Accrued salaries and wages	(5,437)	(6,970)	(6,970)
ATO liabilities	(34,339)	(36,559)	(36,559)
Excess Rates	(6,612)	(7,080)	(7,080)
GST	(26,629)	(16,845)	(16,845)
Current portion of long term borrowings			
Secured by floating charge	(79,672)	(75,705)	(75,705)
Provisions			
Provision for annual leave	(187,884)	(175,570)	(175,570)
Provision for long service leave	(78,871)	(97,002)	(97,002)
<b>Unadjusted net current assets</b>	<u>4,390,778</u>	<u>2,468,466</u>	<u>2,468,466</u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(2,119,040)	(1,811,834)	(1,811,834)
Add: Secured by floating charge	79,672	75,705	75,705
<b>Adjusted net current assets - surplus/(deficit)</b>	<u>2,351,410</u>	<u>732,337</u>	<u>732,337</u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Shire during the year ended 2017.

**26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2016/17 FINANCIAL YEAR**

**Rates Discounts**

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 overall benefit of the community.

**28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %	Budgeted Revenue \$
<b>Instalment Options</b>					
<b>Option One</b>					
Single full payment	16/09/2016	0	0.00%	11.00%	10,000
<b>Option Two</b>					
First Instalment	16/09/2016	10	5.50%	11.00%	7,000
Second Instalment	20/01/2017	10	5.50%	11.00%	2,500
<b>Option Three</b>					
First Instalment	16/09/2016	10	5.50%	11.00%	
Second Instalment	18/11/2016	10	5.50%	11.00%	
Third Instalment	20/01/2017	10	5.50%	11.00%	
Fourth Instalment	24/03/2017	10	5.50%	11.00%	
					<b>Revenue \$</b>
					9,241
					7,795
					2,500
					<b>19,536</b>
					<b>Budgeted Revenue \$</b>
					10,000
					7,000
					2,500
					<b>19,500</b>

Interest on unpaid rates  
Interest on instalment plan  
Charges on instalment plan

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>29. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	476	1,285
General purpose funding	3,095	2,965
Law, order, public safety	39,684	37,093
Housing	78,769	72,987
Community amenities	68,887	64,662
Recreation and culture	2,905	2,513
Transport	195,080	266,401
Economic services	40,626	38,701
Other property and services	55,560	71,252
	<u>485,082</u>	<u>557,859</u>

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

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	1,390	9,964
General purpose funding	1,949,706	622,061
Law, order, public safety	36,502	120,459
Housing	592	170,016
Community amenities	136,273	179,362
Recreation and culture	129,400	46,455
Transport	163,651	245,073
Economic services	69	10,000
Other property and services	100,962	46,508
	<u>2,518,545</u>	<u>1,449,898</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	0	351,425
Transport	1,022,561	1,091,968
	<u>1,022,561</u>	<u>1,443,393</u>
	<u>3,541,106</u>	<u>2,893,291</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>22</u>	<u>27</u>
-----------	-----------

### 32. ELECTED MEMBERS REMUNERATION

	2017	2017	2016
	\$	Budget	\$
		\$	
Meeting Fees	47,250	56,000	54,250
President's allowance	7,000	7,000	7,000
Travelling expenses	15,570	24,000	14,447
Childcare Expenses	0	6,500	0
	<u>69,820</u>	<u>93,500</u>	<u>75,697</u>

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

### 33. RELATED PARTY TRANSACTIONS

#### Key Management Personnel (KMP) Compensation Disclosure

2017  
\$

The total of remuneration paid to KMP of the Shire during the year are as follows:

Short-term employee benefits	508,503
Post-employment benefits	42,229
Other long-term benefits	32,079
Termination benefits	0
	<u>582,811</u>

#### **Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

#### **Post-employment benefits**

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

#### **Other long-term benefits**

These amounts represent long service benefits accruing during the year.

#### **Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**33. RELATED PARTY TRANSACTIONS (Continued)**

**Related Parties**

**The Shire's main related parties are as follows:**

- i. Key management personnel*  
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Entities subject to significant influence by the Shire*  
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.
- iii. Joint venture entities accounted for under the equity method*  
For details of interests held in joint venture entities, refer to Note 17.

**Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	<b>2017</b>
	<b>\$</b>
<b>Associated companies/individuals:</b>	
Sale of goods and services	0
Purchase of goods and services	38,371
<b>Joint venture entities:</b>	
Distributions received from joint venture entities	0
<b>Amounts outstanding from related parties:</b>	
Trade and other receivables	0
Loans to associated entities	Unlikely
Loans to key management personnel	Unlikely
<b>Amounts payable to related parties:</b>	
Trade and other payables	0
Loans from associated entities	Unlikely

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**34. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

**35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. FINANCIAL RISK MANAGEMENT**

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

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

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

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

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	4,718,281	2,659,490	4,718,281	2,659,490
Receivables	114,444	236,136	114,444	236,136
	<u>4,832,725</u>	<u>2,895,626</u>	<u>4,832,725</u>	<u>2,895,626</u>
<b>Financial liabilities</b>				
Payables	146,245	151,013	146,245	151,013
Borrowings	506,049	581,754	506,049	581,754
	<u>652,294</u>	<u>732,767</u>	<u>652,294</u>	<u>732,767</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 2017**

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

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit and loss**

**Available-for-sale financial assets**

**Held-to-maturity investments**

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.

	2017	2016
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	47,183	26,595
- Statement of Comprehensive Income	47,183	26,595

**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 2017**

**36. 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:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	100%
- Overdue	100%	0%
Percentage of other receivables		
- Current	96.00%	100.00%
- Overdue	4%	0%

**SHIRE OF KENT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. 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:

	17/18	18/19-22/23	23/24			
	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values	\$
	\$	\$	\$	\$	\$	\$
<b>2017</b>						
Payables	146,245	0	0	146,245	146,245	
Borrowings	108,086	435,824	71,288	615,198	506,049	
	<u>254,331</u>	<u>435,824</u>	<u>71,288</u>	<u>761,443</u>	<u>652,294</u>	
<b>2016</b>						
Payables	151,013	0	0	151,013	151,013	
Borrowings	107,996	480,553	213,685	802,234	581,754	
	<u>259,009</u>	<u>480,553</u>	<u>213,685</u>	<u>953,247</u>	<u>732,767</u>	

**SHIRE OF KENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**36. 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:

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debtures	0	0	0	(86,248)	(24,252)	(395,550)	(506,050)	5.61%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	2.72%	6.52%	7.60%		
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debtures	0	0	0	0	(113,482)	(468,273)	(581,755)	5.72%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

## INDEPENDENT AUDIT REPORT TO THE SHIRE OF KENT

We have audited the accompanying financial report of the Shire of Kent which comprises the statement of financial position as at 30 June 2017 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.

### **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 2017 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).

### **Basis for Opinion**

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

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

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

### ***Responsibilities of Council Members 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.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Shire or to cease operations, or has no realistic alternative but to do so

### ***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 Shire'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 Shire'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.



LEANNE OLIVER RCA  
Director

BYFIELDS BUSINESS ADVISERS  
BELMONT WA

Date: 30 November 2017

**SHIRE OF KENT  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	2017	2016	2015
Asset consumption ratio	0.99	0.73	0.99705301
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.