



# Annual Report 2017/2018



## Shire of Kent – Annual Report 2017/2018

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# Community Strategic Plan 2017 –2027

## *Our Vision:*

*"A community that places a high value on essential services; communications and technology infrastructure, improved social connectedness; community involvement and participation, a need to retain and grow the population, and to strengthen economic prosperity through the diversification of the local economy."*

*The Shire in the future is described as:*

- \* A place with a sense of community, one that is thriving, vibrant, engaging and connected.*
- \* A place that nurtures its youth and aging population;*
- \* A place that has a range of services and facilities meeting our needs.*
- \* A place that is growing and has employment opportunities, through local industry, which is based on the Shires local comparative advantages."*



***Our Mission: Provide leadership, direction and opportunities for the community.***

***Key Principles: In achieving the Vision and Mission, we will set achievable goals and work with the community to maintain a reputation of openness, honesty and accountability. In doing so, we will:***

- \* respect the points of view of individuals and groups;***



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- \* *build on existing community involvement;*
- \* *encourage community leadership; promote resilience, self-reliance and initiative;*
- \* *recognise and celebrate achievement;*
- \* *support the principles of social justice;*
- \* *acknowledge the value of staff and volunteers*

## 1. INTRODUCTION

The Shire of Kent is pleased to present the Annual Report for the 2017/2018 financial year.

This report provides an overview of the Shire's financial position, achievements attained and an indication of future direction 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:	<a href="mailto:admin@kent.wa.gov.au">admin@kent.wa.gov.au</a>
Office Hours:	8.30am to 4.30pm, Monday to Friday

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

### SHIRE STATISTICS

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



## Shire of Kent – Annual Report 2017/2018

Silo Art at Pingrup; Nampup Soak; Hollands Track; Pink Lakes; Holland Rocks; Lake Bryde; Wildflowers

### LOCAL INDUSTRIES

Wheat; other grains; sheep; associated support businesses.

## 3. SHIRE PRESIDENTS REPORT



It is with pleasure that I report on the activities of the Shire of Kent for the period 1 July 2017 to 30 June 2018. The Council finished the year with a surplus of \$1,032,587, which is a healthy result and sees the continuation of sound financial management of the Council's resources. The Shire of Kent continues to be in a strong financial position while maintaining good service delivery, commensurate with our remote location and meeting community expectations.

Council has continued to endeavour to maintain a vibrant rural community and pursue the objectives of the Community Strategic Plan whilst keeping the increase in rates as close as possible to the CPI. The total increase in rates for the 2017/18 year yielded an extra \$65,450 in funding for the year.

Council spent about \$4.5m on capital works and plant replacement in the 2017/18 financial year, \$229,360 on housing maintenance, \$416,670 on public building maintenance including capital expenditure and \$161,260 on parks and gardens maintenance.

Our financial position remains strong with outstanding loan liability at just over \$400,000 by the end of the financial year, Reserves of \$2.2M and all staff leave liabilities cash backed at the beginning of the year. This has come with prudent management by both your councillors and staff over recent years and sets down a great base for the next council to work from. This budget is our largest for some years and reflects our continued policy of seeking funding support from other tiers of government as much as possible.

2017/18 was more challenging with some \$4.9M in flood damage to be reinstated. The process has been a long one but works have continued at a steady pace throughout the year and will meet the expected completion of all works in early 2019.

The year saw further works on roads on South Fence, Kukerin Roads, North Needilup, Newdegate and Dumbleyung Roads with continued funding for these projects from Roads to Recovery, Regional Road Group and Black Spot funding sources.

Four new houses were scheduled to be built during the year through the Great Southern Housing Initiative project to provide housing for staff. These units have now been carried forward to 2018/19 due to funding body requirements.

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 two years.



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Council reviewed the Community Strategic Plan and with input from members of the community the Plan was finished to a draft stage and will be adopted early FY2018/19. This was facilitated through a community survey and workshops and a public comment period for community members and will provide direction to Council for the next 10 years.

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.

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 staff and Councillors for their dedication and help throughout the year and my term as a councillor.

**CR ALAN SMITH**  
**SHIRE PRESIDENT**

### 4. CHIEF EXECUTIVE OFFICERS REPORT



It is a great privilege for me to report to the community for the first time as the new CEO for the Shire of Kent.

The character and resilience of the community that I have witnessed in my short time here, has been amazing and I am inspired by the incredible community spirit and friendliness I have experienced across the shire despite some real and ongoing challenges for the wheatbelt area.

I present the report for the 2017/2018 financial year, a year that continued to focus on recovering from the flood damage, continue our future planning and provided many challenges for our small dedicated 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 when completed will be presented to the Department for Local Government for review.

The shire is committed through the Integrated Planning Framework to meet the long term planning requirements under the Local Government Act. Council and staff are committed to invest the necessary time and funds to deliver the framework that will ensure the Shire of Kent continues to be recognised as an efficient and sustainable Local Government Authority.

#### Financial Performance

The Shire of Kent continued to maintain a strong financial position throughout the 2017-2018 financial year. Some of the highlights are as follows:

- The year finished with \$2,221,885 in cash backed reserves. These cash backed reserves are set aside for specific future purposes and there are restrictions on how





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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

As part of the annual financial reporting process a local government is required to report on a number of financial ratios which provide a "snapshot" of the local government's financial strength. Three of the 2018 ratios were distorted by the early receipt of half the allocation from the 2018-19 Financial Assistance Grant in June 2018. The early payment of the grant increased operating revenue in 2018 by \$724,913.

Three of the 2017 and 2016 ratios were also distorted by the early receipt of half of the allocation from the 2016-17 Financial Assistance Grant on 30 June 2016. The early payment of the grant increased operating revenue in 2016 and decreased operating revenue in 2017 by \$683,642.

- **Current ratio** – (indicates the Shire's ability to meet short term debt obligations) Council's ratio is 8.07 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 1.29 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 19.37 where a basic standard is met if the ratio is greater than or equal to 2. An advanced standard is met if the ratio is greater than 5. The Debt Service Ratio is considerably higher than the 2016-17 financial year due to the early payment in of 2017-18 Grant Funding 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 -0.03 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 2017/18 that related to the 2018/19 financial year. Council would have achieved the standard had that funding been recognised in the year it related to at 0.04 which is within the standard.
- **Own Source Revenue Coverage Ratio** – (indicates the Shire's ability to cover its costs through its own revenue effort). This year the ratio is 0.74 where the standard is met if the ratio is between 0.4 and 0.6. Council exceeds 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 1.00 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. However, work will be undertaken to calculate the ratio for the next Annual Report. The standard is met



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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

#### Major Road Projects

The 2017-2018 budget was adopted by Council on 7 August 2017 and included an overall rate increase of 3.0%. 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 – (*Reseal*)
- South Fence Road – (*Gravel Re-sheet*)
- Newdegate-Pingrup Road – (*widening and various Black Spot Projects*)
- Dumbleyung Road – (*Reseal and various Black Spot Projects*)

#### Other Projects

##### Solar Panel Installations

Investigations into a more sustainable energy use were made in early 2017. Significant savings on two buildings were identified by using the option of solar panels at the Administration Office building and the Nyabing Shire Depot. These were installed in March 2018 and there has already been a considerable reduction in the utilities costs for these buildings.

##### Conversion of Enviro Toilets to Flushing Toilets

The completion of the conversion of the enviro toilets in Nyabing to flushing toilets was completed in mid 2018. This project was identified through the Community Engagement process as a necessary upgrade to the facilities available to travellers and visitors to our community.

##### Pingrup Pavilion Upgrade

During the 2017/18 financial year the project to upgrade the Pingrup Sporting Pavilion was completed. The upgrade consisted of extensions to the changerooms, extensions to the function area and Kitchen and the full renovation to the kitchen with the provision of a coolroom and extended bar area.

Council received funding of \$150,000 from the GSDC and \$80,000 from the Department of Local Government, Sport and Cultural Industries through the CSRFF program. Council had budgeted a contribution towards the project and cash contributions were also received from the Pingrup Race Club and the Pingrup Ground Improvement Committee.

The project was completely successful and is a great asset to the Pingrup community and the Shire.

#### Occupational Health and Safety Management System

The Shire placing an emphasis on being an "employer of choice" seeks ongoing and continuous improvement in Occupational Safety and Health through a wide variety of activities including:

- Sun safety and skin screening,
- Education and awareness workshops for employers to promote safety and health in the workplace and at home,
- On the job and external training in safe operation of plant, equipment and manual tasks,





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- Regular safety committee meetings and reviews of workplace risks, and
- Participation in LGIS regional 'Risk and Governance' days.

The Shire commenced preparations in 2017/18 for a safety audit and will be participating in a Tier 1 Audit in October 2018. This program uses a three tiered approach to assist in improving, maintaining and enhancing our occupational safety and health performance.

The requirements are based on safety fundamentals with each tier has progressive safety requirements. By making the requirements progressive, the program is designed to enable the shire to continuously improve and enhance the way we manage safety and to reduce overall risk to Council.

### **General**

For the financial year 2017/18, the Council has continued to work hard to ensure that the Shire continues to deliver services that meet the communities expectations and to be in a good position to meet the growing demands placed on it by State 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.

Finally, I would like to sincerely thank everyone who has warmly welcomed me to the Shire of Kent and I look forward to working with dedicated and committed Councillors and staff to deliver great services for the future.

**RICK MILLER**  
**CHIEF EXECUTIVE OFFICER**



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### 5. SHIRE OF KENT COUNCIL MEMBERS - 2017/2018



**Back Row** – Cr Craig Bamess, Cr Justin Germain, Cr Scott Crosby, Cr Kerryn Stephens

**Front Row** – Cr Kate Johnston, Cr Alan Smith (Shire President), Cr Grant Collins (Deputy Shire President), Cr Tim Borgward

<b>COUNCILLORS</b>	<b>PHONE</b>	<b>FAX</b>
<b>AL (Alan) Smith</b>	9820 1046	9820 1003
<b>GM (Grant) Collins</b>	9829 6016	9829 6029
<b>TD (Tim) Borgward</b>	0429 082 915	
<b>SR (Scott) Crosby</b>	0427 291 115	
<b>JN (Justin) Germain</b>	0458 908 212	
<b>BC (Craig) Bamess</b>	0428 291 126	
<b>KV (Kate) Johnston</b>	0405 210 028	
<b>KR (Kerryn) Stephens</b>	0428 291 056	

### COUNCIL MEETINGS

Ordinary Council Meetings are usually 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)



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### 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.

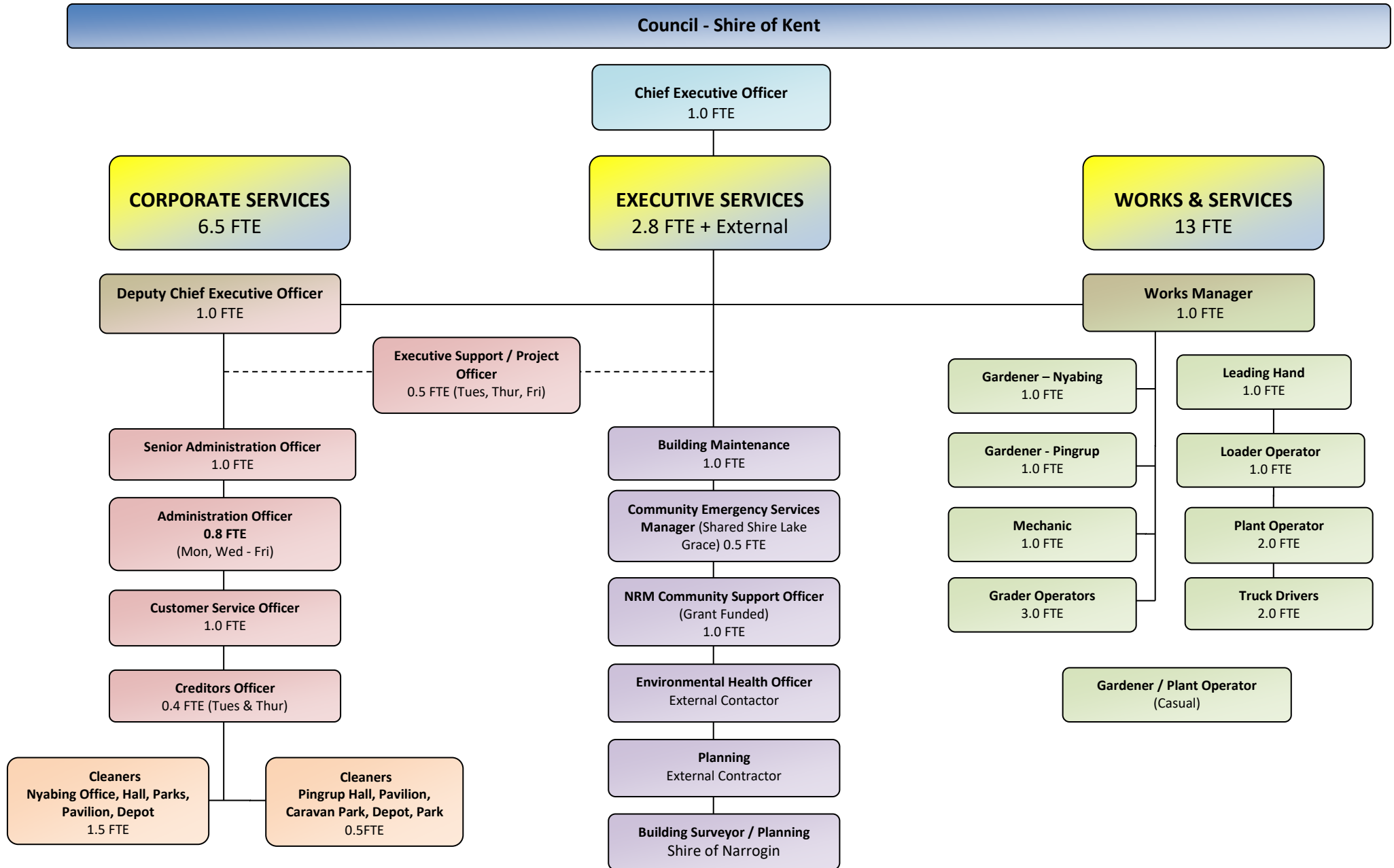
### COUNCIL ELECTIONS

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 2019.

### COUNCIL DELEGATES TO EXTERNAL COMMITTEES

COMMITTEE	REPRESENTATIVE
Great Southern Recreational Advisory Group	Cr K Johnston, Cr T Borgward, Cr J Germain (PROXY)
WALGA Great Southern Zone	Cr A Smith, Cr S Crosby Cr K Johnston (PROXY)
Regional Road Group	Cr G Collins, Cr S Crosby Cr C Bamess (PROXY)
Hidden Treasures of the Great Southern	Mrs S Lloyd-Clarke (Pingrup CRC)
Audit Committee	Cr A Smith, Cr T Borgward , Cr S Crosby, Cr KR Stephens, Cr G Collins (PROXY)
Local Emergency Management Committee (LEMC)	Cr G Collins, Cr KR Stephens Cr J Germain (PROXY)
Bushfire Advisory Committee	Cr G Collins, Cr J Germain Cr S Crosby (PROXY)
Pingrup CRC	Cr A Smith, CR K Johnston, Cr T Borgward (PROXY)
Pingrup Ground Improvement Committee	Cr T Borgward, Cr A Smith (PROXY)
Nyabing Sports Club Committee	Cr C Bamess

## 6. ORGANISATIONAL STRUCTURE



## 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 2017-2018 did not engage in any significant business activities which generated in excess of \$200,000 annual income. Therefore, the introduction of competitive neutrality under Clause 7 of the policy was not required.
- ❖ There is no indication that the Council will become involved in any significant business activities during the next financial reporting period.
- ❖ There have been no allegations received by the Council of non-compliance with the neutrality principles.

### DISCLOSURE OF ANNUAL SALARY

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

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



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The Shire of Kent has two employee entitled to an annual salary of \$100,000 or more in the 2017-18 financial year.

### 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 – PLAN FOR THE FUTURE

Section 5.56 of the Local Government Act 1995 now provides that a Local Government is to prepare a Plan for the Future for the next two or more financial years.

Section 5.53 of the Act provides that a Council shall include an assessment of the Local Government in relation to each major initiative included in its Annual Report and that particulars of the major initiatives planned for the next financial year be also included.

A new Corporate Business Plan document includes several core plans and is designed to be a simplified medium/long term Financial Plan, Workforce Plan, Asset Management Plan and Corporate Business Plan all in the one document. The new document was completed to a final draft at the end of June 2018 and be adopted by Council in August 2018.

The key elements and major initiatives demonstrates that the shire of Kent continues to plan for the future of the district:

**Governance** - Administration office upgrades – Air conditioning and patio – Facilitates functional areas to conduct business of the shire.

**Housing** - Asset preservation of existing stock in line with asset management plans and building of executive and multipurpose housing in Pingrup and Nyabing – Provides opportunities for new residents as existing stock can be sold and is important to attract and retain new staff and aging residents.

**Community Amenities** - Asset preservation and improvements to cemeteries and public toilet facilities. – Maintains level of ascetics of the townsites for the community and visitors.

**Recreation & Culture** - Asset preservation and improvements to playgrounds and sports pavilions in Pingrup and Nyabing - Maintains level of ascetics of the townsites for the community and visitors and allows the facilities to be adapted for more multifunction usage. – Important for the sense of well being of the community.

**Transport – Shire Plant Replacement Program** – Careful budgeting allows the shire to own and maintain a modern fleet of heavy to light road building plant to provide a well maintained road network that meets the high expectations of the community.

**Roadworks** – Through support of Regional Road Group and other external funding the shire is able to actively preserve and improve the road network which includes major roads Newdegate – Pingrup Rd, Jolley Rd, Needilup North, Kuringup Road, Nyabing South, Dualling Rd and other feeder roads.





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**Economic Services** – Includes other infrastructure of the shire including general store and caravan parks and how these can be best developed and maintained and other activities including urban and industry development to ensure that when townsites development opportunities present themselves that the shire are in a position to maximise the long term benefits for the community.

### 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 2017-2018 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.

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 2017-2018, maintenance of the parks and recreation buildings and grounds in Nyabing and Pingrup ensures facilities continue to be easily accessible to all residents and visitors, both disabled and non-disabled persons. The Shire Library services cater for those with a disability through the provision of large print and audio books.

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

Council is committed to ensuring all Council buildings are able to be accessed by people



with a disability.

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

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

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

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

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

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

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

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 2017-18 year to Council residential and public buildings. Some of the major projects are outlined below:

<b>Administration Building</b>	<ul style="list-style-type: none"><li>- Replace blinds in meeting room</li><li>- Install solar panels</li><li>- Upgrade toilets</li></ul>
<b>Lot 101, 26 Aspendale St</b>	<ul style="list-style-type: none"><li>- External painting</li></ul>
<b>5 George St</b>	<ul style="list-style-type: none"><li>- Replace windows x 2</li><li>- Replace vertical blinds</li></ul>
<b>2/160 Hobley St</b>	<ul style="list-style-type: none"><li>- Renovate shower recess – bathroom</li><li>- Install air conditioner and relocate existing unit</li></ul>
<b>1/5 Gaby St</b>	<ul style="list-style-type: none"><li>- Renovate shower recess – bathroom</li></ul>
<b>2/5 Gaby St</b>	<ul style="list-style-type: none"><li>- Replace vinyl floor coverings</li></ul>



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<b>1/1 Coates Cl</b>	<ul style="list-style-type: none"><li>- Install air conditioner and relocate existing unit</li><li>- Replace blinds</li></ul>
<b>2/1 Coates Cl</b>	<ul style="list-style-type: none"><li>- Install air conditioner and relocate existing unit</li><li>- Replace blinds</li></ul>
<b>21B George St</b>	<ul style="list-style-type: none"><li>- Renovate shower recess – bathroom</li></ul>
<b>1/160 Hobley St</b>	<ul style="list-style-type: none"><li>- Renovate shower recess – bathroom</li><li>- Install air conditioner and relocate existing unit</li></ul>
<b>12 Reid St</b>	<ul style="list-style-type: none"><li>- External painting</li></ul>
<b>Pingrup Pavilion</b>	<ul style="list-style-type: none"><li>- Upgrade Pavilion Kitchen, Bar and Changerooms</li></ul>
<b>Pingrup Caravan Park</b>	<ul style="list-style-type: none"><li>- Replace screen doors to ablutions and laundry</li></ul>
<b>Nyabing Pavilion</b>	<ul style="list-style-type: none"><li>- Replace storeroom ceiling</li></ul>
<b>Nyabing Depot</b>	<ul style="list-style-type: none"><li>- Install solar panels</li><li>- Light vehicle shed extension / Gardener's shed</li></ul>
<b>Nyabing General Store</b>	<ul style="list-style-type: none"><li>- Upgrade fuel bowser to a 24 hour facility</li></ul>

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 FINANCIAL ASSISTANCE

The Shire supports a variety of community organisations throughout the Shire. In 2017/18 the Shire provided financial support of \$23,938 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



## **Shire of Kent – Annual Report 2017/2018**

### **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 2017/2018 financial year, the Rangers visited Nyabing and Pingrup residents to conduct regular checks and attend to issues as reported

### **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. Restoration work has continued throughout the 2017/18 financial year and is expected to be completed in February 2019.

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 2018**

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**COMMUNITY VISION**

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

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

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the

13<sup>th</sup>

day of

December

2018



Chief Executive Officer



Name of Chief Executive Officer



**SHIRE OF KENT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	21(a)	2,217,533	2,213,455	2,151,219
Operating grants, subsidies and contributions	2 (a)	4,598,947	3,980,057	2,518,545
Fees and charges	2 (a)	618,593	518,987	485,082
Interest earnings	2 (a)	114,585	99,400	95,157
Other revenue		52,518	49,400	654,443
		<u>7,602,176</u>	<u>6,861,299</u>	<u>5,904,446</u>
<b>Expenses</b>				
Employee costs		(1,736,767)	(1,895,831)	(1,709,654)
Materials and contracts		(3,255,909)	(3,826,813)	(697,577)
Utility charges		(123,916)	(139,316)	(122,298)
Depreciation on non-current assets	9(b)	(2,204,975)	(1,740,608)	(1,566,149)
Interest expenses	2 (b)	(27,212)	(28,415)	(31,204)
Insurance expenses		(121,765)	(146,608)	(148,345)
Other expenditure		(385,884)	(299,204)	(261,224)
		<u>(7,856,428)</u>	<u>(8,076,795)</u>	<u>(4,536,451)</u>
		<u>(254,252)</u>	<u>(1,215,496)</u>	<u>1,367,995</u>
Non-operating grants, subsidies and contributions	2	1,194,106	1,634,890	1,022,561
Profit on asset disposals	9(a)	94,887	371	59,603
(Loss) on asset disposals	9(a)	(2,154)	(40,382)	(30,474)
<b>Net result</b>		<b>1,032,587</b>	<b>379,383</b>	<b>2,419,685</b>
<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	10	13,933,871	0	(828,388)
<b>Total other comprehensive income</b>		<b>13,933,871</b>	<b>0</b>	<b>(828,388)</b>
<b>Total comprehensive income</b>		<b>14,966,458</b>	<b>379,383</b>	<b>1,591,297</b>

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 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
2 (a)				
Governance		11,414	12,500	3,516
General purpose funding		3,715,475	3,000,347	4,199,119
Law, order, public safety		67,152	194,565	465,622
Health		0	0	0
Education and welfare		0	500	0
Housing		63,802	81,746	79,660
Community amenities		276,511	179,933	269,958
Recreation and culture		56,090	9,150	233,332
Transport		3,157,760	3,229,000	404,541
Economic services		56,009	33,150	52,677
Other property and services		197,963	120,408	196,021
		<u>7,602,176</u>	<u>6,861,299</u>	<u>5,904,446</u>
<b>Expenses</b>				
2 (b)				
Governance		(518,046)	(624,593)	(429,863)
General purpose funding		(76,762)	(86,704)	(95,041)
Law, order, public safety		(170,905)	(303,358)	(157,823)
Health		(13,371)	(40,264)	(25,599)
Education and welfare		(23,667)	(28,483)	(14,629)
Housing		(179,798)	(235,461)	(167,086)
Community amenities		(360,392)	(393,701)	(377,625)
Recreation and culture		(736,475)	(676,214)	(639,973)
Transport		(5,426,094)	(5,405,674)	(2,215,692)
Economic services		(119,121)	(171,408)	(177,401)
Other property and services		(204,586)	(82,520)	(204,515)
		<u>(7,829,217)</u>	<u>(8,048,380)</u>	<u>(4,505,247)</u>
<b>Finance Costs</b>				
2 (b)				
Housing		(21,829)	(22,842)	(24,524)
Community amenities		(1,808)	(1,923)	(2,066)
Economic services		(2,134)	(2,157)	(2,830)
Other property and services		(1,440)	(1,493)	(1,784)
		<u>(27,211)</u>	<u>(28,415)</u>	<u>(31,204)</u>
		<u>(254,252)</u>	<u>(1,215,496)</u>	<u>1,367,995</u>
Non-operating grants, subsidies and contributions	2 (a)	1,194,106	1,634,890	1,022,561
Profit on disposal of assets	9(a)	94,887	371	59,603
(Loss) on disposal of assets	9(a)	(2,154)	(40,382)	(30,474)
		<u>1,286,839</u>	<u>1,594,879</u>	<u>1,051,690</u>
<b>Net result</b>		<b>1,032,587</b>	<b>379,383</b>	<b>2,419,685</b>
<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	10	13,933,871	0	(828,388)
<b>Total other comprehensive income</b>		<b>13,933,871</b>	<b>0</b>	<b>(828,388)</b>
<b>Total comprehensive income</b>		<b>14,966,458</b>	<b>379,383</b>	<b>1,591,297</b>

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

**SHIRE OF KENT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,421,837	4,718,281
Trade and other receivables	5	1,046,493	105,672
Inventories	6	76,827	59,496
<b>TOTAL CURRENT ASSETS</b>		<b>5,545,157</b>	<b>4,883,449</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	11,445	8,772
Property, plant and equipment	7	11,533,686	11,128,475
Infrastructure	8	250,220,850	236,204,148
<b>TOTAL NON-CURRENT ASSETS</b>		<b>261,765,981</b>	<b>247,341,395</b>
<b>TOTAL ASSETS</b>		<b>267,311,138</b>	<b>252,224,844</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	293,893	146,245
Current portion of long term borrowings	12(a)	83,874	79,672
Provisions	13	307,810	266,755
<b>TOTAL CURRENT LIABILITIES</b>		<b>685,577</b>	<b>492,672</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12(a)	342,503	426,377
Provisions	13	49,395	38,592
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>391,898</b>	<b>464,969</b>
<b>TOTAL LIABILITIES</b>		<b>1,077,475</b>	<b>957,641</b>
<b>NET ASSETS</b>		<b>266,233,663</b>	<b>251,267,203</b>
<b>EQUITY</b>			
Retained surplus		31,298,583	30,368,838
Reserves - cash backed	4	2,221,885	2,119,040
Revaluation surplus	10	232,713,195	218,779,325
<b>TOTAL EQUITY</b>		<b>266,233,663</b>	<b>251,267,203</b>

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

**SHIRE OF KENT**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

			RESERVES		
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>28,256,358</b>	<b>1,811,834</b>	<b>219,607,713</b>	<b>249,675,906</b>
Comprehensive income					
Net result		2,419,685	0	0	2,419,685
Other Comprehensive Income	10	0	0	(828,388)	(828,388)
Total comprehensive income		2,419,685	0	(828,388)	1,591,297
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>251,267,203</b>
Comprehensive income					
Net result		1,032,587	0	0	1,032,587
Other Comprehensive Income	10	0	0	13,933,871	13,933,871
Total comprehensive income		1,032,587	0	13,933,871	14,966,458
Transfers from/(to) reserves		(102,845)	102,845	0	0
<b>Balance as at 30 June 2018</b>		<b>31,298,583</b>	<b>2,221,885</b>	<b>232,713,195</b>	<b>266,233,661</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 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,220,149	2,228,455	2,100,268
Operating grants, subsidies and contributions		3,740,907	3,982,057	2,625,399
Fees and charges		618,593	518,987	513,665
Interest earnings		114,585	99,400	95,157
Goods and services tax		(88,070)	0	36,739
Other revenue		52,518	49,400	654,443
		6,658,682	6,878,299	6,025,671
<b>Payments</b>				
Employee costs		(1,687,422)	(1,890,831)	(1,710,269)
Materials and contracts		(2,990,245)	(3,540,791)	(686,297)
Utility charges		(123,916)	(139,316)	(122,298)
Interest expenses		(28,416)	(27,415)	(32,335)
Insurance expenses		(121,765)	(146,608)	(148,345)
Goods and services tax		(131,630)	0	9,784
Other expenditure		(385,884)	(299,204)	(261,224)
		(5,469,278)	(6,044,165)	(2,950,984)
<b>Net cash provided by (used in) operating activities</b>	14	1,189,404	834,134	3,074,687
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,509,726)	(3,175,427)	(1,076,904)
Payments for construction of infrastructure		(1,411,239)	(1,451,591)	(1,293,150)
Non-operating grants, subsidies and contributions		1,194,106	1,634,890	1,022,561
Proceeds from sale of fixed assets		320,682	164,000	407,303
<b>Net cash provided by (used in) investment activities</b>		(1,406,176)	(2,828,128)	(940,190)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(79,672)	(79,672)	(75,705)
<b>Net cash provided by (used in) financing activities</b>		(79,672)	(79,672)	(75,705)
<b>Net increase (decrease) in cash held</b>		(296,444)	(2,073,666)	2,058,792
Cash at beginning of year		4,718,281	4,570,726	2,659,490
<b>Cash and cash equivalents at the end of the year</b>	14	4,421,837	2,497,060	4,718,282

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

**SHIRE OF KENT**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)		2,351,409	2,487,988	732,337
		2,351,409	2,487,988	732,337
<b>Revenue from operating activities (excluding rates)</b>				
Governance		11,414	12,500	3,516
General purpose funding		1,497,942	786,892	2,076,482
Law, order, public safety		67,152	194,565	465,622
Education and welfare		0	500	0
Housing		63,802	81,746	79,660
Community amenities		276,511	179,933	269,958
Recreation and culture		56,090	9,150	233,332
Transport		3,252,647	3,229,371	464,144
Economic services		56,009	33,150	52,677
Other property and services		197,963	120,408	196,024
		5,479,530	4,648,215	3,841,415
<b>Expenditure from operating activities</b>				
Governance		(518,046)	(624,593)	(429,863)
General purpose funding		(76,762)	(86,704)	(95,041)
Law, order, public safety		(170,905)	(303,358)	(157,823)
Health		(13,371)	(40,264)	(25,599)
Education and welfare		(23,667)	(28,483)	(14,629)
Housing		(201,627)	(258,303)	(191,610)
Community amenities		(362,200)	(395,624)	(379,691)
Recreation and culture		(736,475)	(676,214)	(639,973)
Transport		(5,428,248)	(5,446,056)	(2,246,166)
Economic services		(121,255)	(173,565)	(180,231)
Other property and services		(206,027)	(84,013)	(206,299)
		(7,858,583)	(8,117,177)	(4,566,925)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	(94,887)	(371)	(59,603)
Loss on disposal of assets	9(a)	2,154	40,382	30,474
Movement in deferred pensioner rates (non-current)		(2,673)	0	(928)
Movement in employee benefit provisions (non-current)		10,803	0	8,955
Depreciation and amortisation on assets	9(b)	2,204,975	1,740,608	1,566,149
<b>Amount attributable to operating activities</b>		2,092,728	799,645	1,551,874
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,194,106	1,634,890	1,022,561
Proceeds from disposal of assets	9(a)	320,682	164,000	407,303
Purchase of property, plant and equipment	7(b)	(1,509,726)	(3,175,427)	(1,076,904)
Purchase and construction of infrastructure	8(b)	(1,411,239)	(1,451,591)	(1,293,150)
<b>Amount attributable to investing activities</b>		(1,406,176)	(2,828,128)	(940,190)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12(a)	(79,672)	(79,672)	(75,705)
Transfers to reserves (restricted assets)	4	(377,545)	(340,000)	(464,280)
Transfers from reserves (restricted assets)	4	274,700	234,700	157,074
<b>Amount attributable to financing activities</b>		(182,517)	(184,972)	(382,911)
<b>Surplus(deficiency) before general rates</b>		504,035	(2,213,455)	228,773
<b>Total amount raised from general rates</b>	21	2,217,533	2,213,455	2,122,637
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	22	<b>2,721,568</b>	<b>0</b>	<b>2,351,410</b>

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



## **1. 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) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

Accounting policies which have been adopted in the preparation of this financial report 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 affect 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 of Kent 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 24 to those financial statements.

## 2 REVENUE AND EXPENSES

### (a) Revenue

#### Significant revenue

During the year the Shire of Kent received a reimbursement in relation to flood damage to roads under the Western Australia Natural Disaster Relief and Recovery Arrangements (WANDRRA). This revenue item was included in "Operating grants, subsidies and contributions."

#### Fees and Charges

	2018 Actual \$	2017 Actual \$
Governance	495	476
General purpose funding	3,083	3,095
Law, order, public safety	40,235	39,684
Housing	62,864	78,769
Community amenities	87,951	68,887
Recreation and culture	5,226	2,905
Transport	306,163	195,080
Economic services	55,531	40,626
Other property and services	57,043	55,560
	618,593	485,082

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

## 2 REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Grant Revenue

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

	2018	2017
	\$	\$
<b>Operating grants, subsidies and contributions</b>		
Governance	10,749	1,390
General purpose funding	1,380,273	1,949,706
Law, order, public safety	26,918	36,502
Housing	803	592
Community amenities	188,559	136,273
Recreation and culture	50,864	129,400
Transport	2,843,860	163,651
Economic services	0	69
Other property and services	96,920	100,962
	4,598,947	2,518,545
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	48,100	0
Transport	1,146,006	1,022,561
	1,194,106	1,022,561
<b>Total grants, subsidies and contributions</b>	<b>5,793,053</b>	<b>3,541,106</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Donations and Other Contributions

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

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

##### Grants, Donations and Other Contributions (Continued)

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 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

#### Interest earnings

- Loans receivable - clubs/institutions
  - Reserve funds
  - Other funds
- Other interest revenue (refer note 21 (e))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
- Loans receivable - clubs/institutions	0	0	0
- Reserve funds	48,387	45,000	45,543
- Other funds	48,776	35,000	32,578
Other interest revenue (refer note 21 (e))	17,422	19,400	17,036
	114,585	99,400	95,157

## 2 REVENUE AND EXPENSES (Continued)

### (b) Expenses

#### Significant expense

During the year the Shire of Kent incurred materials and contracts expenditure to reinstate roads as a result of flood damage. The expenditure was subject to a reimbursement from WANDRRA. This expense item was included under "materials and contracts"

#### Auditors remuneration

- Audit of the Annual Financial Report
- Other Services

#### Interest expenses (finance costs)

Long term borrowings (refer Note 12(a))

	2018	2017
	\$	\$
	2,790,172	0
	14,000	13,500
	910	1,800
	14,910	15,300
	27,212	31,204
	27,212	31,204

### 3 CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		2,057,343	2,487,276
Restricted		2,364,494	2,231,005
		<u>4,421,837</u>	<u>4,718,281</u>

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

Leave Reserve	4	291,584	285,056
Plant Reserve	4	567,256	588,773
Land and Building Reserve	4	366,980	314,771
Sewerage Reserve	4	307,183	241,649
Nyabing Recreation Reserve	4	45,570	34,759
Pingrup Recreation Reserve	4	6,888	88,853
Water Provision Reserve	4	30,236	29,559
Cemetery Reserve	4	38,704	18,286
Refuse Disposal Facility Reserve	4	85,582	83,666
Admin Vehicle Reserve	4	45,123	45,775
Road Reserve	4	420,651	362,350
Landcare Reserve	4	16,128	25,543
Unspent grants	20	<u>142,609</u>	<u>111,965</u>
		2,364,494	2,231,005

### SIGNIFICANT ACCOUNTING POLICIES

#### 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

#### Cash and cash equivalents (Continued)

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

#### 4. RESERVERS - CASH BACKED

	2018			2018			2018			2018			2017			2017		
	Actual	Actual	Actual	Actual	Budget	Budget	Actual	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual		
	Opening	Transfer	Transfer	Transfer	Opening	Transfer	Opening	Transfer	Transfer	Transfer	Opening	Actual	Actual	Transfer	Transfer	Closing		
	Balance	to	\$	\$	Balance	\$	Balance	\$	to	to	Balance	Balance	Balance	to	(from)	Balance		
	\$				\$		\$		\$		\$	\$	\$	\$	\$	\$		
Leave Reserve	285,056	6,528	0	291,584	288,636	5,773	0	294,409	0	294,409	203,657	81,399	0	81,399	0	285,056		
Plant Reserve	588,773	128,484	(150,000)	567,257	596,740	95,671	(150,000)	542,411		542,411	428,027	200,746	(40,000)	200,746	(40,000)	588,773		
Land and Building Reserve	314,771	52,209	0	366,980	317,391	53,887	0	371,278	0	371,278	258,287	56,484	0	56,484	0	314,771		
Sewerage Reserve	241,649	65,534	0	307,183	243,860	64,877	0	308,737	0	308,737	196,711	44,938	0	44,938	0	241,649		
Nyabing Recreation Reserve	34,759	10,811	0	45,570	34,953	6,699	0	41,652	0	41,652	24,097	10,662	0	10,662	0	34,759		
Pingrup Recreation Reserve	88,853	8,035	(90,000)	6,888	88,165	7,763	(50,000)	45,928		45,928	80,824	8,029	0	8,029	0	88,853		
Computer Equipment Reserve	0	0	0	0	0	0	0	0	0	0	1,693	42	(1,735)	42	0	0		
Water Provision Reserve	29,559	677	0	30,236	29,499	590	0	30,089	0	30,089	28,634	925	0	925	0	29,559		
Cemetery Reserve	18,286	20,419	0	38,705	18,373	20,367	0	38,740	0	38,740	17,838	448	0	448	0	18,286		
Refuse Disposal Facility Reserve	83,666	1,916	0	85,582	85,077	1,702	0	86,779	0	86,779	96,426	33,666	(46,426)	33,666	(46,426)	83,666		
Admin Vehicle Reserve	45,775	24,048	(24,700)	45,123	93,834	24,877	(24,700)	94,011		94,011	111,879	2,809	(68,913)	2,809	(68,913)	45,775		
Road Reserve	362,350	58,299	0	420,649	364,080	57,282	0	421,362	0	421,362	353,476	8,874	0	8,874	0	362,350		
Landcare Reserve	25,543	585	(10,000)	16,128	25,646	512	(10,000)	16,158		16,158	10,285	15,258	0	15,258	0	25,543		
	2,119,040	377,545	(274,700)	2,221,885	2,186,254	340,000	(234,700)	2,291,554		2,291,554	1,811,834	464,280	(157,074)	464,280	(157,074)	2,119,040		

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	Funds to be used to fund employee leave requirements.
Plant Reserve	Ongoing	Funds to be used for the purchase of major plant and equipment.
Land and Building Reserve	Ongoing	Funds to be set aside for the construction and or capital maintenance of building infrastructure and for land acquisitions and development.
Sewerage Reserve	Ongoing	Fund to be used for upgrading and/or major maintenance of townsite sewerage schemes.
Nyabing Recreation Reserve	Ongoing	Funds to be used for the upgrading of sporting facilities in Nyabing.
Pingrup Recreation Reserve	Ongoing	Funds to be used for the upgrading of sporting facilities in Pingrup.
Water Provision Reserve	Ongoing	Funds to be used for the provision of water services to rural areas of the Shire.
Cemetery Reserve	Ongoing	Funds to be used for the upgrading of the Nyabing and Pingrup cemeteries.
Refuse Disposal Facility Reserve	Ongoing	Funds to be used for the rehabilitation of the Nyabing and Pingrup rubbish sites.
Admin Vehicle Reserve	Ongoing	Funds to be used for the provision of vehicle changeovers for the CEO, DCEO and Works Manager.
Road Reserve	Ongoing	Funds to be used for capital works on roads within the Shire of Kent for future years.
Landcare Reserve	Ongoing	Funds to be used for Landcare requirements.

The Employee Entitlements, Plant, Land & Buildings, Nyabing Recreation, Pingrup Recreation, Water Supply, Sewerage, Administration Vehicles, Refuse Disposal Facilities, Roads and Landcare Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.



## 5. TRADE AND OTHER RECEIVABLES

### Current

Rates outstanding	
Sundry debtors	
GST receivable	
Receivables - Interest	

2018	2017
\$	\$
68,890	74,179
875,901	17,703
101,860	13,790
(158)	0
1,046,493	105,672

### Non-current

Rates outstanding - pensioners	
--------------------------------	--

11,445	8,772
11,445	8,772

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

### Rates outstanding

Includes:

Past due and not impaired	
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52,361	74,179
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### Sundry debtors

Includes:

Past due and not impaired	
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23,124	17,703
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## SIGNIFICANT ACCOUNTING POLICIES

### 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.

### Classification and subsequent measurement

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.

## 6. INVENTORIES

### Current

Fuel and Materials	
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2018	2017
\$	\$
76,827	59,496
76,827	59,496

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

## 7 (a) . PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	64,000	64,000
- Independent valuation 2017 - level 3	302,300	302,300
- Additions after valuation - cost	29,123	9,162
	395,423	375,462
Total land	395,423	375,462
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	2,550,555	2,550,555
- Independent valuation 2017 - level 3	2,480,893	2,480,893
- Additions after valuation - cost	79,448	0
Less: accumulated depreciation	(144,052)	0
	4,966,844	5,031,448
Buildings - specialised at:		
- Independent valuation 2017 - level 3	2,578,600	2,578,600
- Additions after valuation - cost	706,865	0
Less: accumulated depreciation	(179,248)	0
	3,106,217	2,578,600
Total buildings	8,073,061	7,610,048
Total land and buildings	8,468,484	7,985,510
Furniture and equipment at:		
- Independent valuation 2016	19,949	19,949
- Additions after valuation - cost	56,911	0
Less: accumulated depreciation	(14,622)	(8,057)
	62,238	11,892
Plant and equipment at:		
- Independent valuation 2016	2,493,925	2,493,925
- Movement after valuation - cost	1,428,607	1,158,502
Less: accumulated depreciation	(919,568)	(521,354)
	3,002,964	3,131,073
Total property, plant and equipment	11,533,686	11,128,475

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

### (b) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	423,929	423,929	4,930,665	3,595,000	8,525,665	8,949,594	13,782	3,028,352	11,991,728
Additions	9,162	9,162	0	0	0	9,162	0	1,067,742	1,076,904
(Disposals)	0	0	0	0	0	0	0	(378,174)	(378,174)
Revaluation increments/ (decrements) transferred to revaluation surplus	(57,629)	(57,629)	245,641	(1,016,400)	(770,759)	(828,388)	0	0	(828,388)
Depreciation (expense)	0	0	(144,858)	0	(144,858)	(144,858)	(1,890)	(586,847)	(733,595)
<b>Carrying amount at 30 June 2017</b>	375,462	375,462	5,031,448	2,578,600	7,610,048	7,985,510	11,892	3,131,073	11,128,475
Additions	19,961	19,961	79,447	642,186	721,633	741,594	56,911	711,221	1,509,726
(Disposals)	0	0	0	0	0	0	0	(227,948)	(227,948)
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	64,679	64,679	64,679	0	0	64,679
Depreciation (expense)	0	0	(144,051)	(179,248)	(323,299)	(323,299)	(6,565)	(611,382)	(941,247)
<b>Carrying amount at 30 June 2018</b>	395,423	395,423	4,966,844	3,106,217	8,073,061	8,468,484	62,238	3,002,964	11,533,685

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

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<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	30-06-2017	Observable market data, sales listing, property data generally available online and local agents.
Land - vested in and under control of Council hold for public benefit.	3	Market approach is determined by comparison to actual sales data for the same or similar assets.	Independent Valuers	30-06-2017	Land sales data for similar assets taking into account their restrictive nature.
Buildings - non-specialised	2	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Independent Valuers	30-06-2017	Improvements to land using construction costs and sales transactions for similar assets with current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-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	30-06-2017	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	30-06-2017	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	30-06-2016	Market data, sales data, vehicle guides, cost books and data supplied by the Shire of Kent.
<b>Plant and equipment</b>	2	Market approach is determined by comparison to actual sales data for the same or similar assets.	Independent Valuers	30-06-2016	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.

There was no transfer between level 1, 2 and 3 during the current and previous financial year.

## 8. (a) INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Independent valuation 2015 - Level 3	0	232,149,490
- Independent valuation 2018 - Level 3	245,618,957	0
- Additions after valuation - cost	0	2,327,731
Less: accumulated depreciation	0	(1,411,043)
	245,618,957	233,066,178
Infrastructure - Other		
- Independent valuation 2015 - Level 3	0	3,124,696
- Independent valuation 2018 - Level 3	4,601,893	0
- Additions after valuation - cost	0	401,865
Less: accumulated depreciation	0	(388,591)
	4,601,893	3,137,970
<b>Total infrastructure</b>	<b>250,220,850</b>	<b>236,204,148</b>

## 8. (b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Other	Total Infrastructure
<b>Balance as at 1 July 2016</b>	232,533,912	3,209,640	235,743,552
Additions	1,238,758	54,392	1,293,150
Depreciation (expense)	(706,492)	(126,062)	(832,554)
<b>Carrying amount as at 30 June 2017</b>	<b>233,066,178</b>	<b>3,137,970</b>	<b>236,204,148</b>
Additions	1,411,239	-	1,411,239
Revaluations increments/(decrements) transferred to revaluation surplus	12,279,856	1,589,336	13,869,191
Depreciation (expense)	(1,138,315)	(125,413)	(1,263,728)
<b>Carrying amount as at 30 June 2018</b>	<b>245,618,957</b>	<b>4,601,893</b>	<b>250,220,850</b>

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost.	Independent Valuers	30-06-2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other	3	Cost approach using depreciated replacement cost.	Independent Valuers	30-06-2018	Construction costs and current condition (Level 3), 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.

## 9. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

#### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

#### Land under control

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

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

#### 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 and 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.



## 9. FIXED ASSETS (Continued)

### (a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Transport</b>								
2017 Toyota Landcruiser GXL- OKT	57,592	71,591	13,999	0	54,262	45,000	0	(9,262)
Utility - Works Manager - 50KT	15,307	36,364	21,057	0	26,834	25,000	0	(1,834)
2014 Ford Ranger 4 x 4 - KT017	9,594	12,273	2,679	0	11,979	12,000	21	0
Mitsub Triton 4 x 2 - KT020	15,063	12,909	0	(2,154)	12,499	10,000	0	(2,499)
2014 Ford Ranger 4 x 2 - KT003	9,502	12,000	2,498	0	12,499	10,000	0	(2,499)
Mitsub Triton - KT014	3,491	13,636	10,146	0	11,650	12,000	350	0
2010 Hino Tip Truck - KT015	49,973	65,818	15,845	0	74,288	50,000	0	(24,288)
2017 Toyota Landcruiser GXL- OKT	54,926	70,455	15,528	0	0	0	0	0
2015 Mitsub Triton - KT002	12,500	25,636	13,136	0	0	0	0	0
	227,948	320,682	94,887	(2,154)	204,011	164,000	371	(40,382)

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	144,051	144,858
Buildings - specialised	179,248	0
Furniture and equipment	6,565	1,890
Plant and equipment	611,382	586,847
Infrastructure - Roads	1,138,315	706,492
Infrastructure - Other	125,413	126,062
	2,204,974	1,566,149

## 9. FIXED ASSETS (Continued)

### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

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

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

##### Depreciation rates

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

Buildings	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

##### Depreciation (Continued)

Formed roads (unsealed):	
- formation	not depreciated
- pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage sys	75 years
Infrastructure Other	30 - 50 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.

## 10. REVALUATION SURPLUS

	2018				2017					
	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land and buildings	5,565,823	0	0	0	5,565,823	6,394,212	0	(828,388)	(828,388)	5,565,823
Revaluation surplus -Buildings - specialised	0	64,679	0	64,679	64,679				0	0
Revaluation surplus -Plant and equipment	61,157	0	0	0	61,157	61,157	0	0	0	61,157
Revaluation surplus - Infrastructure - Roads	212,166,494	12,279,856	0	12,279,856	224,446,350	212,166,494	0	0	0	212,166,494
Revaluation surplus - Infrastructure - Other	985,850	1,589,336	0	1,589,336	2,575,186	985,850	0	0	0	985,850
	218,779,324	13,933,871	0	13,933,871	232,713,195	219,607,713	0	(828,388)	(828,388)	218,779,324

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.

## 11. TRADE AND OTHER PAYABLES

### Current

Sundry creditors
Accrued interest on long term borrowings
Accrued salaries and wages
ATO liabilities
Excess Rates
GST

2018	2017
\$	\$
348,682	62,766
9,258	10,462
11,370	5,437
25,893	34,339
3,691	6,612
(105,001)	26,629
293,893	146,245

### SIGNIFICANT ACCOUNTING POLICIES

#### 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

#### Trade and other payables (Continued)

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.

## 12. INFORMATION ON BORROWINGS

### (a) Repayments - Borrowings

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	\$	\$	Actual	Budget	Actual	Budget	Actual	Budget
Housing								
Loan 91, Various Duplexes	373,356		43,803	43,803	329,553	329,553	21,829	22,842
Community amenities								
Loan 54, Nyabing Effluent	22,194		2,405	2,405	19,789	19,789	1,808	1,923
Economic services								
Loan 93, ADSL Pingrup & Nyabing	86,248		27,980	27,980	58,267	58,268	2,134	2,157
					0	0		
Other property and services								
Loan 88, Nyabing General Store	24,252		5,484	5,484	18,768	18,768	1,440	1,493
	506,050	0	79,672	79,672	426,377	426,378	27,212	28,415

All loan repayments were financed by general purpose revenue.

### Borrowings

	2018	2017
	\$	\$
Current	83,874	79,672
Non-current	342,503	426,377
	426,377	506,049

### (b) New Borrowings - 2017/18

The Shire of Kent did not take up any new loans during the year ended 30 June 2018.

### (c) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

	2018	2017
	\$	\$
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	18,000	8,000
Credit card balance at balance date	(2,564)	(2,128)
Total amount of credit unused	115,436	105,872

#### Loan facilities

Loan facilities - current	83,874	79,672
Loan facilities - non-current	342,503	426,377
Total facilities in use at balance date	426,377	506,049

#### Unused loan facilities at balance date

NIL NIL

## SIGNIFICANT ACCOUNTING POLICIES

### Financial liabilities

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

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

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

### Borrowing costs

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

## 13. PROVISIONS

### Opening balance at 1 July 2017

Current provisions

Non-current provisions

Additional provision

Amounts used

### Balance at 30 June 2018

### Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	187,884	78,871	266,755
Non-current provisions	0	38,592	38,592
	187,884	117,463	305,347
Additional provision	150,208	39,190	189,398
Amounts used	(129,644)	(7,896)	(137,540)
Balance at 30 June 2018	208,448	148,757	357,205
Comprises			
Current	208,448	99,362	307,810
Non-current		49,395	49,395
	208,448	148,757	357,205

## SIGNIFICANT ACCOUNTING POLICIES

### Employee benefits

#### Short-term employee benefits

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

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.

#### Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

#### Other long-term employee benefits (Continued)

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.

### 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.

## 14. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	4,421,837	2,497,060	4,718,281

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,032,587	379,383	2,419,685
Non-cash flows in Net result:			
Depreciation	2,204,974	1,740,608	1,566,149
(Profit)/loss on sale of asset	(92,733)	40,011	(29,129)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(943,494)	17,000	121,692
(Increase)/decrease in inventories	(17,331)	15,000	20,480
Increase/(decrease) in payables	147,648	272,022	(4,768)
Increase/(decrease) in provisions	51,858	5,000	3,138
Non-operating Grants and contributions for the development of assets	(1,194,106)	(1,634,890)	(1,022,561)
Net cash from operating activities	1,189,403	834,134	3,074,686



## 15 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	572,765	515,510
Law, order, public safety	717,150	775,247
Housing	2,477,325	2,550,000
Community amenities	2,086,307	1,163,739
Recreation and culture	6,659,645	5,334,152
Transport	245,527,924	233,355,907
Economic services	363,674	223,662
Other property and services	2,934,158	663,900
Unallocated	5,972,190	7,642,728
	267,311,138	252,224,845

## 16. CONTINGENT LIABILITIES

The Shire of Kent has no contingent assets or contingent liabilities as at 30 June 2018.  
(2017: Nil)

## 17. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

The Shire of Kent did not have any future capital expenditure commitments as at 30 June 2018. (2017: Nil)

### (b) Operating Lease Commitments

The Shire of Kent did not have any future operating lease commitments as at 30 June 2018. (2017: Nil)

## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	57,333	64,000	47,250
President's allowance	8,000	8,000	7,000
Travelling expenses	8,717	28,000	15,570
	74,051	100,000	69,820

### Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total remuneration for KMP of the Shire during the year are as follows:		
Short-term employee benefits	472,743	508,503
Post-employment benefits	45,390	42,229
Other long-term benefits	41,170	32,079
Termination benefits	4,984	0
	564,287	582,811

#### 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 above.

#### 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 annual leave and 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).

### Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

	2018	2017
	\$	\$
The following transactions occurred with related parties:		
<i>The nature of the related party relationship is KMP</i>		
<i>Including elected members.</i>		

Purchase of goods and services from KMP	101,981	38,371
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### Amounts payable to related parties:

Trade and other payables	1,790	0
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### 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. Entities controlled by Key Management Personnel or close family members

Entities controlled or jointly controlled by Key Management Personnel or their close family members.

## 19. MAJOR LAND TRANSACTIONS

The Shire of Kent did not participate in any major land transactions during the 2017/18 financial year.

## 20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance
	1/07/16	2016/17	2016/17	30/06/17	2017/18	2017/18	30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
DFES Fire Truck	0	389,378	(389,378)	0	0	0	0
<b>Community amenities</b>							
State NRM Program	41,430	56,228	(63,719)	33,939	94,047	(62,851)	65,135
SWCC Grant	32,550	11,176	(34,169)	9,557	14,750	(16,202)	8,105
National Landcare Program	0	0	0	0	9,000	(9,000)	0
<b>Recreation and culture</b>							
Pingrup Pavilion Redevelopment	0	0	0	0	78,100	(78,100)	0
<b>Transport</b>							
Regional Road Group	0	112,000	(112,000)	0	240,667	(240,667)	0
Roads to Recovery	0	809,228	(743,342)	65,886	751,339	(747,856)	69,369
Blackspot	0	101,333	(98,750)	2,583	154,000	(156,583)	0
<b>Total</b>	<b>73,980</b>	<b>1,479,343</b>	<b>(1,441,358)</b>	<b>111,965</b>	<b>1,341,903</b>	<b>(1,311,259)</b>	<b>142,609</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.

## 21. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	2017 Actual Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Gross rental valuations</b>												
Residential/Commercial	0.1039	77	665,958	69,162	(684)	0	68,478	42,813	69,162	0	0	69,162
<b>Unimproved valuations</b>												
Rural	0.0104	350	201,633,000	2,092,217	2,267	967	2,095,451	2,053,319	2,091,860	0	0	2,091,860
<b>Sub-Total</b>		427	202,298,958	2,161,378	1,583	967	2,163,929	2,096,132	2,161,022	0	0	2,161,022
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
Residential/Commercial	485	24	27,868	11,640	0	0	11,640	18,135	11,640	0	0	11,640
<b>Unimproved valuations</b>												
Rural	485	12	378,800	5,820	0	0	5,820	5,115	5,820	0	0	5,820
Mining	485	12	87,629	5,820	885	0	6,705	3,255	5,820	0	0	5,820
<b>Sub-Total</b>		48	494,297	23,280	885	0	24,165	26,505	23,280	0	0	23,280
<b>Total amount raised from general rate</b>		475	202,793,255	2,184,658	2,468	967	2,188,094	2,122,637	2,184,302	0	0	2,184,302
<b>Ex-gratia rates</b>												
<b>Totals</b>							2,188,094	2,122,637	2,184,302			2,184,302
							29,439	28,582				29,153
							2,217,533	2,151,219				2,213,455

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

## 21. RATING INFORMATION (Continued)

### (b) Specified Area Rate

No specified area rates were imposed by the Shire of Kent during the year ended 30 June 2018. (2017: Nil)

### (c) Service Charges

No service charges were imposed by the Shire of Kent during the year ended 30 June 2018. (2017: Nil)

### (d) Discounts, Incentives, Concessions, & Write-offs

#### Rates Discounts

No discount is offered.

#### Waivers or Concessions

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.

### (e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	22-Sep-17	0	0.00%	11%
<b>Option Two</b>				
First instalment	22-Sep-17	10	5.50%	11%
Second instalment	26-Jan-18	10	5.50%	11%
<b>Option Three</b>				
First instalment	22-Sep-17	10	5.50%	11%
Second instalment	24-Nov-17	10	5.50%	11%
Third instalment	26-Jan-18	10	5.50%	11%
Fourth instalment	30-Mar-18	10	5.50%	11%

	2018	2018 Budget	2017
	\$	\$	\$
Interest on unpaid rates	10,988	10,400	9,241
Interest on instalment plan	6,434	9,000	7,795
Charges on instalment plan	2,130	2,500	2,500
	19,552	21,900	19,536

## 22. NET CURRENT ASSETS

Composition of net current assets for  
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Unrestricted	2,057,343	2,487,276
Restricted	2,364,494	2,231,005
Receivables		
Rates outstanding	68,890	74,179
Sundry debtors	875,901	17,703
GST receivable	101,860	13,790
Receivables - Interest	(158)	0
Inventories		
Fuel and Materials	76,827	59,496
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables		
Sundry creditors	(348,682)	(62,766)
Accrued interest on long term borrowings	(9,258)	(10,462)
Accrued salaries and wages	(11,370)	(5,437)
ATO liabilities	(25,893)	(34,339)
Excess Rates	(3,691)	(6,612)
GST	105,001	(26,629)
Current portion of long term borrowings	(83,874)	(79,672)
Provisions		
Provision for annual leave	(208,448)	(187,884)
Provision for long service leave	(99,362)	(78,871)
<b>Unadjusted net current assets</b>	<b>4,859,580</b>	<b>4,390,777</b>
<b>Adjustments</b>		
Less: Reserves - restricted cash	(2,221,885)	(2,119,040)
Add: Current portion of long term borrowings	83,874	79,672
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>2,721,569</b>	<b>2,351,409</b>

### Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

## 23. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	4,421,837	4,718,281	4,421,837	4,718,281
Receivables	956,078	100,654	956,078	100,654
	5,377,915	4,818,935	5,377,915	4,818,935
<b>Financial liabilities</b>				
Payables	398,894	119,616	398,894	119,616
Borrowings	426,377	506,049	475,252	570,029
	825,271	625,665	874,146	689,645

The amount of receivables and payables excludes the GST receivable/payable from/to the ATO (statutory receivable/payable)

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.



## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (a) Cash and Cash Equivalents

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

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

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

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

	2018	2017
- Equity	44,218	47,183
- Statement of Comprehensive Income	44,218	47,183

**Notes:**

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

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	34.20%	0.00%
- Overdue	65.18%	100.00%
Percentage of other receivables		
- Current	97.36%	96.00%
- Overdue	2.64%	4.00%

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	398,894	0	0	398,894	398,894
Borrowings	108,132	328,684	71,288	508,104	426,378
	507,026	328,684	71,288	906,998	825,272
<b>2017</b>					
Payables	119,616	0	0	119,616	119,616
Borrowings	107,295	365,592	142,515	615,402	506,050
	226,911	365,592	142,515	735,018	625,666

The amount of payables excludes the GST payable to the ATO (statutory payable).

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

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings		(58,268)	(18,768)			(349,342)	(426,378)	6.03%
Weighted average Effective interest rate		2.72%	6.52%			6.45%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings			(86,248)	(24,252)		(395,550)	(506,050)	5.90%
Weighted average Effective interest rate	0.00%	0.00%	2.72%	6.52%		6.45%		

## 24. 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 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Housing Bonds	5,212	1,164	(1,164)	5,212
Other	178	0	0	178
BRB & BCITF	0	7,145	(7,145)	0
Council Nominations	0	400	(400)	0
	5,390	8,709	(8,709)	5,390

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

Notes:

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

## 25 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <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>

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.

### Notes:

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

### Adoption of New and Revised Accounting Standards

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

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

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

## 26. OTHER SIGNIFICANT ACCOUNTING POLICIES

### 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) Current and non-current classification

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

### c) Rounding off figures

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

### d) 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 statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

### e) 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.

### f) 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.

### g) Fair value of assets and liabilities

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.

### h) 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.

#### 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 the service capacity of an asset.

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.

### i) Impairment of assets

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

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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.



## **27. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	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.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire prevention, emergency service and animal control.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Food quality and pest control, immunisation services, operations of child health clinics etc.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	Operation of pre pre-school facilities, assistance to playgroups and other voluntary services.
<b>HOUSING</b>	To provide and maintain staff housing and provision to the community if there is an overflow of housing that is surplus to council's requirement for staff.	Provision and maintenance of staff housing.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Rubbish collection and recycling services, operation and maintenance of refuse sites, administration of the town planning scheme, maintenance of cemeteries and cleaning and maintenance of public conveniences.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of halls, recreation centres and various reserves; operation of libraries.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, cleaning and lighting of streets, depot maintenance.
<b>ECONOMIC SERVICES</b>	To help promote the Shire and its economic wellbeing.	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control the Shire's overheads and operating accounts.	Private works operation, plant repair and operational costs.

## 28. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	8.07	11.74	3.91
Asset consumption ratio	1.00	0.73	0.73
Asset sustainability ratio	1.29	1.51	1.98
Debt service cover ratio	19.37	28.01	9.83
Operating surplus ratio	(0.03)	0.50	(0.07)
Own source revenue coverage ratio	0.74	0.61	0.62

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

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, three of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	724,913	683,642	0
Amount of Financial Assistance Grant received in prior year relating to current year.	683,642	0	639,164
Amount of reimbursement for flood damage received	2,718,829	0	0
Expenditure on flood damage re-instatement	2,790,172	0	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	7.97	8.72	6.07
Debt service cover ratio	19.65	21.62	15.78
Operating surplus ratio	0.04	0.26	0.16
Own source revenue coverage ratio	0.61	0.61	0.62

## INDEPENDENT AUDITOR'S REPORT

### To the Council of the Shire of Kent

### Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Kent which comprises the Statement of Financial Position as at 30 June 2018, 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 then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Kent:

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

#### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the relevant 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 my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter – Basis of Accounting**

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

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

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

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

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

***Auditor's Responsibility for the Audit of the Financial Report***

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the *Local Government (Audit) Regulations 1996* I report that:

- (i) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
  - a. The Shire has not reported the Asset Renewal Funding Ratio for 2018, 2017 and 2016 in the annual financial report as required by section 50(1)(c) of the *Local Government (Financial Management) Regulations 1996*, as required capital expenditure information is not available since the Shire has not prepared and adopted an asset management plan;
  - b. Accounting journal entries were posted with no evidence of independent review and approval by another person. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be independently reviewed and approved, with evidence of this review being retained.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

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



LEANNE K OLIVER RCA  
DIRECTOR  
BYFIELDS BUSINESS ADVISERS  
Belmont, Western Australia  
13 December 2018

13 December 2018

The President  
Shire of Kent  
24-26 Richmond Street  
NYABING WA 6341

Dear Sir

**Management Report for the Year Ended 30 June 2018**

We attach our report of matters arising from our audit of Shire of Kent for the year ended 30 June 2018. These issues have been discussed with management.

While this letter forms a key correspondence between the Shire and us this letter is intended solely for the use of the councillors and should not be used for any other purpose. While we have included matters which have come to our attention it does not mean that there are no other matters you should be aware of.

We would like to take is opportunity to thank the management and staff of the Shire for their assistance and cooperation during the course of the audit.

Yours Sincerely



LEANNE K OLIVER  
Director

NAME OF ENTITY: SHIRE OF KENT

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Asset Management Plan	✓		
2. General Journals	✓		
3. Employee Annual Leave Form Records		✓	
4. Purchase Orders		✓	
5. Employment Pay Rate Letters		✓	
6. Long Service Leave Assumptions			✓

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.



**NAME OF ENTITY: SHIRE OF KENT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**1. ASSET MANAGEMENT PLAN**

**Finding**

The Shire has not reported the Asset Renewal Funding Ratio for 2018, 2017 and 2016 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as required capital expenditure information is not available since the Shire has not prepared and adopted an asset management plan.

**Rating: Significant**

**Implication**

By not reporting the asset renewal funding ratio, the Shire is not in compliance with section 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

**Recommendation**

We recommend that, for future years, the asset renewal funding ratio be calculated based on verifiable information and reasonable assumptions, and included in the financial report.

**Management Comment**

As a new CEO has recently commenced this matter will be reviewed as a priority in the coming months.

**Responsible Person:**

**Completion Date:**

**NAME OF ENTITY: SHIRE OF KENT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

## **2. GENERAL JOURNALS**

### **Finding**

We found that there was no evidence of the review of journal entries processed during the year by someone independent of the general journal preparation process.

### **Rating: Significant**

### **Implication**

The absence of a formal review of general journals by someone independent of the preparation process may allow for erroneous or fraudulent adjustments to be processed undetected.

### **Recommendation**

We recommend that management revise its processes to ensure general journals are independently reviewed. It is important that the reviewer signs and dates the general journal page or approves electronically to ensure that there is sufficient evidence of the review.

### **Management Comment**

A procedure has been created to ensure accuracy and appropriateness for accounting entry adjustments by way of general ledger journals via the SynergySoft accounting system. Journal entries require review and approval by a Journal Approver.

**Responsible Person:**

**Completion Date:**

**NAME OF ENTITY: SHIRE OF KENT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

### **3. EMPLOYEE ANNUAL LEAVE FORM RECORDS**

#### **Finding**

We noted instances where the formal records of employee leave forms is not maintained. Also, noted instance where leave form is not signed by the supervisor, as evidence of being reviewed and approved.

#### **Rating: Moderate**

#### **Implication**

In absence of formal leave forms, management will not be able to calculate accurately the annual leave hours balance for employee leave entitlements. This may lead to misstatement of annual leave liability in the financial statements. Further, absence of leave forms can also result into disagreements with employees.

#### **Recommendation**

We recommend that the formal employee leave forms records should be maintained (manual or electronic) which are reviewed and signed off by the respective supervisor (or email approval whichever is practical).

#### **Management Comment**

The procedure for staff completing leave forms will be reviewed and updated early in 2019. This will be communicated to all staff in writing and via an 'all in' staff meeting.

**Responsible Person:**

**Completion Date:**

**NAME OF ENTITY: SHIRE OF KENT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

#### **4. PURCHASE ORDERS**

##### **Finding**

Based on our purchases testing, we noted instances where the Purchase Order (PO) authorised by the personnel exceeded the PO amount limit in accordance with the delegation register.

##### **Rating: Moderate**

##### **Implication**

Use of purchase orders is a key control which ensures that goods are correctly and appropriately ordered and received. Authorisation of orders exceeding the delegation limits may result in staff ordering larger amounts without any approval, or inappropriate purchases being made.

##### **Recommendation**

We recommend all authorised officers be reminded of the need to ensure purchase orders are raised in accordance with the delegation register limits. This will ensure goods and services are appropriately ordered with sufficient approval limits.

##### **Management Comment**

We are currently in the process of reviewing the purchase order process. It is anticipated that as at 1 July 2019 (subject to Council approval) we will use the IT Vision Synergy Soft Purchase Orders module, when this comes into place all policies and procedures relating to purchase orders and creditor controls will be reviewed.

**Responsible Person:**

**Completion Date:**

**NAME OF ENTITY: SHIRE OF KENT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

## **5. EMPLOYMENT PAY RATE LETTERS**

### **Finding**

We noted instances of the following:

- existing employee had received an increase in pay or pay level, however there was no correspondence to the employee confirming this change in circumstances and
- new employee did not have agreed pay rate letter on file.

### **Rating: Moderate**

#### **Implication**

The absence of agreed pay rate letters may make it difficult to resolve any potential disputes with employees.

#### **Recommendation**

We recommend management ensure agreed pay rates letters are documented in employee files for all applicable personnel.

#### **Management Comment**

The vacancy management process will be reviewed early in 2019. A checklist for ensuring that all documents for new employees have been provided including letters of appointment advising hours of work, rates of pay, leave entitlements etc, are provided.

**Responsible Person:**

**Completion Date:**

**NAME OF ENTITY: SHIRE OF KENT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

## **6. LONG SERVICE LEAVE ASSUMPTIONS**

### **Finding**

We noted that on-costs such as workcover insurance, inflation, probabilities of staff turnover, discount rates are applied in long service leave calculations, but the Shire did not maintain supporting information to justify some of the assumptions used.

### **Rating: Minor**

### **Implication**

Lack of supporting information makes it difficult to ascertain if the assumptions applied are accurate and in accordance with the Australian Accounting Standards which may result in misstatement in the financial statements.

### **Recommendation**

Whilst the impact is not likely to be material from our assessment, we recommend the supporting information for the assumptions to be maintained based on the Shire's historical and other observable market data.

### **Management Comment**

We will incorporate evidence on all future assumptions.

**Responsible Person:**

**Completion Date:**