



ANNUAL REPORT

For the Year Ending 30 June 2019

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."



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PART 1: INTRODUCTION

The Shire of Kent is pleased to present the Annual Report for the 2018/2019 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.

Authority and Legislation

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

Shire Statistics

Area	5634sq km
Position	320km SE Perth
Population	559 (ABS 2016 Census data)
Length of Roads	224km sealed 1206km gravel
Rateable Assessments	475
Average Rainfall	375mm
Average Temp (Max)	23 (c)
Average Temp (Min)	9 (c)

Suburbs and localities

Nyabing; Pingrup

Significant local events

Pingrup Races – March each year

Tourist Attractions

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

Local Industries

Wheat; other grains; sheep; associated support businesses.



Shire Presidents Report



It is with pleasure that I report on the activities of the Shire of Kent for the period 1 July 2018 to 30 June 2019. The Council finished the year with a surplus of \$3,769,575, 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 2018/19 year yielded an extra \$58,211 in funding for the year.

Council spent about \$2.2m on capital works and plant replacement in the 2018/19 financial year, \$198,705 on housing maintenance, \$438,095 on public building maintenance and \$171,213 on parks and gardens maintenance.

Our financial position remains strong with outstanding loan liability at just over \$340,000 by the end of the financial year, Reserves of \$2.38M 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.

Final works on the flood damage was completed during 2018/19 at a cost of \$1.7m. The process has been a long one but works have now been finalised.

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

Four new houses are 50% funded through the Great Southern Housing Initiative project to provide housing for key worker accommodation. Construction of these dwellings has been carried forward to 2019/20 due to funding body requirements and timing of tenders.

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

Council reviewed the Community Strategic Plan and with input from members of the community the Plan was finished and adopted in August 2018. 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 from 2017 to October 2019 I found the role interesting and rewarding. It gave me the opportunity to observe and compare our performance with other like Councils and to meet and discuss many industry wide issues with other neighbouring Councillors and Shire Presidents. I also appreciated being able to work closely with the CEO and Senior 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 President.

CR ALAN SMITH
SHIRE PRESIDENT
(2017 –Oct 2019)



Chief Executive Officer's Report



It is with enormous pleasure to report to the community, another solid year for project delivery and good governance.

The character and resilience of the community that I have witnessed has been amazing and I am inspired by the incredible community spirit and friendliness I have experienced across the shire despite some real and continuing challenges for the wheatbelt area.

I present the report for the 2018/19 financial year, which sees the final stages of recovery from the flood damage that occurred in 2017. We also continue to strive forward with our future planning, despite the many challenges for our small dedicated workforce.

Long Term Planning

Council Staff will continue to work on a five year fully costed budget that will address 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 2018/19 financial year. Some of the highlights are as follows:

- The year finished with \$2,386,065 in cash backed reserves. These cash backed reserves are set aside for specific future purposes and there are restrictions on how the funds can be spent. Council budgets on an annual basis to place funds in these reserves to assist in meeting the future needs of the community. Notably all of Councils 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.

- **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 2018/19 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 ration for the next Annual Report. The standard is met if the ratio is between 0.75 and 0.95. The standard is improving if the ratio is between 0.95 and 1.05.

Projects

Major Road Projects

The 2018/19 budget was adopted by Council 23 July 2018 and included an overall rate increase of 2.0%. With the assistance of funding through Roads to Recovery and the Regional Road Group program, Council completed the following major road projects:-

- Newdegate-Pingrup Road – (shoulder widening)
- Jolley Rd (widen and seal)
- North Needilup Road – (gravel re-sheet)
- Kukerin Road – (repair floodway)
- Kuringup Road (reconstruction and seal)
- South Fence Road – (gravel re-sheet)



Other Projects

Conversion of Enviro Toilets to Flushing Toilets

The completion of the conversion of the enviro toilets in Nyabing to flushing toilets was completed in 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.

Shire Housing Stock Upgrades

The shire owns over 20 dwellings that house staff, other agencies, aged care and community members. It is important that housing is kept to an appropriate standard from a staff retention/attraction commitment and to meet best practice asset preservation practices. This has seen expenditure of \$48,617 spent in the financial year on replacement and upgrades of air-conditioning and bathrooms/ensuites in line with the long term maintenance plan.

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,

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

The Shire commenced preparations in 2018/19 for a safety audit and participated 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 results of this audit was 80% overall. While our OHS is general of a high standard, the target mark for the audit was 90% and therefore has identified some areas for improvement particularly in the documentation of information and procedures.

Step 2 of the 3 Steps to Safety program involves the development of an OSH Action Plan between the Shire of Kent and LGIS. This action plan sets the actions to be taken to address the areas requiring improvement.

Step 3 involves the Shire of Kent implementing the agreed actions with the assistance of LGIS through mentoring, assisting and providing templates as required. As the Shire is part of the regional risk program, the LGIS Regional Risk Coordinator will work with the shire on the development and implementation of the OSH Action Plan.

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 2018/19, the Council has continued to work hard to ensure that the Shire continues to deliver services that meet the community's 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.

I would like to thank all the volunteers that work behind the seen to make this shire a great community and the ones on the front line that keep us safe in times of fire and adversity. I look forward to working with dedicated and committed Councillors, staff and community to deliver great services and outcomes for the future.

RICK MILLER
CHIEF EXECUTIVE OFFICER



PART 2: OUR COUNCIL AND ORGANISATIONAL STRUCTURE

Elected Members

As at 30 June 2019, our elected members represented Council as per the following:

COUNCILLORS	DELEGATES AND EXTERNAL COMMITTEES
Cr Alan Smith (Shire President) Elected to office in 2011 Retiring 2019	WALGA Great Southern Zone, Audit Committee, Pingrup CRC and a proxy to the Pingrup Ground Improvement Committee.
Cr Grant Collins (Deputy Shire President) Elected to office 2011 Retiring 2019	Regional Road Group, Bushfire Advisory Committee and a proxy to the Audit Committee.
Cr Tim Borgward Elected to office 2015 Retiring 2019	Great Southern Recreational Advisory Group, Audit Committee, Pingrup Ground Improvement Committee and a proxy to the Pingrup CRC.
Cr Scott Crosby Elected to office 2015 Retiring 2019	WALGA Great Southern Zone, Regional Road Group, Audit Committee and a proxy to the Bushfire Advisory Committee.
Cr Justin Germain Elected to office 2017 Retiring 2021	Bushfire Advisory Committee and proxy to both the Great Southern Recreational Advisory Group and the Local Emergency Management Committee.
Cr Craig Bamess Elected to office 2017 Retiring 2021	Nyabing Sports Club Committee and proxy to the Regional Road Group.
Cr Kate Johnston Elected to office 2017 Retiring 2021	Great Southern Recreational Advisory Group, Pingrup CRC and proxy to the WALGA Great Southern Zone.
Cr Kerry Stephens Elected to office 2017 Retiring 2021	Audit Committee and the Local Emergency Management Committee.



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

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



Councillor Meeting Attendance

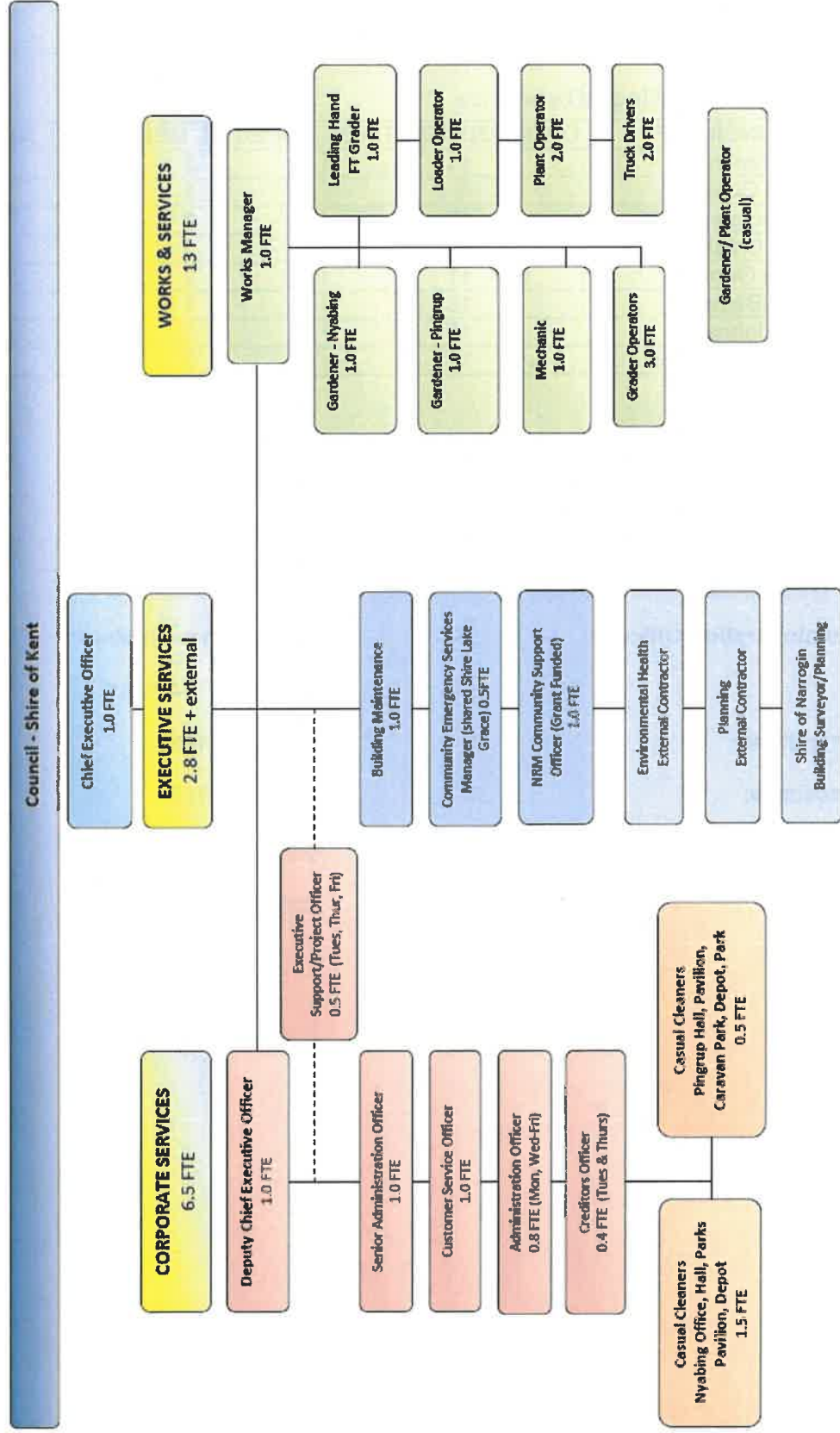
COUNCILLOR	ORDINARY MEETING	SPECIAL MEETING	ANNUAL ELECTORS
Cr Alan Smith	11	2	1
Cr Grant Collins	9	1	1
Cr Tim Borgward	10	2	0
Cr Scott Crosby	10	1	1
Cr Justin Germain	11	2	1
Cr Craig Bamess	10	1	1
Cr Kate Johnston	10	1	1
Cr Kerry Stephens	11	2	1

Principal Officers and Council Information

Chief Executive Officer:	Rick Miller
Deputy Chief Executive Officer:	Michelle Bamess
Works Manager:	Gary Mathewson
Administration Office:	24-26 Richmond Street NYABING WA 6341
Telephone:	(08) 9829 1051
Facsimile:	(08) 9829 1083
Email:	admin@kent.wa.gov.au
Website:	www.kent.wa.gov.au



Organisational Structure





PART 3: 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.

Strategic Community Plan

The Strategic Community Plan 2017 – 2027 was adopted by Council on 15 August 2018. In accordance with statutory requirements the plan will require a desktop review prior to August 2020. The next full review, including community consultation, will take place prior to June 2022.

Our Vision is *"A community that places high value on essential services; communication 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."*

Our Mission is to *"Provide leadership, direction and opportunities for the community."*

The following is an outline on the progress of delivering the four key objectives and and desired outcomes of the Strategic Community Plan.

	Objectives	Outcomes
ECONOMIC	<i>Support growth and progress, locally and regionally</i>	<ul style="list-style-type: none"> • Growth in business and/or employment opportunities • Increased tourism activity • An effective well maintained transport network • Agriculture opportunities maintained and developed
SOCIAL	<i>To provide community facilities and promote social interaction</i>	<ul style="list-style-type: none"> • Expansion of youth services and facilities • Maintaining a healthy and safe community • Existing strong community spirit and pride to be fostered, promoted and encouraged • Cultural and heritage diversity is recognised • A broad range of quality education services and facilities servicing the region
ENVIRONMENT	<i>Conserve, protect and enhance our natural and built environment</i>	<ul style="list-style-type: none"> • A preserved natural environment • Effective waste services • Efficient use of resources • A well maintained built environment
CIVIC LEADERSHIP	<i>Continually enhance the Shire's organisational capacity to service the needs of our community</i>	<ul style="list-style-type: none"> • An efficient and effective organisation • An employer of choice



Economic – support growth and progress, locally and regionally.

- During the past twelve months Council has liaised with potential buyers of the Nyabing General Store business. The local Nyabing Progress Association has also come on board to support the sale to ensure that this business remains operating in our district.
- Council is continuously working with Telstra to provide information to local community members in relation to new technology, mobile service blackspots and things that can be done to ensure mobile service throughout most areas of the Shire.
- In the upcoming financial year, Council has made a budget allowance to install tourism signage around both the townsites of Nyabing and Pingrup. Council continue to be a part of and support the Great Southern Treasures tourism group, this includes being the annual “Bloom Festival”.
- Co-operative Bulk Handling (CBH) is currently installing some onsite accommodation at the Pingrup Caravan Park that will be used to house their seasonal workers. On the off season these will be available for use by the Shire of Kent to offer overnight/short-stay accommodation. As part of this project CBH will also upgrade the current camp kitchen.
- The Nyabing Caravan Park is set for a major overhaul with the conversion of the old tennis pavilion into a camp kitchen and the installation of a toilet/laundry block alongside. Other future developments will include planting of trees and other landscaping; defined parking bays; installation of a dump point; demolition of the old ablution block; and signage.
- Council continue to maintain the road transport network at an exceptional standard.

Social – to provide community facilities and promote social interaction.

- Council has received funding from the Federal Government through the Building Better Regions Fund (BBRF) to construct three residential dwellings in Nyabing and one residential dwelling in Pingrup. The construction of these dwellings forms part of the Great Southern Housing Initiative (GSHI), which is a joint project with the shires of Broomehill-Tambellup, Cranbrook, Katanning, Kent, Kojonup and Gnowangerup. The completion of this project is anticipated to be May 2020.
- Continuous support is provided to community groups, volunteers, junior sports and other local sports. Council provides free use of sporting/recreation facilities to all community groups. Also provided free to community groups are photocopying/printing services at the shire office.
- At the commencement of draft budget considerations a call for requests for donations/support is offered to all community groups within the Shire to submit a request for funding or support. For the 2018/19 financial year, from this process, Council provided financial support to both the Nyabing & Pingrup P & C's for swimming lessons; Nyabing St John Ambulance of \$1,000 for small appliances for the sub-centre; \$640 to Nyabing Playgroup to assist with Playgroup WA affiliation fees; and the A Smart Start program which delivers resources and information sessions for parents and children for both Nyabing and Pingrup.



Environment – conserve, protect and enhance our natural and built environment.

- Continuation of employment for a Natural Resource Management (NRM) Community Support Officer.
- Fencing remnant vegetation and revegetation programs.
- Water management planning; paddock soil-landscape assessments; demonstrations.
- 1080 bait accreditation workshop for fox control.
- On-Farm Bushland Biodiversity Tours.
- Coordination Greening Australia, revegetation and fencing.
- Commencement of program for wild dog control and monitoring within and surrounding Lake Magenta Reserve.
- Farm water grants and emergency water supply for AA dams.

Civic Leadership – continually enhance the Shire's organisational capacity to service the needs of our community.

- Ongoing maintenance and updating of Council's website and Facebook page. Council also continue to send relevant community emails and have recently started the "Kent Catch-up" which is an online monthly newsletter with current information in relation to Council and Shire matters.
- Opportunities for resource sharing are always sought. Currently resource sharing is done between the shire's of Lake Grace and Kent for the Community Emergency Services Manager (CESM) position; Environmental Health Services with the shire's of Broomehill-Tambellup and Kent; Council is part of the building services with the Shire of Narrogin; and the recent alliance with other shire's as part of the GSHI.



PART 4: REGULATORY REQUIREMENTS

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 2018/2019 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.

Freedom of Information Statement

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 2018/2019 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.

Complaints Register - Elected Members

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.

Record Keeping Plan (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.

Employee Remuneration

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.*

\$140,000 - \$150,000 one employee

Disability Access and Inclusion Plan (DAIP)

The Shire's Disability Access and Inclusion Plan (DAIP) 2017 – 2022 was last reviewed in 2017 with the following policy statement:

The Shire of Kent is committed to ensuring that the community is accessible for and inclusive of people with disability, their families and carers.

The Shire of Kent interprets an accessible and inclusive community and one in which all Shire functions, facilities and services (both in-house and contracted) are open, available and accessible to people with disability, providing them with the same opportunities, rights and responsibilities as other people in the community.

The Shire of Kent:

- *Recognises that people with disability are valued members of the community who make a variety of contributions to local social, economic and cultural life;*
- *Believes that a community that recognises its diversity and supports the participation and inclusion of all of its members makes for a richer community life;*
- *Believes that people with disability, their families and carers should be supported to remain in the community;*
- *Is committed to consulting with people with disability, their families and carers and disability organisations in addressing barriers to access and inclusion;*
- *Will ensure its agents and contractors work towards the desired outcomes in the Disability Access and Inclusion Plan;*
- *Is committed to achieving the seven desired outcomes of its Disability Access and Inclusion Plan. These are:*



People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.

- 1. People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.*
- 2. People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.*
- 3. People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.*
- 4. People with disability have the same opportunities as other people to make complaints to a public authority.*
- 5. People with disability have the same opportunities as other people to participate in any public consultation by a public authority.*
- 6. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.*



PART 5: ANNUAL FINANCIAL STATEMENTS

SHIRE OF KENT FINANCIAL

REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

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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 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Kent at 30 June 2019 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 *12th* day of *December* 2019



Chief Executive Officer

Rick Miller

Name of Chief Executive Officer



**SHIRE OF KENT
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	22(a)	2,274,921	2,268,721	2,217,533
Operating grants, subsidies and contributions	2(a)	4,119,357	3,562,161	4,598,947
Fees and charges	2(a)	629,764	529,626	618,593
Interest earnings	2(a)	123,156	88,325	114,585
Other revenue	2(a)	72,349	49,399	52,518
		7,219,547	6,498,232	7,602,176
Expenses				
Employee costs		(1,801,238)	(1,916,298)	(1,736,767)
Materials and contracts		(2,336,746)	(3,625,772)	(3,255,909)
Utility charges		(150,086)	(133,017)	(123,916)
Depreciation on non-current assets	10(b)	(2,354,702)	(1,594,519)	(2,204,975)
Interest expenses	2(b)	(22,982)	(24,263)	(27,211)
Insurance expenses		(133,924)	(127,532)	(121,765)
Other expenditure		(383,163)	(296,694)	(385,884)
		(7,182,841)	(7,718,095)	(7,856,427)
		36,706	(1,219,863)	(254,251)
Non-operating grants, subsidies and contributions	2(a)	764,913	1,953,126	1,194,106
Profit on asset disposals	10(a)	106,689	50,449	94,887
(Loss) on asset disposals	10(a)	(721)	(14,959)	(2,154)
		870,881	1,988,616	1,286,839
		907,587	768,753	1,032,588
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	523,401	0	13,933,871
		523,401	0	13,933,871
Total comprehensive income for the period				
		1,430,988	768,753	14,966,459



**SHIRE OF KENT
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019**

NOTE	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Revenue			
Governance	17,937	10,300	11,414
General purpose funding	4,285,453	3,060,896	3,715,475
Law, order, public safety	83,770	80,460	67,152
Health	990	0	0
Education and welfare	0	500	0
Housing	65,236	71,086	63,802
Community amenities	355,328	224,938	276,511
Recreation and culture	10,555	14,100	56,090
Transport	2,148,484	2,813,023	3,157,760
Economic services	73,921	43,150	56,009
Other property and services	177,873	179,779	197,963
	7,219,547	6,498,232	7,602,176
Expenses			
Governance	(485,945)	(531,269)	(518,046)
General purpose funding	(79,054)	(88,227)	(76,762)
Law, order, public safety	(179,232)	(190,410)	(170,905)
Health	(18,201)	(33,257)	(13,371)
Education and welfare	(28,329)	(33,436)	(23,667)
Housing	(193,857)	(215,581)	(179,798)
Community amenities	(467,224)	(509,514)	(360,392)
Recreation and culture	(788,390)	(600,768)	(736,475)
Transport	(4,510,805)	(5,106,230)	(5,426,094)
Economic services	(210,838)	(185,805)	(119,121)
Other property and services	(197,984)	(199,335)	(204,585)
	(7,159,859)	(7,693,832)	(7,829,216)
Finance Costs			
Housing	(18,959)	(20,039)	(21,829)
Community amenities	(1,687)	(1,704)	(1,808)
Economic services	(1,262)	(1,390)	(2,134)
Other property and services	(1,074)	(1,130)	(1,440)
	(22,982)	(24,263)	(27,211)
	36,706	(1,219,863)	(254,251)
Non-operating grants, subsidies and contributions	764,913	1,953,126	1,194,106
Profit on disposal of assets	106,689	50,449	94,887
(Loss) on disposal of assets	(721)	(14,959)	(2,154)
	870,881	1,988,616	1,286,839
	907,587	768,753	1,032,588
Net result for the period			
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	523,401	0	13,933,871
	523,401	0	13,933,871
	1,430,988	768,753	14,966,459

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



**SHIRE OF KENT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019	2018 Restated*
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,354,790	4,421,837
Trade receivables	5	106,298	1,046,493
Inventories	6	64,013	76,827
TOTAL CURRENT ASSETS		6,525,101	5,545,157
NON-CURRENT ASSETS			
Trade receivables	5	0	11,445
Other Financial Assets	7	71,552	0
Property, plant and equipment	8	11,665,499	11,533,686
Infrastructure	9	250,179,380	250,220,850
TOTAL NON-CURRENT ASSETS		261,916,431	261,765,981
TOTAL ASSETS		268,441,532	267,311,138
CURRENT LIABILITIES			
Trade and other payables	12	137,554	293,893
Borrowings	13(a)	88,316	83,874
Employee related provisions	14	231,907	307,810
TOTAL CURRENT LIABILITIES		457,777	685,577
NON-CURRENT LIABILITIES			
Borrowings	13(a)	254,188	342,504
Employee related provisions	14	64,919	49,395
TOTAL NON-CURRENT LIABILITIES		319,107	391,899
TOTAL LIABILITIES		776,884	1,077,476
NET ASSETS		267,664,648	266,233,662
EQUITY			
Retained surplus			
Reserves - cash backed	4	32,041,988	31,298,582
Revaluation surplus	11	2,386,065	2,221,885
TOTAL EQUITY		233,236,595	232,713,195

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 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		30,368,839	2,119,040	218,779,324	251,267,201
Comprehensive income					
Net result for the period		1,032,588	0	0	1,032,588
Other comprehensive income	11	0	0	13,933,871	13,933,871
Total comprehensive income		1,032,588	0	13,933,871	14,966,459
Transfers from/(to) reserves		(102,845)	102,845	0	0
Balance as at 30 June 2018		31,298,582	2,221,885	232,713,195	266,233,660
Comprehensive income					
Net result for the period		907,587	0	0	907,587
Other comprehensive income	11	0	0	523,401	523,401
Total comprehensive income		907,587	0	523,401	1,430,988
Transfers from/(to) reserves		(164,180)	164,180	0	0
Balance as at 30 June 2019		32,041,988	2,386,065	233,236,595	267,664,648

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 2019**

NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	2,332,171	2,263,721	2,220,149
Operating grants, subsidies and contributions	4,951,697	4,619,086	3,740,907
Fees and charges	629,764	529,626	618,593
Interest received	123,156	88,325	114,585
Goods and services tax received	62,050	67,000	(88,070)
Other revenue	72,349	49,401	52,518
	8,171,187	7,617,159	6,658,682
Payments			
Employee costs	(1,853,889)	(1,909,098)	(1,687,422)
Materials and contracts	(2,602,189)	(3,632,472)	(2,990,245)
Utility charges	(150,086)	(133,017)	(123,916)
Interest expenses	(16,887)	(23,563)	(28,416)
Insurance paid	(133,924)	(127,532)	(121,765)
Goods and services tax paid	108,095	0	(131,630)
Other expenditure	(383,163)	(296,694)	(385,884)
	(5,032,043)	(6,122,376)	(5,469,278)
Net cash provided by/(used in) operating activities	15 3,139,144	1,494,783	1,189,404
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	(867,299)	(3,244,800)	(1,509,726)
Payments for construction of infrastructure	(1,330,052)	(2,067,549)	(1,411,239)
Non-operating grants, subsidies and contributions	764,913	1,953,126	1,194,106
Proceeds from sale of property, plant & equipment	310,121	153,000	320,682
Net cash provided by/(used in) investment activities	(1,122,317)	(3,206,223)	(1,406,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	(83,874)	(83,873)	(79,672)
Net cash provided by/(used in) financing activities	(83,874)	(83,873)	(79,672)
Net increase/(decrease) in cash held	1,932,953	(1,795,313)	(296,445)
Cash at beginning of year	4,421,837	4,421,837	4,718,282
Cash and cash equivalents at the end of the year	15 6,354,790	2,626,524	4,421,837

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



**SHIRE OF KENT
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		2,721,569	3,072,365	2,351,409
		2,721,569	3,072,365	2,351,409
Revenue from operating activities (excluding rates)				
Governance		17,937	10,300	11,414
General purpose funding		2,010,532	792,175	1,497,942
Law, order, public safety		83,770	80,460	67,152
Health		990	0	0
Education and welfare		0	500	0
Housing		65,236	71,086	63,802
Community amenities		355,328	224,938	276,511
Recreation and culture		10,555	14,100	56,090
Transport		2,255,173	2,863,472	3,252,647
Economic services		73,921	43,150	56,009
Other property and services		177,873	179,779	197,963
		5,051,315	4,279,960	5,479,530
Expenditure from operating activities				
Governance		(485,945)	(531,269)	(518,046)
General purpose funding		(79,054)	(88,227)	(76,762)
Law, order, public safety		(179,232)	(190,410)	(170,905)
Health		(18,201)	(33,257)	(13,371)
Education and welfare		(28,329)	(33,436)	(23,667)
Housing		(212,816)	(235,620)	(201,627)
Community amenities		(468,911)	(511,218)	(362,200)
Recreation and culture		(788,390)	(600,768)	(736,475)
Transport		(4,511,526)	(5,121,189)	(5,428,248)
Economic services		(212,100)	(187,195)	(121,255)
Other property and services		(199,058)	(200,465)	(206,025)
		(7,183,562)	(7,733,054)	(7,858,581)
Non-cash amounts excluded from operating activities	23(a)	2,275,703	1,559,029	2,120,372
Amount attributable to operating activities		2,865,025	1,178,300	2,092,730
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		764,913	1,953,126	1,194,106
Proceeds from disposal of assets	10(a)	310,121	153,000	320,682
Purchase of property, plant and equipment	8(a)	(867,299)	(3,244,800)	(1,509,726)
Purchase and construction of infrastructure	9(a)	(1,330,052)	(2,067,549)	(1,411,239)
Amount attributable to investing activities		(1,122,317)	(3,206,223)	(1,406,177)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(83,874)	(83,873)	(79,672)
Transfers to reserves (restricted assets)	4	(181,180)	(166,925)	(377,545)
Transfers from reserves (restricted assets)	4	17,000	10,000	274,700
Amount attributable to financing activities		(248,054)	(240,798)	(182,517)
Surplus/(deficit) before imposition of general rates		1,494,654	(2,268,721)	504,036
Total amount raised from general rates	22	2,274,921	2,268,721	2,217,533
Surplus/(deficit) after imposition of general rates	23(b)	3,769,575	0	2,721,569

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



**SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

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 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 effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Funds are excluded from the financial statements. A separate statement of those monies appear at Note 25 to these financial statements.



**SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	15,785	7,000	10,749
General purpose funding	1,884,187	701,000	1,380,273
Law, order, public safety	45,545	37,000	26,918
Health	990	0	0
Education and welfare	0	500	0
Housing	802	1,000	803
Community amenities	280,717	147,138	188,559
Recreation and culture	(4,000)	6,000	50,864
Transport	1,834,922	2,602,523	2,843,860
Other property and services	60,409	60,000	96,921
	4,119,357	3,562,161	4,598,947
Non-operating grants, subsidies and contributions			
Housing	0	1,100,000	0
Recreation and culture	52,587	0	48,100
Transport	712,326	853,126	1,146,006
	764,913	1,953,126	1,194,106
Total grants, subsidies and contributions	4,884,270	5,515,287	5,793,053

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 21.

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



SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (continued)
(a) Revenue (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Significant revenue			
WANDRRA Funding included in "Operating grants, subsidies and contributions".	1,669,106	0	2,718,829
Other revenue			
Other	72,349	49,400	52,518
	72,349	49,400	52,518
Fees and Charges			
Governance	916	800	495
General purpose funding	3,189	3,000	3,083
Law, order, public safety	38,225	43,310	40,235
Housing	64,233	69,836	62,864
Community amenities	74,611	77,800	87,951
Recreation and culture	14,555	8,100	5,226
Transport	307,495	200,500	306,163
Economic services	72,712	42,000	55,531
Other property and services	53,828	84,280	57,045
	629,764	529,626	618,593

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

Interest earnings			
Reserve accounts interest	55,540	44,925	48,387
Rates instalment and penalty interest	17,257	18,400	17,422
Other interest earnings	50,359	25,000	48,776
	123,156	88,325	114,585

(b) Expenses

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Significant expense			
WANDRRA Funding included in "Materials and Contracts".	1,700,178	0	2,790,172
Auditors remuneration			
- Audit of the Annual Financial Report	15,040	20,000	14,000
- Other services	11,500	0	910
	26,540	20,000	14,910
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	22,982	24,263	27,211
	22,982	24,263	27,211



SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		1,908,233	1,092,986
Term deposits		4,446,557	3,328,851
		6,354,790	4,421,837
Comprises:			
- Unrestricted cash and cash equivalents		3,803,023	2,057,343
- Restricted cash and cash equivalents		2,551,767	2,364,494
		6,354,790	4,421,837
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave Reserve	4	298,822	291,584
Plant Reserve	4	631,335	567,256
Land and Building Reserve	4	366,088	366,980
Sewerage Reserve	4	364,807	307,183
Nyabing Recreation Reserve	4	49,734	45,570
Pingrup Recreation Reserve	4	13,059	6,888
Water Provision Reserve	4	40,986	30,236
Cemetery Reserve	4	39,664	38,704
Refuse Disposal Facility Reserve	4	87,706	85,582
Admin Vehicle Reserve	4	46,243	45,123
Road Reserve	4	431,092	420,651
Landcare Reserve	4	16,529	16,128
		2,386,065	2,221,885
Other restricted cash and cash equivalents			
Unspent grants/contributions	21	165,702	142,609
Total restricted cash and cash equivalents		2,551,767	2,364,494

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 with original maturities of three months or less that are readily convertible to known amounts of cash.

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.



**SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

4. RESERVES – CASH BACKED

	2019		2019		2019		2019		2019		2018		2018		2018	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Opening	Closing	Actual	Actual	Transfer	Transfer	Actual	Actual
	Opening	Transfer	to	(from)	Opening	Transfer	to	(from)	Balance	Balance	Opening	Transfer	to	(from)	Closing	Closing
	Balance		Balance	Balance	Balance		Balance	Balance	\$	\$	Balance		Balance		Balance	Balance
(a) Leave Reserve	\$ 291,584	\$ 7,237	\$ 0	\$ 0	\$ 291,585	\$ 5,000	\$ 0	\$ 0	\$ 296,585	\$ 285,056	\$ 6,528	\$ 0	\$ 0	\$ 0	\$ 291,584	\$ 291,584
(b) Plant Reserve	567,256	64,079	0	0	567,256	61,630	0	0	628,886	588,772	128,484	(150,000)	0	0	567,256	567,256
(c) Land and Building Reserve	366,980	9,108	(10,000)	0	366,980	9,500	(10,000)	0	366,480	314,771	52,209	0	0	0	366,980	366,980
(d) Sewerage Reserve	307,183	57,624	0	0	307,183	55,000	0	0	362,183	241,649	65,534	0	0	0	307,183	307,183
(e) Nyabing Recreation Reserve	45,570	11,164	(7,000)	0	45,570	7,100	0	0	52,670	34,759	10,811	0	0	0	45,570	45,570
(f) Pingrup Recreation Reserve	6,888	6,171	0	0	6,888	6,950	0	0	13,838	88,853	8,035	(90,000)	0	0	6,888	6,888
(g) Water Provision Reserve	30,236	10,750	0	0	30,236	11,000	0	0	41,236	29,559	677	0	0	0	30,236	30,236
(h) Cemetery Reserve	38,704	961	0	0	38,704	600	0	0	39,304	18,285	20,419	0	0	0	38,704	38,704
(i) Refuse Disposal Facility Reserve	85,582	2,124	0	0	85,582	3,300	0	0	88,882	83,686	1,916	0	0	0	85,582	85,582
(j) Admin Vehicle Reserve	45,123	1,120	0	0	45,123	1,000	0	0	46,123	45,775	24,048	(24,700)	0	0	45,123	45,123
(k) Road Reserve	420,651	10,441	0	0	420,651	5,845	0	0	426,496	362,352	56,299	0	0	0	420,651	420,651
(l) Landcare Reserve	16,128	401	0	0	16,128	0	0	0	16,128	25,543	585	(10,000)	0	0	16,128	16,128
	2,221,885	181,180	(17,000)	0	2,221,886	166,925	(10,000)	0	2,378,811	2,119,040	377,545	(274,700)	0	0	2,221,885	2,221,885

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

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
(a) Leave Reserve	Ongoing	Funds to be used to fund employee leave requirements.
(b) Plant Reserve	Ongoing	Funds to be used for the purchase of major plant and equipment.
(c) 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.
(d) Sewerage Reserve	Ongoing	Funds to be used for upgrading and/or major maintenance on towns site sewerage schemes.
(e) Nyabing Recreation Reserve	Ongoing	Funds to be used for the upgrade of sporting facilities in Nyabing.
(f) Pingrup Recreation Reserve	Ongoing	Funds to be used for the upgrade of sporting facilities in Pingrup.
(g) Water Provision Reserve	Ongoing	Funds to be used for the provision of water services to rural areas of the Shire.
(h) Cemetery Reserve	Ongoing	Funds to be used for the upgrading of the Nyabing and Pingrup Cemeteries.
(i) Refuse Disposal Facility Reserve	Ongoing	Funds to be used for the rehabilitation of the Nyabing and Pingrup rubbish sites.
(j) Admin Vehicle Reserve	Ongoing	Funds to be used for the provision of vehicle changeovers for the CEO, DCEO and Works Manager.
(k) Road Reserve	Ongoing	Funds to be used for capital works on roads within the Shire of Kent for future years.
(l) Landcare Reserve	Ongoing	Funds to be used for landcare requirements.



SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

5. TRADE RECEIVABLES

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Other receivables – Interest Accrued	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2019	2018
	\$	\$
	23,085	68,890
	43,007	875,901
	39,810	101,860
	396	(158)
	106,298	1,046,493
	0	11,445
	0	11,445

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.



**SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Other inventories – Fuel and Materials	64,013	76,827
	64,013	76,827

The following movements in inventories occurred during the year:

Carrying amount at 1 July	76,827	59,496
Additions to inventory	(12,814)	17,331
	64,013	76,827

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. OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
Non-current assets		
Financial assets at fair value through profit and loss	71,552	0
	71,552	0
Financial assets at fair value through profit and loss		
- <i>Unlisted equity investments</i>		
Financial assets at fair value through profit and loss -Units in LG House	71,552	0
	71,552	0

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.



**SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

	Land - freehold land	Land- vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	375,462	0	375,462	5,031,448	2,578,601	7,610,049	7,985,511	11,892	3,131,073	11,128,476
Additions	19,961	0	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	0	(227,948)	(227,948)
Revaluation increments/(decrements) transferred to revaluation surplus	0	0	0	0	64,679	64,679	64,679	0	0	64,679
Depreciation (expense)	0	0	0	(144,051)	(179,249)	(323,300)	(323,300)	(6,565)	(611,382)	(941,247)
Transfers	0	0	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	395,423	0	395,423	4,966,844	3,106,217	8,073,061	8,468,484	62,238	3,002,964	11,533,686
Comprises:										
Gross carrying amount at 30 June 2018	395,423	0	395,423	5,110,896	3,285,465	8,396,361	8,791,784	76,860	3,922,532	12,791,176
Accumulated depreciation at 30 June 2018	0	0	0	(144,052)	(179,248)	(323,300)	(323,300)	(14,622)	(919,568)	(1,257,490)
Accumulated impairment loss at 30 June 2018	0	0	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	395,423	0	395,423	4,966,844	3,106,217	8,073,061	8,468,484	62,238	3,002,964	11,533,686
Additions	977	0	977	48,617	30,478	79,095	80,072	3,330	783,897	867,299
(Disposals)	0	0	0	0	0	0	0	0	(204,153)	(204,153)
Revaluation increments/(decrements) transferred to revaluation surplus	(1,957)	0	(1,957)	0	0	0	(1,957)	(10,685)	538,652	526,010
Depreciation (expense)	0	0	0	(158,013)	(180,208)	(338,221)	(338,221)	(7,625)	(639,943)	(985,789)
Transfers	(43)	0	(43)	2,994	(63,906)	(60,912)	(60,955)	0	(10,599)	(71,554)
Carrying amount at 30 June 2019	394,400	0	394,400	4,860,442	2,892,581	7,753,023	8,147,423	47,258	3,470,818	11,665,499
Comprises:										
Gross carrying amount at 30 June 2019	394,400	0	394,400	5,151,865	3,252,037	8,403,902	8,798,302	47,258	3,470,818	12,316,378
Accumulated depreciation at 30 June 2019	0	0	0	(291,423)	(359,456)	(650,879)	(650,879)	0	0	(650,879)
Accumulated impairment loss at 30 June 2019	0	0	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2019	394,400	0	394,400	4,860,442	2,892,581	7,753,023	8,147,423	47,258	3,470,818	11,665,499

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



SHIRE OF KENT

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8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
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 June 2017	Observable market data, sales listing, property data generally available online and local agents.
Buildings – non specialised	2/3	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Independent Valuers	30 June 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 - specialised	3	Current replacement cost utilizing both observable and unobservable inputs being construction based on recent contract prices, current condition, residual values and remaining useful life.	Independent Valuers	30 June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Furniture and equipment	2	Market approach using recent observable market data for similar assets.	Independent Valuers	30 June 2019	Market price per item.
Plant and equipment	2	Market approach using recent observable market data for similar assets.	Independent Valuers	30 June 2019	Market price per item.

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

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



SHIRE OF KENT
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9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

	Infrastructure Roads	Other Infrastructure – Other	Total Infrastructure
Balance at 1 July 2017	\$ 233,066,177	\$ 3,137,970	\$ 236,204,147
Additions	1,411,239	0	1,411,239
(Disposals)	0	0	0
Revaluation increments/ (decrements) transferred to revaluation surplus	12,279,856	1,589,336	13,869,192
Depreciation (expense)	(1,138,315)	(125,413)	(1,263,728)
Transfers	0	0	0
Carrying amount at 30 June 2018	245,618,957	4,601,893	250,220,850
Comprises:			
Gross carrying amount at 30 June 2018	245,618,957	4,601,893	250,220,850
Accumulated depreciation at 30 June 2018	0	0	0
Accumulated impairment loss at 30 June 2018	0	0	0
Carrying amount at 30 June 2018	245,618,957	4,601,893	250,220,850
Comprises:			
Additions	1,328,887	1,165	1,330,052
(Disposals)	0	0	0
Revaluation increments/ (decrements) transferred to revaluation surplus	0	(2,609)	(2,609)
Depreciation (expense)	(1,203,159)	(165,754)	(1,368,913)
Transfers	0	0	0
Carrying amount at 30 June 2019	245,744,685	4,434,695	250,179,380
Comprises:			
Gross carrying amount at 30 June 2019	246,947,844	4,600,372	251,548,216
Accumulated depreciation at 30 June 2019	(1,203,159)	(165,677)	(1,368,836)
Accumulated impairment loss at 30 June 2019	0	0	0
Carrying amount at 30 June 2019	245,744,685	4,434,695	250,179,380



SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. INFRASTRUCTURE (CONTINUED)

(b) Fair Value Measurements

Fair

Asset Class	Hierarchy	Valuation Technique	Basis of Valuation	Date of Valuation	Inputs Used
Infrastructure Roads	3	Cost approach using depreciated replacement cost.	Independent Valuers	30 June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Other infrastructure – Other	3	Cost approach using depreciated replacement cost.	Independent Valuers	30 June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.

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

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



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9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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 any value for land under roads acquired on or before 30 June 2008 This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.



SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (continued)

(a) Disposal of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	204,153	310,121	106,689	(721)	117,510	153,000	50,449	(14,959)	227,948	320,682	94,887	(2,154)
	204,153	310,121	106,689	(721)	117,510	153,000	50,449	(14,959)	227,948	320,682	94,887	(2,154)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and equipment				
Transport				
Mitsub Triton (KT003)	27,308	26,587	0	(721)
Cat Dozer (KT023)	21,522	30,444	8,922	0
Toyota Landcruiser (0KT)	64,434	70,455	6,021	0
Ford Ranger (50KT)	27,504	37,727	10,223	0
JD Grader (KT050)	14,521	74,000	59,479	0
Toyota Landcruiser (0KT)	48,864	70,908	20,044	0
	204,153	310,121	106,689	(721)
	204,153	310,121	106,689	(721)

(b) Depreciation

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Buildings - non-specialised	158,013	147,663	144,051
Buildings - specialised	180,208	0	179,249
Furniture and equipment	7,625	6,376	6,565
Plant and equipment	639,943	441,045	611,382
Infrastructure - Roads	1,203,159	901,177	1,138,315
Other infrastructure - Other	165,754	98,258	125,413
	2,354,702	1,594,519	2,204,975



**SHIRE OF KENT
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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life		
Buildings	50 years	Sealed roads and streets	
Furniture and equipment	10 years	-formation	not depreciated
Heavy plant and equipment	12 years	-pavement	50 years
Light plant and equipment	7 years	Seal	
Sedan-type vehicles	10 years	-bituminous seals	20 years
Electronic equipment	3 years	-asphalt surfaces	25 years
		Gravel roads	
		-formation	not depreciated
		-pavement	50 years

Depreciation (Continued)

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.



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11. REVALUATION SURPLUS

	2019 Opening Balance \$	2019 Revaluation Increment \$	2019 Revaluation (Decrement) \$	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
Revaluation surplus – Land – freehold land	0	0	(1,957)	(1,957)	(1,957)	0	0	0	0	0
Revaluation surplus – Buildings – non-specialised	5,565,823	0	0	0	5,565,823	5,565,823	0	0	0	5,565,823
Revaluation surplus – Buildings – specialised	64,679	0	0	0	64,679	0	64,679	0	64,679	64,679
Revaluation surplus – Plant and equipment	61,157	538,652	0	538,652	599,809	61,157	0	0	0	61,157
Revaluation surplus – Other asset reval	11,107,636	0	(10,686)	(10,686)	11,096,950	11,107,636	0	0	0	11,107,636
Revaluation surplus – Infrastructure roads	213,338,715	0	0	0	213,338,715	201,058,859	12,279,856	0	12,279,856	213,338,715
Revaluation surplus – Other infrastructure – Other	2,575,185	0	(2,609)	(2,609)	2,572,576	985,849	1,589,336	0	1,589,336	2,575,185
	232,713,195	538,652	(15,252)	523,400	233,236,595	218,779,324	13,933,871	0	13,933,871	232,713,195

Movements on revaluation of property, plant and equipment (including infrastructure) 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



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12. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Current		
Sundry creditors	71,706	348,682
Rates paid in advance	9,786	3,691
Accrued salaries and wages	19,088	11,370
ATO liabilities	25,903	25,893
Other payables - Accrued Interest on borrowings	7,977	9,258
GST	3,094	(105,001)
	137,554	293,893

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.



SHIRE OF KENT
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FOR THE YEAR ENDED 30TH JUNE 2019

13. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
Current	\$ 88,316	\$ 83,874
Non-current	254,188	342,504
	342,504	426,378

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2019	
				Actual Principal 1 July 18	Actual New Loans	Actual Interest repayments	Budget Principal 1 July 18	Budget New Loans	Budget Interest repayments	Actual Principal 1 July 17	Actual New Loans	Actual Interest repayments	Budget Principal outstanding	Budget Interest repayments	Actual Principal 1 July 17	Actual New Loans	Actual Interest repayments	Budget Principal outstanding	Budget Interest repayments	Actual Principal outstanding	Actual Interest repayments
Housing				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Various Duplexes	91	WATC*	6.30%	329,553	0	18,959	46,651	0	329,553	0	20,059	373,356	282,902	0	43,803	21,829	329,553	0	43,803	21,829	329,553
Community Amenities																					
Nyabing Effluent	54	WATC*	8.90%	19,789	0	1,687	2,624	0	18,768	0	1,704	22,194	16,145	0	2,405	1,808	19,789	0	2,405	1,808	19,789
Economic Services																					
ADSL Nyabing and Pingrup	93	WATC*	2.72%	58,268	0	1,262	28,746	0	58,268	0	1,309	86,248	29,522	0	27,980	2,134	58,268	0	27,980	2,134	58,268
Other property and services																					
Nyabing General Store	88	WATC*	6.52%	18,768	0	1,074	5,853	0	19,789	0	1,130	24,252	13,996	0	5,484	1,440	18,768	0	5,484	1,440	18,768
				426,378	0	22,982	83,874	0	426,378	0	24,263	506,050	342,505	0	79,672	27,211	426,378	0	79,672	27,211	426,378
				426,378	0	22,982	83,874	0	426,378	0	24,263	506,050	342,505	0	79,672	27,211	426,378	0	79,672	27,211	426,378

*WA Treasury Corporation
All other loan repayments were financed by general purpose revenue.



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13. INFORMATION ON BORROWINGS (Continued)

	2019	2018
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	18,000	18,000
Credit card balance at balance date	(1,454)	(2,564)
Total amount of credit unused	116,546	115,436
Loan facilities		
Loan facilities – current	88,316	83,874
Loan facilities – non-current	254,188	342,504
Total facilities used at balance date	342,504	426,378

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.

Risk

Information regarding exposure to risk can be found at Note 24



SHIRE OF KENT
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14. EMPLOYEE RELATED PROVISIONS
Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total
Opening balance at 1 July 2018			
Current provisions	208,448	99,362	307,810
Non-current provisions	0	49,395	49,395
	208,448	148,757	357,205
Additional provision	119,281	74,350	193,631
Amounts used	(203,615)	(50,395)	(254,010)
Balance as at 30 June 2019	124,114	172,712	296,826
Comprises			
Current	124,114	107,793	231,907
Non-current	0	64,919	64,919
	124,114	172,712	296,826

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

	Annual Leave		Long Service Leave	
	2019 \$	2018 \$	2019 \$	2018 \$
Amounts are expected to be settled on the following basis:				
Less than 12 months from reporting date	124,115	208,448	107,793	99,362
More than 12 months from reporting date	0	0	64,919	49,395
	124,114	208,448	172,712	148,757

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.



SHIRE OF KENT
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FOR THE YEAR ENDED 30TH JUNE 2019

15. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	6,354,790	2,626,524	4,421,837
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	907,587	768,753	1,032,588
Non-cash flows in Net result:			
Adjustments of financial assets	71,552	0	0
Depreciation	2,354,702	1,594,519	2,204,975
(Profit)/loss on sale of asset	(105,968)	(35,490)	(92,733)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	951,640	1,118,927	(943,494)
(Increase)/decrease in other assets	(71,552)	0	0
(Increase)/decrease in inventories	12,814	15,000	(17,331)
Increase/(decrease) in payables	(156,339)	(26,800)	147,648
Increase/(decrease) in provisions	(60,379)	13,000	51,858
Grants contributions for the development of assets	(764,913)	(1,953,126)	(1,194,107)
Net cash from operating activities	3,139,144	1,494,783	1,189,404



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16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	562,307	572,765
Law, order, public safety	650,601	717,150
Housing	2,452,425	2,477,325
Community amenities	2,050,208	2,086,307
Recreation and culture	6,344,378	6,659,645
Transport	245,655,525	245,527,924
Economic services	351,348	363,674
Other property and services	3,433,073	2,934,158
Unallocated	6,941,667	5,972,190
	<u>268,441,532</u>	<u>267,311,138</u>

17. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Kent has listed sites to be possible sources of contamination. Details of those sites are:

-Nyabing and Pingrup Refuse Sites

-Nyabing and Pingrup Depot

Until the Shire of Kent conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire of Kent is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

18. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

The Shire of Kent did not have any future capital expense commitments as at 30 June 2019. (2018: Nil)

(b) Operating Lease Commitments

The Shire of Kent did not have any future operating lease commitments as at 30 June 2019. (2018: Nil)



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19. RELATED PARTY TRANSACTIONS

Elected Member Remuneration

The following fees, expenses and allowances were paid to council members and the President.

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	55,333	64,000	57,333
President's Allowance	6,000	8,000	8,000
Travelling Expenses	3,876	21,500	8,717
Communication Allowance	7,000	8,000	8,000
	<u>72,209</u>	<u>101,500</u>	<u>82,050</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	406,033	472,743
Post-employment benefits	40,042	45,390
Other long-term benefits	38,718	41,170
Termination benefits	82,574	4,984
	<u>567,367</u>	<u>564,287</u>

Short-term employee benefits

These amounts include all salary and fringe benefits 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 cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual and long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP



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19. RELATED PARTY TRANSACTIONS (continued)

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.

The following transactions occurred with related parties:

	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services	121,517	101,981
Amounts payable to related parties:		
Trade and other payables	0	1,790

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

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. Other Related Parties

Any entity that is controlled by or over which KMP, close family members of KMP, have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly are considered related parties in relation to the Shire.

iii. 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



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20. MAJOR LAND TRANSACTIONS

The Shire of Kent did not participate in any major land transactions during the 2018/19 financial year.

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance 1 Jul 17	Received 2017/18	Expended 2017/18	Closing Balance 30/06/18	Received 2018/19	Expended 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Community amenities							
-State National Resource Management (NRM) Program	33,939	94,047	(62,851)	65,135	140,000	(162,354)	42,781
-South West Catchments Council (SWCC) Grant	9,557	14,750	(16,202)	8,105	0	(8,105)	0
-National Landcare Program	0	9,000	(9,000)	0			
-Department of Primary Industries and Regional Development (DPIRD)	0	0	0	0	22,922	0	22,922
Wild Dog Control	0	0	0	0	99,999	0	99,999
-Department of Agriculture and Water Resources (DAWR) Fox Baiting							
Recreation and culture							
-Pingrup Pavilion Redevelopment	0	78,100	(78,100)	0	0	0	0
Transport							
-Regional Road Group	0	240,667	(240,667)	0	176,000	(176,000)	0
-Roads to Recovery	65,886	751,339	(747,856)	69,369	501,126	(570,495)	0
-Blacksport	2,583	154,000	(156,583)	0	35,200	(35,200)	0
Total	111,965	1,341,903	(1,311,259)	142,609	975,247	(952,154)	165,702

Notes:

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



SHIRE OF KENT
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FOR THE YEAR ENDED 30TH JUNE 2019

22. RATING INFORMATION

(a) Rates

RATE TYPE General rate	Rate in \$	Number of Properties	2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
			Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Revenue	Budget Interim Rates	Budget Back Rates	Budget Total Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
Gross rental valuations														
Residential/Commercial	0.103917	77	692,877	69,448	(249)	0	0	69,199						68,478
Unimproved valuations														
Rural	0.010643	343	202,178,300	2,147,752	963	62	2,148,777							2,095,451
Mining	0.010643	0	0	0	0	0	0	0						0
Sub-Total		420	202,871,177	2,217,200	714	62	2,217,976							2,163,929
Minimum payment														
Gross rental valuations														
Residential/Commercial	495	17		8,415	0	0	8,415							11,640
Unimproved valuations														
Rural	495	12		5,940	0	0	5,940							5,820
Mining	495	14	134,394	6,930	1,980	145	9,055							6,705
Sub-Total		43	134,394	21,285	1,980	145	23,410							24,165
Discounts/concessions (refer Note 22(d))		463	203,005,571	2,238,485	2,694	207	2,241,386							2,188,094
Total amount raised from general rate							(194)							0
Ex-gratia rates							2,241,192							2,188,094
Rates paid in advance							33,729							29,439
Totals							2,274,921							2,217,533

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.



SHIRE OF KENT
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22. RATING INFORMATION (continued)

- (b) Specified Area Rate
No specified area rates were imposed by the Shire of Kent during the year ended 30 June 2019. (2018: Nil)
- (c) Service Charges
No service charges were imposed by the Shire of Kent during the year ended 30 June 2019. (2018: Nil)
- (d) Discounts, Incentives, Concessions, & Write-offs
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.

Rate or Fee and Charge to which The Waiver or Concession is granted	Type	Discount %	Discount \$	2019		2018	
				Actual \$	Budget \$	Actual \$	Budget \$
General Rates - GRV	Write - off	0.00	0	83	0	0	0
General Rates - UV	Write - off	0.00	0.00	111	0	0	0
				194	0	0	0

Rate or Fee and Charge to which The Waiver or Concession is granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rates - GRV	Small balance write-off as per Council policy		
General Rates - UV	Small balance write-off as per Council policy		



SHIRE OF KENT
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FOR THE YEAR ENDED 30TH JUNE 2019

23. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19		
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)		
	\$	\$	\$		
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
	Less: Profit on asset disposals	10(a)	(106,689)	(50,449)	(94,887)
	Movement in pensioner deferred rates (non-current)		11,445	0	(2,673)
	Movement in inventory (non-current)		0	0	0
	Movement in employee benefit provisions (non-current)		15,524	0	10,803
	Movement in other provisions (non-current)		0	0	
	Add: Loss on disposal of assets	10(a)	721	14,959	2,154
	Add: Depreciation on assets	10(b)	2,354,702	1,594,519	2,204,975
	Non cash amounts excluded from operating activities		2,275,703	1,559,029	2,120,372
(b) Surplus/(deficit) after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
	Less: Reserves - restricted cash	3	(2,386,065)	(2,378,811)	(2,221,885)
	Add: Borrowings	13(a)	88,316	0	83,874
	Total adjustments to net current assets		(2,297,749)	(2,378,811)	(2,138,011)
Net current assets used in the Rate Setting Statement					
	Total current assets		6,525,101	2,826,136	5,545,157
	Less: Total current liabilities		(457,777)	(447,325)	(685,577)
	Less: Total adjustments to net current assets		(2,297,749)	(2,378,811)	(2,138,011)
	Net current assets used in the Rate Setting Statement		3,769,575	0	2,721,569



SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Cash and cash equivalents and Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, other financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2019					
Cash and cash equivalents	1.46%	6,354,790	4,446,557	1,310,127	598,106
2018					
Cash and cash equivalents	1.99%	4,421,837	3,328,851	200,126	892,860

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019 \$	2018 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	13,101	2,001

* Holding all other variables constant

Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).



SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable	0%	0%	0%	0%	
Gross carrying amount	191	15,804	4,372	2,718	23,085
Loss allowance	0	0	0	0	0

01 July 2018					
Rates receivable	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	27,975	14,471	13,707	24,182	80,335
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	37,729	3,992	618	668	43,007
Loss allowance	0	0	0	0	0

01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	852,492	12,306	10,000	1,103	875,901
Loss allowance	0	0	0	0	0



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24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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 and disclosed in Note 13(c)

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	134,460	0	0	134,460	134,460
Borrowings	29,877	358,205	0	388,082	342,504
	164,337	358,205	0	522,542	476,964
2018					
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

25. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019
	\$	\$	\$	\$
Housing Bonds	5,212	1,196	(6,248)	160
Other	178	0	0	178
Builders Registration Board (BRB) & Building Construction Industry Training Fund (BCITF)	0	1,255	(1,255)	0
	5,390	2,451	(7,503)	338

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period that requires adjustments or disclosure to the financial report.



27. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade and other receivables classified as Trade receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire designated units in Local Government House Trust as other financial assets as at fair value through profit and loss which are transferred from property, plant and equipment.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire had nil impairment of Shire's trade receivables as at 1 July 2018.



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28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

Note	AASB 118	Reclassification	AASB 15
	carrying amount		carrying amount
	30 June 2019		01 July 2019
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	165,702	165,702
Adjustment to retained surplus from adoption of AASB 15		(165,702)	
28(d)			

(b) Leases

The Shire adopted AASB 16 *Leases* (issued February 2016) retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 6.13%.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 *Leases* (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value (threshold set at \$5,000). Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.
As at 30 June 2019 the Shire of Kent had no leases required to be recognised.



SHIRE OF KENT
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FOR THE YEAR ENDED 30TH JUNE 2019

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount		AASB 1058 carrying amount	
Note	30 June 2019	Reclassification	01 July 2019	
	\$	\$	\$	\$
Trade and other payables	137,554	0	137,554	
Adjustment to retained surplus from adoption of AASB 1058	28(d)	0	0	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

Note	Adjustments	2019
		\$
Retained surplus - 30 June 2019		30,368,839
Adjustment to retained surplus from adoption of AASB 15	28(a) (165,702)	
Adjustment to retained surplus from adoption of AASB 1058	28(c) 0	(165,702)
Retained surplus - 01 July 2019		30,203,137



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29. 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. Investments held for trading are classified as current or non-current based on the Shire's intentions to realise 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 estimates 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-specified 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 specified assets that are measured under the revaluation mode, 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 regularity 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.



SHIRE OF KENT
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FOR THE YEAR ENDED 30TH JUNE 2019

30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

To provide a decision making process for the efficient allocation of scarce resources.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

HEALTH

To provide an operational framework for environmental and community health.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly children and youth.

HOUSING

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

COMMUNITY AMENITIES

To provide services required by the community.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

OTHER PROPERTY AND SERVICES

To monitor and control the Shire's overheads and operating accounts.

ACTIVITIES

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.

Rates, general purpose government grants and interest revenue.

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

Food quality and pest control, immunisation services, operations of child health clinics etc.

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

Provision and maintenance of staff housing.

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

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

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

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

Private works operation, plant repair and operational costs.



SHIRE OF KENT
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FOR THE YEAR ENDED 30TH JUNE 2019

31. FINANCIAL RATIOS

	2019	2018	2017
	Actual	Actual	Actual
Current ratio	17.69	8.07	11.74
Asset consumption ratio	0.99	1.00	0.73
Asset sustainability ratio	0.91	1.29	1.51
Debt service cover ratio	23.59	19.37	28.01
Operating surplus ratio	0.05	(0.05)	0.50
Own source revenue coverage ratio	0.44	0.39	0.61

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset 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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



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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 2019, 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 2019 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 annual 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 annual financial report, which describes the basis of accounting. The annual 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 an annual financial report that is free from material misstatement, whether due to fraud or error.

www.byfields.com.au

DIRECTORS: Simon Northey • Neil Hooper • Dale Woodruff • Andrew Northcott • Craig Lane • Leanne Oliver •
Glenn Waldoek • Roger Thomson • Grant Jansen • Ryan Naughton • Lea Williams
ASSOCIATES: Tony Umbrello • Russell Roberts • Gordon Richards • Scott Smith • Christopher Tan • Danny Poulton • Eamonn Lanagan



In preparing the annual 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 annual 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 annual 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 annual 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 annual 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 annual financial report, including the disclosures, and whether the annual 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 2019, 2018 and 2017 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 until period ended December 2018 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;
 - c. Purchases did not have appropriate quotes and the appropriate numbers of quotes as required under the shires purchasing policy.
- (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 2019 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.

LEANNE K OLIVER RCA
DIRECTOR
BYFIELDS BUSINESS ADVISERS
Belmont, Western Australia
19 December 2019