



.ANNUAL REPORT

For the Year Ending 30 June 2021

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 2020/2021 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.

Acknowledgement of Country

The Shire of Kent acknowledge the peoples of the Wagyl Kaip and Southern Noongar nations - traditional custodians of this land. We wish to acknowledge the strength of their continuing culture and offer our respects to Elders past and present.

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 gives me great pleasure to present the 2020/2021 Annual Report after a successful and eventful year. For another year, we dealt with the impact and ongoing uncertainty in the Covid-19 pandemic climate. I would like to thank community members and staff for helping us stay safe and deal with implications that the pandemic brings us.

The Council factored the impact of Covid-19 on our Shire and kept increases in rates to a sustainable minimum of a 1.0% yield increase for the 2020/2021 financial year. We continued to deliver relevant and appropriate services to the community.

As you read this report, it will show that the shire is in a strong position and we are planning to continue along the path that has been set in place by the good governance of previous councils and management.

Our CEO and senior staff continue to look for new funding opportunities to make our rate spend have a greater impact. Additional funding received through the Heavy Vehicle Safety & Productivity Program Round 7 (\$762,000) Grant was successful and will allow for the complete sealing of Kukerin Road. The pandemic has encouraged the federal government to continue to release further funding opportunities such as the extra phases of the Local Road Community Infrastructure Program (LRCIP).

With the key worker accommodation housing completed, Council have continued a focus on obtaining housing suitable for teaching staff in both Nyabing and Pingrup.

As we see out another financial year, we look back on everything we have achieved as an organisation and community. Council finished the year with a surplus of \$2,722,282, 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 spent about \$3.3m on capital works, plant replacement and infrastructure projects in the 2020/21 financial year, which is a strong commitment in increasing and improving Council's assets. Our financial position remains strong with outstanding loan liability at just over \$191,491 and balance of Reserves of \$3.96m at the end of 2021.

With the executive support of our CEO and staff, Council continue to look for opportunities to enhance services to help maintain and improve services to our communities.

I would like to take this opportunity to thank my fellow Councillors and shire staff for their dedication and hard work throughout the year.

CR SCOTT CROSBY
SHIRE PRESIDENT



Chief Executive Officer's Report

Presented is the Shire of Kent's Annual Report for the 2020/2021 period, this report outlines key milestones and achievements for the past twelve months.

Once again, the nation was dealing with the COVID-19 pandemic, which has seen an impact on local governments in many areas including staff and labour shortages; lack in supply of materials; increased governance and price increases. The Department of Infrastructure, Transport, Regional Development and Communications did release phase 3 of LRCI funding increasing grant by just over \$1mil during this financial and the following year. Projects for phases 1 and 2 are in process and continue to move forward.

Financial Performance

The Shire of Kent continues to maintain a strong financial position, particularly in the holding of cash backed reserves. The year finished with \$3.496m 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. All of Councils employee leave liabilities are cash backed. Council is also placing funds into reserves for future road projects including main street enhancements, replacement of the sewerage system in each town, waste facility upgrades and eventual closure, and the future replacement of plant and vehicles.

The 2020/21 budget, adopted by Council 22 July 2020 included a yielded rate increase of 1.0%. This was possible with the assistance of funding through Roads to Recovery, Regional Road Group program, Blackspot, LRCI, Drought Communities, HVSP and Federal Assistance Grants.

Funded Projects

- The 4 houses under the Building Better Regions Federal Program was completed.
- Under the Drought Communities Program water-harvesting projects in both Nyabing and Pingrup were completed, this has enabled the Nyabing Primary School to have a grassed oval. Works were also undertaken in establishing the Silo Trail Walk in Pingrup. The Nyabing Town Hall received a new roof under this program. The remainder of this funding will be spent in 2021/2022.
- The Roads to Recovery Program seen further works on Ongerup-Pingrup Road and Range Road and Regional Road Group funding works on North Needilup and Newdegate-Pingrup Roads.
- The major works on Kukerin Road is being funded through LRCI Phase 1, HVSP, Regional Road Group and own source funding. These works will continue in the 2021/2022 year.

Own Source Projects (Capital)

An amount of \$1,072,411 was spent on own source capital road projects including gravel sheeting, shoulders and widening. The Shire of Kent maintains a high standard of plant and equipment; in the 2020/21 year, \$744,603 was spent in upgrading and purchasing new plant and equipment for the Shire.

The urban regeneration project commenced with the aim to purchase blocks in both townsites for re-development. In the 2020/21 year one block was purchased in Nyabing with the old asbestos house being demolished and block cleared for future use, 9 Paterson Street in Pingrup was purchased with the intention to demolish, clear and utilities this block for the future Principal's house.



PART 2: OUR COUNCIL AND ORGANISATIONAL STRUCTURE

Elected Members

As at 30 June 2021, our elected members represented Council as per the following:

COUNCILLORS	DELEGATES AND EXTERNAL COMMITTEES
Cr Scott Crosby (Shire President) Elected to office in 2015 Retiring 2023	Audit Committee, Great Southern Zone WALGA and a proxy for the Great Southern Regional Road Group.
Cr Kate Johnston (Deputy Shire President) Elected to office 2017 Retiring 2021	Audit Committee, Pingrup CRC Committee, Great Southern Treasures, Great Southern Zone WALGA, Great Southern Recreation Advisory Group and a proxy for the Pingrup Ground Improvement Committee and Nyabing Sports Club Committee.
Cr Tim Borgward Elected to office 2015 Retiring 2023	Audit Committee, Pingrup Ground Improvement Committee, Nyabing Sports Club Committee, and a proxy for the Bushfire Advisory Committee, Local Emergency Management Committee and Pingrup CRC Committee.
Cr Alan Smith Elected to office 2011 Retiring 2023	Audit Committee, Pingrup CRC Committee and a proxy for the Pingrup Ground Improvement Committee and Nyabing Sports Club Committee.
Cr Justin Germain Elected to office 2017 Retiring 2021	Audit Committee, Bushfire Advisory Committee, Great Southern Regional Road Group, Local Emergency Management Committee and a proxy for the Great Southern Treasures and Great Southern Recreation Advisory Group.
Cr Craig Bamess Elected to office 2017 Retiring 2021	Audit Committee, Pingrup Ground Improvement Committee, Nyabing Sports Club Committee, Great Southern Regional Road Group and a proxy for the Local Emergency Management Committee.
Cr Renae Jury Elected to office 2019 Retiring 2023	Audit Committee, Great Southern Recreation Advisory Group and a proxy for the Great Southern Zone WALGA.
Cr Kerryn Stephens Elected to office 2017 Retiring 2021	RETIRED

Councillor Meeting Attendance



Back Row – Cr Kate Johnston (Deputy President), Cr Alan Smith, Cr Kerry Stephens, Cr Craig Bamess, Cr Justin Germain

Front Row – Cr Tim Borgward, Cr Scott Crosby (President), Cr Renae Jury

Principal Officers (as at 30 June 2021) and Council Information

Chief Executive Officer:

Rick Miller

Deputy Chief Executive Officer:

Michelle Bamess

Works Manager:

Paul Spencer

Administration Office:

24-26 Richmond Street

NYABING WA 6341

Telephone:

(08) 9829 1051

Facsimile:

(08) 9829 1083

Email:

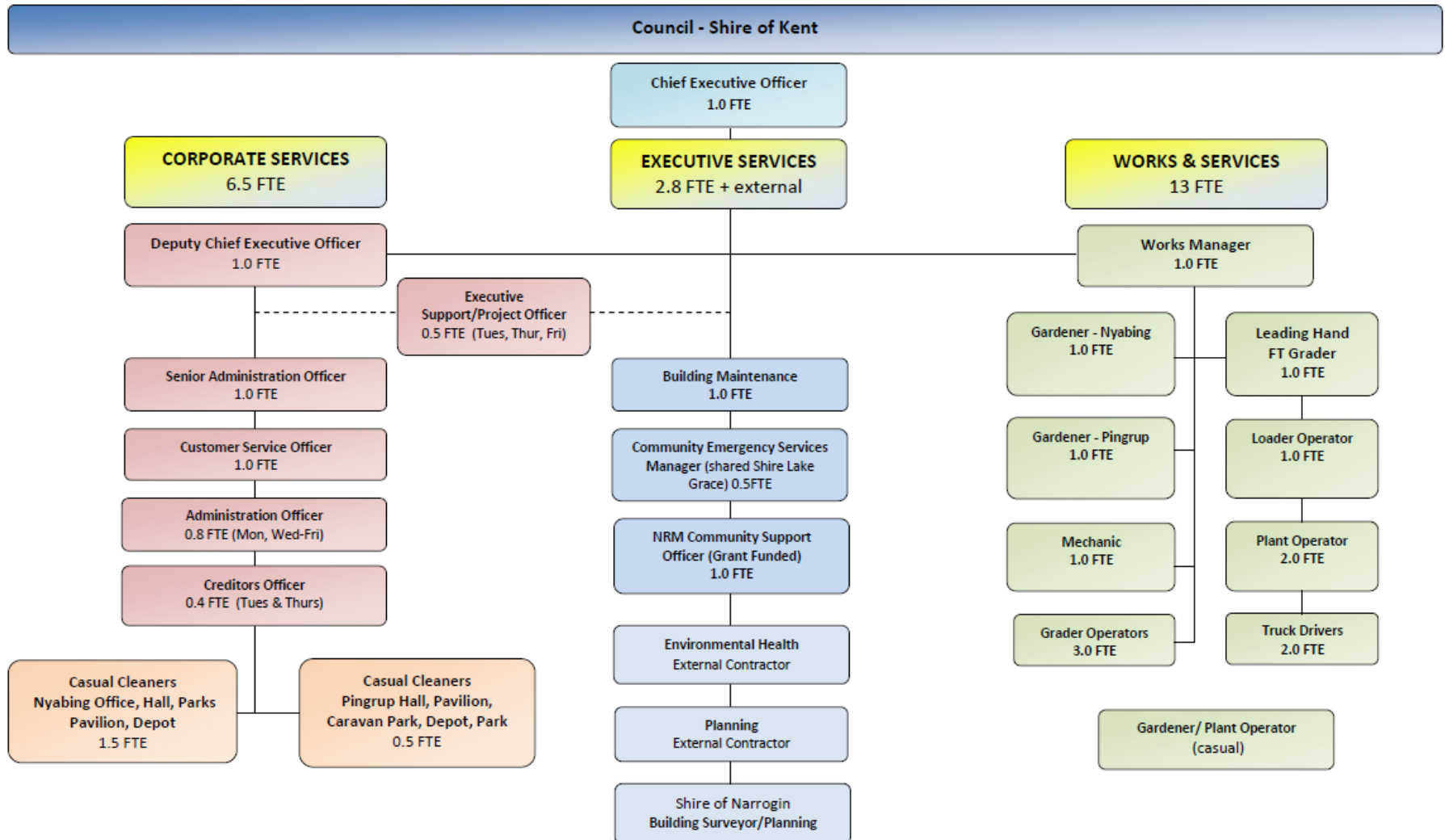
admin@kent.wa.gov.au

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.

REVIEW OF 2020/2021

Council conducted a minor review of the Strategic Community Plan 2017 – 2027 in December 2021 with the next full review, including community consultation, being due to 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."*

There is a strategic objective for each four key themes of the community interest. Each objective has desired community outcomes developed after consideration of community response and other external factors. The following table outlines strategies developed and desired outcomes:

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 finalised the process of disposal of the Nyabing General Store by way of private sale to the lessee, which, has enabled the store to remain open and provide a service to the community.
- 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. The shire continues to advocate for improvements in reach and reliability and opportunities for grant funding.
- Council continue to maintain the road transport network at an exceptional standard in recognition of the high seasonal use due to the agriculture farming activities that underpins the community.
- The funding through the Heavy Vehicle Safety & Productivity Program (HVSPP) and Local Road & Community Infrastructure Program (LRCIP) Phase 1 has enabled an extension to the program of bitumen on Kukerin Road.
- Continued support to the Hidden Treasure of the Great Southern.

Social – to provide community facilities and promote social interaction.

- Completed in August 2020 was the four houses constructed as part of the Great Southern Housing Initiative (GSHI) through the Building Better Regions Fund (BBRF). These houses are utilised for key worker accommodation.
- Continuous support 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. Council provided financial support to the following:
 - Nyabing & Pingrup P & C's for swimming lessons;
 - \$640 to Nyabing Playgroup to assist with Playgroup WA affiliation fees;
 - A Smart Start program which delivers resources and information sessions for parents and children for both Nyabing and Pingrup;
 - Donation towards maintenance costs at Nyabing CWA Hall due to lack of fundraising opportunities with Covid-19 regulations;
 - Donation of rates and phone services for Pingrup St John Ambulance.
- Under the Drought Communities Program the completion of the re-roofing of the Nyabing Town Hall Roof.
- RSL Hall ceiling replacement due to major disrepair.
- Grant funding received through the Department of Veterans' Affairs to update the Pingrup War Memorial with plaques and flag poles.
- Assistance with venues, chairs etc at community organised events.



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

- Fencing remnant vegetation and revegetation programs.
- Water management planning; paddock soil-landscape assessments; demonstrations.
- 1080 bait accreditation workshop for fox control.
- Continuation of program for wild dog control and monitoring within and surrounding Lake Magenta Reserve.
- Continue to provide staff resources to assist the Department of Water and Environmental Regulation in reporting on Strategic Dam Water Supplies
- Various water harvesting projects in Nyabing and Pingrup including Nyabing Primary School oval development, in conjunction with Nyabing P & C.
- Initial development of the Silo Walk Trail in Pingrup.

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.
- 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.
- Full review and development of asset management plans.
- Overhaul and procedure review of Council's record keeping systems including an updated Record Keeping Plan and relevant policies.
- Continued management of council's reserve funds.

2021/2022 - THE FUTURE

Some key projects for 2021/2022 include the following:

- Building of 2 x 2 bedroom units in Nyabing and 1 4 bedroom house in Pingrup to be leased to Department of Communities for a period of 10 years to provide accommodation for teaching staff.
- LRCIP Phase 2 expenditure on the following projects:
 - Solid shade structures for Memorial and Burston Parks;
 - Bicycle and walk path Carrie Street, Pingrup;
 - Emergency solar battery back and generator plug in for Administration Office;
 - PV Solar systems with generator plugs for both Nyabing & Pingrup Pavilions; and
 - Drainage works on Jury Street, Nyabing.
- Finalisation of bitumen seal on Kukerin Road.
- Range Road sealing works under the Roads to Recovery program.
- Gravel re-sheeting on North Needilup Road under the Regional Road Group program.
- Total capital works program of \$6.6m.



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 2020/2021 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 2020/2021 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)

The last review of the Shire of Kent Recordkeeping Plan was completed in 2014-2015, and although compliant at the time, did not meet the continuing business needs of the organisation in 2021 – 2022. As a result, a review of records management and the Shire of Kent Recordkeeping Plan was conducted during 2021.

Following this review, the Recordkeeping Policy and the Elected Member's Record Keeping Policy were completed, and an updated Recordkeeping Plan was submitted to the State Records Commission for approval. This will form the ongoing compliance and evaluation of the Shire of Kent recordkeeping systems and processes.

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 next review of the Shire of Kent’s Record Keeping Plan is due on 2024-2025.

Regulation 19B - Local Government (Administration) Regulations

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

Number of employees entitled to an annual salary of \$100,000 or more were as follows	1
Annual Cash Salary	Number of Employees
\$140,000 - \$150,000	1



Elected Member Meeting Attendance 2020-2021:

COUNCILLOR	GENDER	LINGUISTIC BACKGROUND	ORDINARY MEETING	SPECIAL MEETING	ANNUAL ELECTORS
Cr Alan Smith	Male	English	7	0	0
Cr Grant Collins	Male	English	0	0	N/A
Cr Tim Borgward	Male	English	10	1	1
Cr Scott Crosby	Male	English	11	1	1
Cr Justin Germain	Male	English	10	1	1
Cr Craig Bamess	Male	English	9	1	1
Cr Kate Johnston	Female	English	10	1	0
Cr Kerryn Stephens	Male	English	8	0	1
Cr Renae Jury	Female	English	10	1	1

Elected Member Structure 2020-2021:

Elected Members aged between 18-24 years old	0
Elected Members aged between 25 – 34 years old	0
Elected Members aged between 35 – 44 years old	4
Elected Members aged between 45 – 54 years old	1
Elected Members aged between 55-64 years old	3
Elected Members aged 65 years and over	0
Aboriginal or Torres Strait Islander Members	0

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

To follow are financial statements for the year ending 30 June 2021, which were approved by the Office of the Auditor General on 15 March 2022.

SHIRE OF KENT
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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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



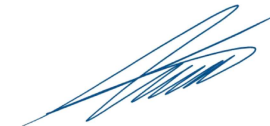
**SHIRE OF KENT
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Kent at 30 June 2021 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 14th day of March 2022



Chief Executive Officer

ADAM MAJID

Name of Chief Executive Officer



SHIRE OF KENT
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	25(a)	2,353,171	2,352,321	2,316,253
Operating grants, subsidies and contributions	2(a)	2,289,862	302,794	2,215,852
Fees and charges	2(a)	640,190	584,225	622,795
Interest earnings	2(a)	29,066	79,463	86,245
Other revenue	2(a)	73,394	44,900	91,592
		5,385,683	3,363,703	5,332,737
Expenses				
Employee costs		(1,863,175)	(2,024,798)	(1,810,601)
Materials and contracts		(431,785)	(1,130,929)	(684,404)
Utility charges		(185,405)	(170,131)	(165,086)
Depreciation on non-current assets	11(b)	(2,447,921)	(1,896,925)	(2,284,727)
Interest expenses	2(b)	(14,567)	(15,405)	(19,037)
Insurance expenses		(141,754)	(158,286)	(138,292)
Other expenditure		(308,489)	(290,610)	(282,822)
		(5,393,096)	(5,687,084)	(5,384,969)
		(7,413)	(2,323,381)	(52,232)
Non-operating grants, subsidies and contributions	2(a)	1,636,680	3,655,211	1,705,724
Profit on asset disposals	11(a)	45,713	70,000	38,402
(Loss) on asset disposals	11(a)	(5,961)	(28,232)	(18,670)
		1,676,432	3,696,979	1,725,456
		1,669,019	1,373,598	1,673,224
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	13	0	0	(460,194)
		0	0	(460,194)
		1,669,019	1,373,598	1,213,030

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



SHIRE OF KENT
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance	2(a)	4,774	5,700	10,674
General purpose funding		4,314,197	2,438,284	4,136,281
Law, order, public safety		96,220	77,054	83,270
Health		4,257	7,000	5,140
Housing		92,645	101,250	83,666
Community amenities		187,226	139,055	287,229
Recreation and culture		9,640	9,200	9,303
Transport		441,791	390,000	426,811
Economic services		121,679	95,200	122,586
Other property and services		113,254	100,960	167,777
		5,385,683	3,363,703	5,332,737
Expenses				
Governance	2(b)	(410,721)	(557,901)	(472,877)
General purpose funding		(95,513)	(94,484)	(92,608)
Law, order, public safety		(181,372)	(203,828)	(184,942)
Health		(24,748)	(44,944)	(24,580)
Education and welfare		(27,876)	(29,258)	(26,038)
Housing		(212,267)	(419,953)	(219,888)
Community amenities		(440,328)	(537,554)	(436,929)
Recreation and culture		(851,304)	(743,622)	(733,492)
Transport		(2,654,587)	(2,513,261)	(2,699,330)
Economic services		(261,503)	(320,337)	(215,394)
Other property and services		(218,310)	(206,537)	(259,854)
		(5,378,529)	(5,671,679)	(5,365,932)
Finance Costs				
Governance	2(b)	(555)	0	(858)
Housing		(12,651)	(13,872)	(15,892)
Community amenities		(1,124)	(1,205)	(1,390)
Economic services		0	0	(216)
Other property and services		(237)	(328)	(681)
		(14,567)	(15,405)	(19,037)
		(7,413)	(2,323,381)	(52,232)
Non-operating grants, subsidies and contributions	2(a)	1,636,680	3,655,211	1,705,724
Profit on disposal of assets	11(a)	45,713	70,000	38,402
(Loss) on disposal of assets	11(a)	(5,961)	(28,232)	(18,670)
		1,676,432	3,696,979	1,725,456
Net result for the period		1,669,019	1,373,598	1,673,224
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	(460,194)
Total other comprehensive income for the period		0	0	(460,194)
Total comprehensive income for the period		1,669,019	1,373,598	1,213,030

Total comprehensive income for the period

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



SHIRE OF KENT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,589,717	2,133,478
Trade and other receivables	6	105,176	139,291
Other financial assets	5(a)	3,966,287	3,462,391
Inventories	7	64,293	68,268
Other assets	8	893,908	640,207
TOTAL CURRENT ASSETS		7,619,381	6,443,635
NON-CURRENT ASSETS			
Other financial assets	5(b)	71,552	71,552
Property, plant and equipment	9	12,914,914	12,807,287
Infrastructure	10	251,067,024	250,574,520
Right-of-use assets	12	18,328	32,966
TOTAL NON-CURRENT ASSETS		264,071,818	263,486,325
TOTAL ASSETS		271,691,199	269,929,960
CURRENT LIABILITIES			
Trade and other payables	14	165,405	366,915
Other liabilities	15	497,250	56,340
Lease liabilities	16(a)	14,619	14,619
Borrowings	17(a)	59,761	62,704
Employee related provisions	18	268,156	323,035
TOTAL CURRENT LIABILITIES		1,005,191	823,613
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	4,090	18,709
Borrowings	17(a)	131,720	191,483
Employee related provisions	18	28,404	43,380
TOTAL NON-CURRENT LIABILITIES		164,214	253,572
TOTAL LIABILITIES		1,169,405	1,077,185
NET ASSETS		270,521,794	268,852,775
EQUITY			
Retained surplus		33,779,105	32,613,982
Reserves - cash/financial asset backed	4	3,966,287	3,462,391
Revaluation surplus	13	232,776,400	232,776,400
TOTAL EQUITY		270,521,794	268,852,775

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



SHIRE OF KENT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		32,017,084	2,386,065	233,236,594	267,639,745
Comprehensive income					
Net result for the period		1,673,224	0	0	1,673,224
Other comprehensive income	13	0	0	(460,194)	(460,194)
Total comprehensive income		1,673,224	0	(460,194)	1,213,030
Transfers from reserves	4	166,745	(166,745)	0	0
Transfers to reserves	4	(1,243,071)	1,243,071	0	0
Balance as at 30 June 2020		32,613,982	3,462,391	232,776,400	268,852,775
Comprehensive income					
Net result for the period		1,669,019	0	0	1,669,019
Total comprehensive income		1,669,019	0	0	1,669,019
Transfers from reserves	4	170,000	(170,000)	0	0
Transfers to reserves	4	(673,896)	673,896	0	0
Balance as at 30 June 2021		33,779,105	3,966,287	232,776,400	270,521,794

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



SHIRE OF KENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,341,498	2,344,321	2,335,270
Operating grants, subsidies and contributions		2,753,606	226,554	2,083,763
Fees and charges		640,190	584,225	622,795
Interest received		29,066	79,463	86,245
Goods and services tax received		0	15,000	(10,393)
Other revenue		73,394	44,900	91,592
		5,837,754	3,294,463	5,209,272
Payments				
Employee costs		(1,927,609)	(2,019,859)	(1,737,990)
Materials and contracts		(864,525)	(1,094,148)	(499,902)
Utility charges		(185,405)	(170,131)	(165,086)
Interest expenses		(15,960)	(16,405)	(19,037)
Insurance paid		(141,754)	(158,286)	(138,292)
Goods and services tax paid		430	0	18,693
Other expenditure		(308,492)	(290,610)	(282,822)
		(3,443,315)	(3,749,439)	(2,824,436)
Net cash provided by (used in) operating activities	19	2,394,439	(454,976)	2,384,836
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(1,430,162)	(1,586,772)	(2,796,049)
Payments for construction of infrastructure	10(a)	(1,871,225)	(3,760,004)	(1,772,207)
Non-operating grants, subsidies and contributions	2(a)	1,636,680	3,655,211	1,206,317
Proceeds from financial assets at amortised cost		(503,895)		(3,462,391)
Proceeds from sale of property, plant & equipment	11(a)	307,727	350,000	320,813
Net cash provided by (used in) investment activities		(1,860,875)	(1,341,565)	(6,503,517)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(62,706)	(62,707)	(88,317)
Payments for principal portion of lease liabilities	16(b)	(14,619)	0	(14,316)
Net cash provided by (used in) financing activities		(77,325)	(62,707)	(102,633)
Net increase (decrease) in cash held		456,239	(1,859,248)	(4,221,314)
Cash at beginning of year		2,133,478	5,595,869	6,354,790
Cash and cash equivalents at the end of the year	19	2,589,717	3,736,621	2,133,476

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

SHIRE OF KENT
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	26 (b)	2,234,954	1,866,252	3,744,673
		2,234,954	1,866,252	3,744,673
Revenue from operating activities (excluding rates)				
Governance		4,774	5,700	10,674
General purpose funding		1,996,647	85,963	1,820,222
Law, order, public safety		96,220	77,054	83,270
Health		4,257	7,000	5,140
Housing		92,645	101,250	83,666
Community amenities		187,226	139,055	287,229
Recreation and culture		9,640	9,200	9,303
Transport		487,504	460,000	465,213
Economic services		121,679	95,200	122,586
Other property and services		113,254	100,960	167,777
		3,113,846	1,081,382	3,055,080
Expenditure from operating activities				
Governance		(411,276)	(557,901)	(473,735)
General purpose funding		(95,513)	(94,484)	(92,608)
Law, order, public safety		(181,372)	(203,828)	(184,942)
Health		(24,748)	(44,944)	(24,580)
Education and welfare		(27,876)	(29,258)	(26,038)
Housing		(224,918)	(433,825)	(235,780)
Community amenities		(441,452)	(538,759)	(438,319)
Recreation and culture		(851,304)	(743,622)	(733,492)
Transport		(2,660,548)	(2,541,493)	(2,718,000)
Economic services		(261,503)	(320,337)	(215,610)
Other property and services		(218,547)	(206,865)	(260,535)
		(5,399,057)	(5,715,316)	(5,403,639)
Non-cash amounts excluded from operating activities	26(a)	2,393,193	1,856,096	2,243,456
Amount attributable to operating activities		2,342,936	(911,586)	3,639,570
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,636,680	3,655,211	1,705,724
Proceeds from disposal of assets	11(a)	307,727	350,000	320,813
Purchase of property, plant and equipment	9(a)	(1,430,162)	(1,586,772)	(2,796,049)
Purchase and construction of infrastructure	10(a)	(1,871,225)	(3,760,004)	(1,772,207)
		(1,356,980)	(1,341,565)	(2,541,719)
Amount attributable to investing activities		(1,356,980)	(1,341,565)	(2,541,719)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(62,706)	(62,707)	(88,317)
Payments for principal portion of lease liabilities	16(b)	(14,619)	0	(14,316)
Transfers to reserves (restricted assets)	4	(673,896)	(191,463)	(1,243,071)
Transfers from reserves (restricted assets)	4	170,000	155,000	166,745
Amount attributable to financing activities		(581,221)	(99,170)	(1,178,959)
Surplus/(deficit) before imposition of general rates		404,735	(2,352,321)	(81,108)
Total amount raised from general rates	25(a)	2,317,550	2,352,321	2,316,061
Surplus/(deficit) after imposition of general rates	26(b)	2,722,282	0	2,234,953

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

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	3,465	4,500	9,845
General purpose funding	1,923,477	2,000	1,731,333
Law, order, public safety	57,870	37,834	39,981
Health	4,257	7,000	5,140
Housing	2,329	2,000	2,955
Community amenities	109,668	62,960	208,282
Recreation and culture	6,000	6,000	6,000
Transport	180,037	180,500	208,492
Economic services	0	0	1,529
Other property and services	2,759	0	2,295
	2,289,862	302,794	2,215,852
Non-operating grants, subsidies and contributions			
General purpose funding	403,472	500,000	0
Housing	193,113	848,116	762,091
Community amenities	77,789	183,304	41,696
Recreation and culture	5,732	5,500	0
Transport	956,574	2,118,291	901,937
	1,636,680	3,655,211	1,705,724
Total grants, subsidies and contributions	3,926,542	3,958,005	3,921,576
Fees and charges			
Governance	400	500	173
General purpose funding	8,483	4,500	2,450
Law, order, public safety	38,349	39,220	43,289
Housing	90,221	99,250	72,584
Community amenities	77,557	76,095	78,947
Recreation and culture	3,640	3,200	3,303
Transport	254,464	200,500	209,883
Economic services	121,668	95,000	107,604
Other property and services	45,408	65,960	104,562
	640,190	584,225	622,795

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	10,000	0	228,731
Fees and charges	637,892	576,225	622,795
Other revenue	73,295	0	0
Non-operating grants, subsidies and contributions	1,636,680	3,655,211	1,705,724
	<u>2,357,867</u>	<u>4,231,436</u>	<u>2,557,250</u>

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	56,340	56,340	165,702
Revenue from contracts with customers recognised during the year	664,847	519,885	813,225
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,636,680	3,655,211	1,578,323
	<u>2,357,867</u>	<u>4,231,436</u>	<u>2,557,250</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	44,759		67,593
Contract assets	893,908		640,207
Contract liabilities from contracts with customers	(497,250)		(56,340)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021.

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	2,317,550	2,317,321	2,281,850
Statutory permits and licences	2,198	8,000	0
Fines	100	0	0
	<u>2,319,848</u>	<u>2,325,321</u>	<u>2,281,850</u>
Other revenue			
Reimbursements and recoveries	99	44,900	0
Other	73,295	0	91,592
	<u>73,394</u>	<u>44,900</u>	<u>91,592</u>
Interest earnings			
Interest on reserve funds	17,227	34,463	31,225
Rates instalment and penalty interest (refer Note 25(c))	10,100	10,000	14,759
Other interest earnings	1,739	35,000	40,261
	<u>29,066</u>	<u>79,463</u>	<u>86,245</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses

Auditors remuneration

	2021 Actual \$	2021 Budget \$	2020 Actual \$
-Audit of the Annual Financial Report	29,000	22,000	15,400
-Other services	2,860	0	1,500
	<u>31,860</u>	<u>22,000</u>	<u>16,900</u>

Interest expenses (finance costs)

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Borrowings	14,012	15,405	18,179
Lease liabilities	555	0	858
	<u>14,567</u>	<u>15,405</u>	<u>19,037</u>

Other expenditure

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Impairment loss on trade and other receivables	(202)	0	0
Impairment loss on trade and other receivables from contracts with customers	1,664	0	1,664
Sundry expenses	307,027	290,610	281,158
	<u>308,489</u>	<u>290,610</u>	<u>282,822</u>

Note

17(b)
16(b)

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment.	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees & Charges - Licenses/Registrations/Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Fees & Charges - Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees & Charges - Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees & Charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees & Charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees & Charges - for other goods and services	Cemetery services, library fees, reinstatements, sale of water and private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees & Charges - sale of stock	Stock sales	Single point in time	In full in advance or 15 day credit	Refund for faulty goods	Adopted by Council annually, or set by mutual agreement	Applied fully on timing of provision	Returns limited to repayment of transaction	Output method based on goods
Fees & Charges - fines and penalties	Fines issued for breaches of local laws	Single point in time	Payment in full within a defined time	None	Adopted by Council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing	Over time	Payment in full on sale	None	Set by mutual agreement with customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		2,589,717	2,133,478
Total cash and cash equivalents		2,589,717	2,133,478
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		497,250	56,340
- Financial assets at amortised cost		3,966,287	3,462,391
		4,463,537	3,518,731

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	3,966,287	3,462,391
Contract liabilities from contracts with customers	15	497,250	56,340
Total restricted assets		4,463,537	3,518,731

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 and which are subject to an insignificant risk of changes in value and bank overdrafts.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	\$ 302,733	\$ 1,476	\$ 0	\$ 304,209	\$ 302,732	\$ 2,967	\$ 0	\$ 305,699	\$ 298,822	\$ 3,911	\$ 0	\$ 302,733
(b) Reserves cash backed - Plant Reserve	659,597	53,219	(100,000)	612,816	659,597	56,596	(100,000)	616,193	631,335	178,262	(150,000)	659,597
(c) Reserves cash backed - Land & Building Reserve	653,724	523,191	0	1,176,915	653,724	26,537	0	680,261	366,088	287,636	0	653,724
(d) Reserves cash backed - Sewerage Reserve	479,581	52,340	(25,000)	506,921	479,581	54,796	(25,000)	509,377	364,807	114,774	0	479,581
(e) Reserves cash backed - Nyabing Recreation Reserve	56,385	6,275	(15,000)	47,660	56,385	6,564	0	62,949	49,734	6,651	0	56,385
(f) Reserves cash backed - Pingrup Recreation Reserve	19,230	6,095	0	25,325	19,231	6,192	0	25,423	13,059	6,171	0	19,230
(g) Reserves cash backed - Water Provision Reserve	51,523	251	0	51,774	51,523	415	0	51,938	40,987	10,536	0	51,523
(h) Reserves cash backed - Cemetery Reserve	45,183	221	0	45,404	45,183	452	0	45,635	39,664	5,519	0	45,183
(i) Reserves cash backed - Refuse Disposal Facility Reserve	188,854	921	0	189,775	188,854	1,889	0	190,743	87,706	101,148	0	188,854
(j) Reserves cash backed - Admin Vehicle Reserve	68,848	25,336	(30,000)	64,184	68,848	25,688	(30,000)	64,536	46,243	22,605	0	68,848
(k) Reserves cash backed - Road Reserve	936,733	4,571	0	941,304	936,733	9,367	0	946,100	431,091	505,642	0	936,733
(l) Reserves cash backed - Landcare Reserve	0	0	0	0	0	0	0	0	16,529	216	(16,745)	0
	3,462,391	673,896	(170,000)	3,966,287	3,462,391	191,463	(155,000)	3,498,854	2,386,065	1,243,071	(166,745)	3,462,391

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget 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) Reserves cash backed - Leave Reserve		Funds to be used to fund employee leave requirements.
(b) Reserves cash backed - Plant Reserve		Funds to be used for the purchase of major plant and equipment.
(c) Reserves cash backed - Land & Building Reserve		Funds to be set aside for the construction and/or capital maintenance of building infrastructure, land acquisitions and development.
(d) Reserves cash backed - Sewerage Reserve		Funds to be used for upgrading and/or major maintenance of townsite sewerage schemes.
(e) Reserves cash backed - Nyabing Recreation Reserve		Funds to be used to promote participation in sport and provide sporting facilities in Nyabing
(f) Reserves cash backed - Pingrup Recreation Reserve		Funds to be used for the upgrade of sporting facilities in Pingrup.
(g) Reserves cash backed - Water Provision Reserve		Funds to be used for the provision of water services to rural areas of the Shire.
(h) Reserves cash backed - Cemetery Reserve		Funds to be used for the upgrading of the Nyabing and Pingrup cemeteries.
(i) Reserves cash backed - Refuse Disposal Facility Reserve		Funds to be used for the rehabilitation of the Nyabing and Pingrup rubbish sites.
(j) Reserves cash backed - Admin Vehicle Reserve		Funds to be used for the provision of vehicle changeovers for the CEO, DCEO and Works Manager.
(k) Reserves cash backed - Road Reserve		Funds to be used for capital works on roads within the Shire of Kent for future years.
(l) Reserves cash backed - Landcare Reserve		Funds to be used for landcare requirements.

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss - LG House

	2021	2020
	\$	\$
	3,966,287	3,462,391
	3,966,287	3,462,391
	3,966,287	3,462,391
	3,966,287	3,462,391
	71,552	71,552
	71,552	71,552
	71,552	71,552
	71,552	71,552

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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 27.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Other receivables - accrued interest	

	2021	2020
	\$	\$
	12,106	22,957
	44,759	67,593
	49,773	50,203
	(1,664)	(1,664)
	202	202
	<u>105,176</u>	<u>139,291</u>

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 27.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 30 JUNE 2021

7. INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	64,293	68,268
	64,293	68,268
	68,268	64,013
	(194,925)	(212,677)
	190,950	216,932
	64,293	68,268

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.

8. OTHER ASSETS

Other assets - current

Contract assets

	2021	2020
	\$	\$
	893,908	640,207
	893,908	640,207

SIGNIFICANT ACCOUNTING POLICIES

Accrued Income

Accrued income is income which has been earned but not yet received. Income must be recorded in the accounting period in which it was earned. Therefore, accrued income must be recognised in the accounting period in which it arises rather than in a subsequent period in which it will be received.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	394,400	4,860,441	2,892,580	8,147,421	47,257	3,470,817	11,665,495
Additions	0	1,701,849	194,714	1,896,563	18,070	881,416	2,796,049
(Disposals)	0	0	0	0	0	(301,081)	(301,081)
Revaluation increments / (decrements) transferred to revaluation surplus	46,900	(38,733)	(468,361)	(460,194)	0	0	(460,194)
Depreciation (expense)	0	(153,757)	(176,075)	(329,832)	(7,167)	(555,983)	(892,982)
Transfers	0	(27,158)	0	(27,158)	11,808	15,350	0
Balance at 30 June 2020	441,300	6,342,642	2,442,858	9,226,800	69,968	3,510,519	12,807,287
Comprises:							
Gross balance amount at 30 June 2020	441,300	6,342,642	2,442,858	9,226,800	76,895	4,022,341	13,326,036
Accumulated depreciation at 30 June 2020	0	0	0	0	(6,927)	(511,822)	(518,749)
Balance at 30 June 2020	441,300	6,342,642	2,442,858	9,226,800	69,968	3,510,519	12,807,287
Additions	42,012	518,424	118,083	678,519	0	751,643	1,430,162
(Disposals)	0	0	0	0	0	(267,974)	(267,974)
Depreciation (expense)	0	(294,948)	(170,119)	(465,067)	(11,081)	(578,414)	(1,054,562)
Transfers				0	15,351	(15,351)	0
Balance at 30 June 2021	483,312	6,566,118	2,390,822	9,440,252	74,238	3,400,423	12,914,914
Comprises:							
Gross balance amount at 30 June 2021	483,312	6,861,066	2,560,942	9,905,320	92,246	4,395,400	14,392,966
Accumulated depreciation at 30 June 2021	0	(294,948)	(170,120)	(465,068)	(18,008)	(994,976)	(1,478,052)
Balance at 30 June 2021	483,312	6,566,118	2,390,822	9,440,252	74,238	3,400,424	12,914,914

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Independent Valuers	June 2020	Observable market data, sales listing, property data generally available online and at 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. Current replacement cost utilising both observable and unobservable inputs being construction based on recent construction prices, useful life, residual values and remaining useful life.	Independent Valuers	June 2020	Observable market data, sales listing, property data generally available online and at local agents. Construction costs (level 2), residual values and useful life remaining and useful life assessments (level 3) inputs.
Buildings - specialised	3	Current replacement cost utilising both observable and unobservable inputs being construction based on recent construction prices, useful life, residual values and remaining useful life.	Independent Valuers	June 2020	Construction costs (level 2), residual values and useful life remaining and 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 using either level 2 or level 3 inputs.

(ii) Cost					
Furniture and equipment					
		Cost	Cost		Purchase cost
Plant and equipment					
		Cost	Cost		Purchase cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Other infrastructure	Total Infrastructure
	\$	\$	\$
Balance at 1 July 2019	245,744,685	4,434,694	250,179,379
Additions	1,684,378	87,829	1,772,207
Depreciation (expense)	(1,198,469)	(178,597)	(1,377,066)
Transfers	(12,678)	12,678	0
Balance at 30 June 2020	246,217,916	4,356,604	250,574,520
Comprises:			
Gross balance at 30 June 2020	248,632,221	4,688,201	253,320,422
Accumulated depreciation at 30 June 2020	(2,414,305)	(331,597)	(2,745,902)
Balance at 30 June 2020	246,217,916	4,356,604	250,574,520
Additions	1,533,365	337,860	1,871,225
Depreciation (expense)	(1,208,946)	(169,775)	(1,378,721)
Balance at 30 June 2021	246,542,335	4,524,689	251,067,024
Comprises:			
Gross balance at 30 June 2021	250,165,587	5,026,061	255,191,648
Accumulated depreciation at 30 June 2021	(3,623,252)	(501,372)	(4,124,624)
Balance at 30 June 2021	246,542,335	4,524,689	251,067,024

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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

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)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure 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 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 land, buildings, infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

Revaluation (Continued)

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 land, buildings, infrastructure, investment properties and vested improvements 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and equipment	\$ 267,974	\$ 307,727	\$ 45,713	\$ (5,961)	\$ 308,232	\$ 350,000	\$ 70,000	\$ (28,232)	\$ 301,081	\$ 320,813	\$ 38,402	\$ (18,670)
	267,974	307,727	45,713	(5,961)	308,232	350,000	70,000	(28,232)	301,081	320,813	38,402	(18,670)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Transport				
2019 TOYOTA LANDCRUISER GXL (0KT)	46,908	72,273	25,365	0
2010 JOHN DEERE GRADER-KT030	95,961	90,000	0	(5,961)
2015 TOYOTA HILUX - CESM (KT4270)	25,439	31,818	6,379	0
2020 Holden Colorado 4 x 4 Crew Cab (50KT)	37,795	40,000	2,205	0
2020 TOYOTA LANDCRUISER GXL (0KT)	61,871	73,636	11,764	0
	267,974	307,727	45,713	(5,961)

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	294,948	167,194	153,757
Buildings - specialised	170,119	181,128	176,075
Furniture and equipment	11,081	4,900	7,167
Plant and equipment	578,414	481,317	555,983
Infrastructure - roads	1,208,946	911,828	1,198,469
Other infrastructure	169,775	150,558	178,597
Right-of-use assets - furniture & equipment	14,638	0	14,678
	2,447,921	1,896,925	2,284,727

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 - specialised & non-specialised	50 years
Furniture and equipment	10 years
Plant and equipment	12 years (heavy) 7 years (light)
Sealed roads and streets	
- formation	not depreciated
- pavement	50 years
Seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
- formation	not depreciated
- pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Right of use (furniture and equipment)	Based on the remaining lease

Depreciation on revaluation

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.

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

12. LEASES

Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - furniture & equipment \$	Right-of-use assets Total
Balance at 1 July 2019	47,644	47,644
Depreciation (expense)	(14,678)	(14,678)
Balance at 30 June 2020	32,966	32,966
Depreciation (expense)	(14,638)	(14,638)
Balance at 30 June 2021	18,328	18,328

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual \$	2020 Actual \$
Depreciation expense on right-of-use asset	(14,638)	(14,678)
Interest expense on lease liabilities	(555)	(858)
Total amount recognised in the statement of comprehensive income	(15,193)	(15,536)
Total cash outflow from leases	(15,193)	(15,174)

The Shire has one lease relating to furniture and equipment. The lease term for the lease is 4 years.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Closing Balance	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	44,943	44,943	(1,957)	46,900	0	46,900	44,943
Revaluation surplus - Buildings - non-specialised	5,527,090	5,527,090	5,565,823	0	(38,733)	(38,733)	5,527,090
Revaluation surplus - Buildings - specialised	(403,682)	(403,682)	64,679	0	(468,361)	(468,361)	(403,682)
Revaluation surplus - Furniture and equipment	(10,685)	(10,685)	(10,685)	0	0	0	(10,685)
Revaluation surplus - Plant and equipment	599,809	599,809	599,809	0	0	0	599,809
Revaluation surplus - Other	11,107,636	11,107,636	11,107,636	0	0	0	11,107,636
Revaluation surplus - Infrastructure - roads	213,338,715	213,338,715	213,338,715	0	0	0	213,338,715
Revaluation surplus - Other Infrastructure	2,572,574	2,572,574	2,572,574	0	0	0	2,572,574
	232,776,400	232,776,400	233,236,594	46,900	(507,094)	(460,194)	232,776,400

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.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors	34,115	161,054
Prepaid rates	6,151	28,675
Accrued salaries and wages	26,123	19,268
ATO liabilities	27,311	28,745
Accrued interest on borrowings	4,900	6,293
GST	16,259	21,787
Contractor A/C (retention money on hold)	50,546	101,093
	165,405	366,915

2021	2020
\$	\$
34,115	161,054
6,151	28,675
26,123	19,268
27,311	28,745
4,900	6,293
16,259	21,787
50,546	101,093
165,405	366,915

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 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

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

15. OTHER LIABILITIES

Current

Contract liabilities

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

2021	2020
\$	\$
497,250	56,340
497,250	56,340
	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
Contract liabilities	
\$	\$
497,250	0
497,250	0

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

16. LEASE LIABILITIES

	2021	2020
(a) Lease Liabilities	\$	\$
Current	14,619	14,619
Non-current	4,090	18,709
	18,709	33,328

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
					Lease Principal 1 July 2020	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2020	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
Governance					33,328	0	(14,619)	18,709	(555)	0	0	(14,619)	(14,619)	0	47,644	0	(14,316)	33,328	(650)
Photocopier - Konica Minolta C659		Classic Funding	2.10%	48 months	33,328	0	(14,619)	18,709	(555)	0	0	(14,619)	(14,619)	0	47,644	0	(14,316)	33,328	(650)

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

17. INFORMATION ON BORROWINGS

	2021	2020
	\$	\$
Current	59,761	62,704
Non-current	131,720	191,483
	191,481	254,187

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021					30 June 2021					30 June 2020				
				Actual Principal 1 July 2020	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
Housing				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Various duplexes	91	WATC*	9.30%	233,216	0	(52,915)	(12,651)	180,301	233,217	0	(52,916)	(13,872)	180,301	282,902	0	(49,686)	(15,892)	233,216
Community amenities																		
Nyabing effluent	54	WATC*	8.90%	14,303	0	(3,123)	(1,124)	11,180	14,303	0	(3,123)	(1,205)	11,180	17,165	0	(2,862)	(1,390)	14,303
Economic services																		
ADSL Nyabing & Pingrup	93	WATC*	2.72%	0	0	0	0	0	0	0	0	0	0	29,522	0	(29,522)	(216)	0
Other property and services																		
Nyabing General Store	88	WATC*	6.52%	6,668	0	(6,668)	(237)	0	6,668	0	(6,668)	(328)	0	12,915	0	(6,247)	(681)	6,668
				254,187	0	(62,706)	(14,012)	191,481	254,188	0	(62,707)	(15,405)	191,481	342,504	0	(88,317)	(18,179)	254,187

* WA Treasury Corporation

All other loan repayments were financed by general purpose revenue.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

17. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
(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	478	0
Total amount of credit unused	118,478	118,000
Loan facilities		
Loan facilities - current	59,761	62,704
Loan facilities - non-current	131,720	191,483
Lease liabilities - current	14,619	14,619
Lease liabilities - non-current	4,090	18,709
Total facilities in use at balance date	210,190	287,515
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Risk

Information regarding exposure to risk can be found at Note 27.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2021

Comprises

Current
Non-current

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date
Expected reimbursements from other WA local governments

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	166,053	156,982	323,035
Non-current provisions	0	43,380	43,380
	166,053	200,362	366,415
Additional provision	42,974	32,011	74,985
Amounts used	(85,518)	(59,322)	(144,840)
Balance at 30 June 2021	123,509	173,051	296,560
Comprises			
Current	123,509	144,647	268,156
Non-current	0	28,404	28,404
	123,509	173,051	296,560

	2021	2020
	\$	\$
Less than 12 months after the reporting date	150,497	323,035
More than 12 months from reporting date	137,875	43,380
Expected reimbursements from other WA local governments	8,188	0
	296,560	366,415

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.

SIGNIFICANT ACCOUNTING POLICIES

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.

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

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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

19. 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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	2,589,717	3,736,621	2,133,478
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,669,019	1,373,598	1,673,224
Non-cash flows in Net result:			
Depreciation on non-current assets	2,447,921	1,896,925	2,284,727
(Profit)/loss on sale of asset	(39,752)	(41,768)	(19,732)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	34,115	(12,900)	(32,993)
(Increase)/decrease in other assets	(253,701)	0	(640,207)
(Increase)/decrease in inventories	3,975	8,000	(4,255)
(Increase)/decrease in contract assets	0	0	140,800
Increase/(decrease) in payables	(201,510)	31,781	229,361
Increase/(decrease) in employee provisions	(69,855)	939	69,589
Increase/(decrease) in other liabilities	440,910	(56,340)	(109,362)
Non-operating grants, subsidies and contributions	(1,636,680)	(3,655,211)	(1,206,317)
Net cash from operating activities	2,394,440	(454,976)	2,384,835

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	499,956	527,806
Law, order, public safety	558,587	609,726
Housing	4,396,096	4,066,042
Community amenities	1,891,385	1,957,073
Recreation and culture	5,386,180	5,616,399
Transport	246,555,084	246,192,460
Economic services	967,275	608,069
Other property and services	3,294,288	3,413,158
Unallocated	8,142,347	6,939,227
	271,691,198	269,929,960

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

21. 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.

- Nyabing General Store

Further groundwater investigations are required to adequately delineate and characterise the nature and extent of groundwater contamination at the site, including within the adjacent Richmond Street road reserve.

Further soil vapour investigations, potentially including further indoor air investigations are required to inform a risk assessment to determine potential risks to human health.

Until the Shire of Kent completes further 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.

22. CAPITAL COMMITMENTS

Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2021	2020
	\$	\$
	0	476,842
	0	476,842
	0	476,842

The Shire of Kent did not have any future capital expense commitments as at 30 June 2021. (2020: \$476,842)

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

23. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Scott Crosby [Shire President]			
Annual allowance	8,000	8,000	6,000
Meeting attendance fees	8,000	8,000	10,000
Annual allowance for ICT expenses	1,000	1,000	1,250
Travel and accommodation expenses	1,262	1,000	421
	18,262	18,000	17,671
Cr Kate Johnston [Deputy Shire President]			
Meeting attendance fees	8,000	8,000	10,000
Annual allowance for ICT expenses	1,000	1,000	1,250
Travel and accommodation expenses	720	1,000	288
	9,720	10,000	11,538
Cr Justin Germain [Councillor]			
Meeting attendance fees	8,000	8,000	8,000
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	0	1,000	0
	9,000	10,000	9,000
Cr Tim Borgward [Councillor]			
Meeting attendance fees	8,000	8,000	8,000
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	192	1,000	192
	9,192	10,000	9,192
Cr Renae Jury [Councillor]			
Meeting attendance fees	8,000	8,000	6,000
Annual allowance for ICT expenses	1,000	1,000	750
Travel and accommodation expenses	1,344	1,000	774
	10,344	10,000	7,524
Cr Craig Bamess [Councillor]			
Meeting attendance fees	8,000	8,000	8,250
Annual allowance for ICT expenses	1,000	1,000	750
Travel and accommodation expenses	0	1,000	713
	9,000	10,000	9,713
Cr Alan Smith [Councillor]			
Meeting attendance fees	8,000	8,000	10,000
Annual allowance	0	0	4,000
Annual allowance for ICT expenses	1,000	1,000	1,250
Travel and accommodation expenses	595	1,000	3,102
	9,595	10,000	18,352
Cr Kerryn Stephens [Councillor - retired]			
Meeting attendance fees	6,000	8,000	8,000
Annual allowance for ICT expenses	750	1,000	1,000
Travel and accommodation expenses	0	1,000	0
	6,750	10,000	9,000
Cr Grant Collins [Deputy Shire President - retired]			
Meeting attendance fees	0	0	4,000
Annual allowance for ICT expenses	0	0	500
	0	0	4,500
	81,863	88,000	96,490

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	8,000	8,000	10,000
Meeting attendance fees	62,000	64,000	72,250
Annual allowance for ICT expenses	7,750	8,000	8,750
Travel and accommodation expenses	4,113	8,000	5,490
	81,863	88,000	96,490

24. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	443,912	433,641
Post-employment benefits	46,964	43,166
Other long-term benefits	77,567	40,242
	568,443	517,049

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. 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.

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

The following transactions occurred with related parties:	2021 Actual	2020 Actual
	\$	\$
Purchase of goods and services	104,345	55,597
Short term employee benefits -other related parties	51,607	0
Amounts payable to related parties:		
Trade and other payables	421	2,487

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

An associate person of KMP employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity 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.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

25. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV - residential/commercial	0.10565	77	668,304	70,606	(139)	0	70,467	70,606	0	0	70,606	70,372
Unimproved valuations												
UV - rural	0.01022	344	217,341,000	2,221,624	(948)	(259)	2,220,417	2,221,225	500	0	2,221,725	2,290,046
Mining	0.01022	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		421	218,009,304	2,292,230	(1,087)	(259)	2,290,884	2,291,831	500	0	2,292,331	2,360,418
Minimum payment												
Gross rental valuations												
GRV - residential/commercial	510	16	24,288	8,160	0	0	8,160	8,160	0	0	8,160	8,080
Unimproved valuations												
UV - rural	510	12	380,400	6,120	0	0	6,120	6,120	0	0	6,120	6,060
Mining	510	21	162,817	11,212	1,267	0	12,479	10,710	0	0	10,710	10,605
Sub-Total		49	567,505	25,492	1,267	0	26,759	24,990	0	0	24,990	24,745
		470	218,576,809	2,317,722	180	(259)	2,317,643	2,316,821	500	0	2,317,321	2,385,163
Discounts/concessions (Note 25(b))							(93)				0	(103,313)
Total amount raised from general rate							2,317,550				2,317,321	2,281,850
Ex-gratia rates							35,621				35,000	34,403
Totals							2,353,171				2,352,321	2,316,253

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which Discount is Granted
UV properties 2019/20	4.50%	103,119	0	0	103,119	During the 2019/20 financial year, there was an error with the incorrect UV being used when raising the rates against all UV properties, this was rectified by Council applying a 4.5% discount to those properties. (Council Resolution 1920/083)
			0	0	103,119	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
General Rates - GRV	Write-off	0.00%	0	21	0	83
General Rates - UV	Write-off	0.00%	0.00	72	0	111
				93	0	194
Total discounts/concessions (Note 25(a))				93	0	103,313

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		

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25. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	4/09/2020	0.00	0.00%	8.00%
Option Two				
First instalment	4/09/2020	5.00	5.50%	8.00%
Second instalment	8/01/2021	5.00	5.50%	8.00%
Option Three				
First instalment	4/09/2020	7.50	5.50%	8.00%
Second instalment	6/11/2020	7.50	5.50%	8.00%
Third instalment	8/01/2021	7.50	5.50%	8.00%
Fourth instalment	12/03/2021	7.50	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	2,374	5,000	3,773
Interest on instalment plan	7,726	5,000	10,986
Charges on instalment plan	2,180	0	1,850
	12,280	10,000	16,609

Under the *Local Government (COVID-19 Response) Order 2020*, no applications were made to Council by a residential ratepayer or small business ratepayer of the Shire of Kent to be an 'excluded person' in accordance with Council's Financial Hardship Policy.

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

26. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2020/21	2019/20		
	(30 June 2021 Carried Forward) \$	Budget (30 June 2021 Carried Forward) \$	(1 July 2020 Brought Forward) \$	(30 June 2020 Carried 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	11(a)	(45,713)	(70,000)	(38,402)	(38,402)
	Less: Movement in liabilities associated with restricted cash		0	(14,061)		
	Movement in employee benefit provisions (non-current)		(14,976)	15,000	(21,539)	(21,539)
	Add: Loss on disposal of assets	11(a)	5,961	28,232	18,670	18,670
	Add: Depreciation on non-current assets	11(b)	2,447,921	1,896,925	2,284,727	2,284,727
	Non cash amounts excluded from operating activities		2,393,193	1,856,096	2,243,456	2,243,456
(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 - cash/financial asset backed	4	(3,966,287)	(3,498,854)	(3,462,391)	(3,462,391)
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	17(a)	59,761	62,704	62,704	62,704
	- Current portion of lease liabilities	16(a)	14,619	0	14,619	14,619
	- Employee benefit provisions		0	243,916		
	Total adjustments to net current assets		(3,891,907)	(3,192,234)	(3,385,068)	(3,385,068)
Net current assets used in the Rate Setting Statement						
	Total current assets		7,619,381	3,927,885	6,443,635	6,443,635
	Less: Total current liabilities		(1,005,191)	(735,651)	(823,613)	(823,613)
	Less: Total adjustments to net current assets		(3,891,907)	(3,192,234)	(3,385,068)	(3,385,068)
	Net current assets used in the Rate Setting Statement		2,722,282	0	2,234,954	2,234,954

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. 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	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, 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
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.10%	2,589,717	0	2,589,717	0
Financial assets at amortised cost - term deposits	0.15%	3,966,287	3,966,287	0	0
2020					
Cash and cash equivalents	0.20%	2,133,478	0	2,133,478	0
Financial assets at amortised cost	0.69%	3,462,391	3,462,391		0

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	25,897	21,335

* 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 17(b).

SHIRE OF KENT
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FOR THE YEAR ENDED 30 JUNE 2021

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other 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 has historically been able to charge interest on overdue rates and annual charges at higher than market rates, which further encouraged 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 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	5,833	3,350	1,394	1,529	12,106
Loss allowance	0	0	0	0	0

29 June 2020

Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	14,981	3,575	2,569	1,832	22,957
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.46%	0.49%	46.44%	38.21%	
Gross carrying amount	63,512	661	803	2,617	67,593
Loss allowance	288	3	373	1,000	1,664

29 June 2020

Trade and other receivables					
Expected credit loss	0.46%	0.49%	46.44%	38.21%	
Gross carrying amount	63,512	661	803	2,617	67,593
Loss allowance	288	3	373	1,000	1,664

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. 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 17(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
	\$	\$	\$	\$	\$
<u>2021</u>					
Payables	149,146	0	0	149,146	149,146
Borrowings	71,169	142,515	0	213,684	191,481
Lease liabilities	15,174	3,793	0	18,967	18,709
	235,489	146,308	0	381,797	359,336
<u>2020</u>					
Payables	345,128	0	0	345,128	345,128
Borrowings	78,111	213,686	0	291,797	254,187
Lease liabilities	15,174	18,967	0	34,141	33,328
	438,413	232,653	0	671,066	632,643

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

28. 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 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Housing Bonds	160	3,900	(3,900)	160
BRB & BCITF	0	159	(159)	0
Other	178	0	0	178
	338	4,059	(4,059)	338

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. ACTIVITIES/PROGRAMS

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

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

SHIRE OF KENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

31. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	15.49	6.30	17.69
Asset consumption ratio	0.98	0.99	0.99
Asset renewal funding ratio	0.88	#	#
Asset sustainability ratio	0.54	1.11	0.91
Debt service cover ratio	32.52	18.67	23.59
Operating surplus ratio	0.01	(0.01)	0.05
Own source revenue coverage ratio	0.57	0.57	0.44

In 2019 and 2020 the asset renewal funding ratio was unable to be reported due to incomplete asset management and corporate business plans.

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

SHIRE OF KENT

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Receivables' month end procedures		✓	
2. Amendments to Creditors and Payroll Master-Files		✓	

KEY TO RATINGS

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

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF KENT

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Receivables' month end procedures

Finding

We noted from our review of reconciliations, that entries were backdated in the subsidiary receivables' ledger, after the month end reconciliations were completed and reviewed.

Rating: Moderate

Implication

There is a risk that internal controls are not being fully applied and that unreconciled or unauthorised transactions may go undetected and/or unresolved.

Recommendation

We recommend that any post month end adjustments are made by general journal and not by backdating entries into subsidiary ledgers.

Management Comment

We will review internal procedures and amend to best practice.

Responsible Person: Manager Corporate

Completion Date: 31 March 2022

SHIRE OF KENT

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Amendments to Creditors and Payroll Master-files

Finding

We reviewed the Shire's processes for amendments to master-files and noted that while there is an independent review process in place when changes are made to the creditors and payroll master-files, it is possible that unauthorised changes to these master-files may not be detected, as there is currently no requirement to review the master-file audit trail reports.

Rating: Moderate

Implication

The absence of independent reviews of the master-file audit trail reports, increases the risk that unauthorised changes to the master-files and inappropriate transfer of funds to fraudulent recipients may not be detected, causing a loss to the Shire.

Recommendation

Synergy is capable of generating an audit trail report for any changes made to the creditors and payroll master-files. We recommend that these reports are generated at the time of processing creditor batch payments and payroll runs. The reports should be reviewed for any unauthorised amendments by an authorised officer separate to the creditor and payroll processing functions, signed as reviewed and filed with the batch payment and payroll reports.

Management Comment

We will review internal procedures to include audit trail reporting checking to be signed by either Manager Corporate or CEO.

Responsible Person: Manager Corporate

Completion Date: 31 March 2022



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Kent

To the Councillors of the Shire of Kent

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Kent (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on other legal and regulatory requirements

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

- (i) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law was identified during the course of my audit:
 - a) The Shire has not reported the Asset Renewal Funding Ratio for 2019 and 2020 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as required capital expenditure was not estimated in an asset management plan in those years.
- (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 for 2019, 2020 and 2021 and the Asset Renewal Funding Ratio for 2021 included in the financial report were supported by verifiable information and reasonable assumptions.

Other matter

The annual financial report of the Shire for the year ended 30 June 2020 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2019 and 2020 in Note 31 of the audited financial report were included in the audited financial report for those years.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Kent for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
15 March 2022