



Shire of  
**Narrogin**

**MINUTES  
AUDIT ADVISORY COMMITTEE MEETING**

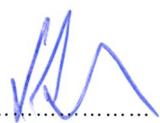
**9 February 2022**

Commencing at 4:30 pm  
Council Chambers  
Shire of Narrogin  
89 Earl Street  
Narrogin WA 6312

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit Advisory Committee Meeting.

Signed: .......... Date **10 February 2022**

These minutes were confirmed at the Audit Advisory Committee Meeting held on 8 February 2023.

Signed: ..........  
(Presiding Person at the meeting at which minutes were confirmed)

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Please note that meetings may be recorded for minute taking purposes.

# CONTENTS

Agenda Item	Page
1. OFFICIAL OPENING/ANNOUNCEMENT OF VISITORS	4
2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE	4
3. ELECTION OF CHAIRPERSON	5
4. DECLARATION OF INTEREST BY ELECTED MEMBERS AND COUNCIL EMPLOYEES IN MATTERS INCLUDED IN THE MEETING AGENDA	5
5. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS	5
6. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION	5
7. MATTERS WHICH REQUIRE DECISIONS	6
6.1 ADOPTION OF 2020/21 ANNUAL FINANCIAL REPORT	6
6.2 ANNUAL COMPLIANCE AUDIT RETURN 2021	70
7. CLOSURE OF MEETING	88

# **AUDIT ADVISORY COMMITTEE MEETING MINUTES**

## **9 FEBRUARY 2022**

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### **1. OFFICIAL OPENING/ANNOUNCEMENT OF VISITORS**

This being the first meeting of the Audit Advisory Committee post the 2021 Local Government Elections and appointment of this Committee, the CEO will temporarily assume the role of Presiding Member and as the first order of business, call for nominations for the position of Presiding Person for the ensuring two years.

The Acting Presiding Member (non-voting) Dale Stewart, CEO, declared the meeting open at 4:38 pm.

### **2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE**

#### **Committee Members (Voting)**

Mr L Ballard – Shire President  
Cr G Broad – Deputy Shire President  
Cr R McNab  
Cr M Fisher  
Cr B Seale  
Cr J Pomykala  
Cr T Wiese  
Cr T Alexander  
Cr J Early

#### **Office of the Auditor General via Electronic Communication**

Mr Mark Ambrose (Senior Director)  
Ms Iris Yap (Principal Auditor)

#### **Staff**

Mr D Stewart – Chief Executive Officer  
Mr F Ludovico – Executive Manager Corporate & Community Services  
Mr T Evans – Executive Manager Technical & Rural Services  
Ms V Ward – Executive Assistant

#### **Apologies**

Mr A Mulenga - Manager Corporate Services

**3. ELECTION OF CHAIRPERSON**

The members of a committee are to elect a Presiding Member from amongst themselves in accordance with Schedule 2.3 of the Local Government Act 1995 (S5.12 Local Government Act 1995).

**COMMITTEE RESOLUTION**

Mr Leigh Ballard was nominated by Mr Tim Wiese and being no further nominations was elected as presiding member of the Audit Advisory Committee.

**4. DECLARATION OF INTEREST BY ELECTED MEMBERS AND COUNCIL EMPLOYEES IN MATTERS INCLUDED IN THE MEETING AGENDA**

NIL

**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

**OFFICER'S RECOMMENDATION AND COMMITTEE RESOLUTION**

Moved: Cr Wiese

Seconded: Cr Seale

That the minutes of the Audit Advisory Committee Meeting held 14 July 2021 be confirmed as an accurate record of the proceedings.

**CARRIED 9/0**

**6. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION**

Nil

## 7. MATTERS WHICH REQUIRE DECISIONS

### 6.1 ADOPTION OF 2020/21 ANNUAL FINANCIAL REPORT

File Reference	12.2.1, 4.2.6
Disclosure of Interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure.
Applicant	Shire of Narrogin
Previous Item Numbers	Nil
Date	30 June 2021
Author	Frank Ludovico – Executive Manager Corporate and Community Services
Authorising Officer	Dale Stewart – Chief Executive Officer
Attachments	<ol style="list-style-type: none"><li>1. Letter from the Office of the Auditor General.</li><li>2. Shire of Narrogin 2020/21 Annual Financial Report</li><li>3. Independent Audit Report.</li><li>4. Management Letter – CONFIDENTIAL – Supplied under separate cover.</li></ol>

#### Summary

The Office of the Auditor General (OAG) conducted the Annual Financial Audit for 2020/21 commencing in early October 2021 and concluded in December 2021.

This item discusses the outcomes of that audit.

Note: A representative from the OAG Mr Kien Neoh (Director – Financial Audit) will be participating in this item via teleconference.

#### Background

The Office of Auditor General conducted the Annual Audit with an onsite audit, between 4-17 October 2021, undertaking follow-up work until December 2021. The final report was received on 23 December 2021.

#### Consultation

Consultation occurred with the following officers:

- Dale Stewart – Chief Executive Officer;
- Alex Mulenga – Manager Corporate Services; and
- Mr Kien Neoh Director – Financial Audit Financial Audit OAG.

#### Statutory Environment

The following statutory provisions relate:

- Section 6.4 Local Government Act 1995 - Financial report;
- Section 5.54 Local Government Act 1995 - Acceptance of Annual Reports; and
- Regulation 36 Local Government (Financial Management) Regulations 1996 - Annual Financial Report, content of (Act s.6.4(2)).

### Policy Implications

There are no known relevant policy implications on this matter.

### Financial Implications

The financial implications are detailed in the report under comment about ratios.

### Strategic Implications

Shire of Narrogin Strategic Community Plan 2017-2027		
Objective	4.	Civic Leadership Objective (Continually enhance the Shire's organisational capacity to service the needs of a growing community)
Outcome:	4.1	An efficient and effective organisation
Strategy:	4.1.1	Continually improve operational efficiencies and provide effective services
Strategy:	4.1.2	Continue to enhance communication and transparency

### Comment/Conclusion

#### Audit Opinion

It is very pleasing to note the OAG has expressed an unqualified audit opinion for 2020/21 Annual Financial Report. Significant work was undertaken during 2020/21 by the Finance staff to achieve this.

The Auditors noted that during 2020/21 there were issues with the monthly municipal bank reconciliations. This was a legacy matter resulting from the 2019/20 Audit and were dealt with (as reported at last year's Audit Committee) by improving procedures and purchasing dedicated bank reconciliation software. It is also noted the 2020/21 Management letter does not make any comments in this regarding (removed from the 2019/20 Management letter).

#### Ratios

The Auditors make comments regarding 2 ratio's – the Operating Surplus Ratio (a significant matter) and the Asset Renewal Funding Ratio (a noncompliance matter).

The Shire's Operating Surplus Ratio was below the Department of Local Government, Sport and Cultural Industries' standard for the part three financial years (indeed for probably the past 30 or more years).

The Operating Surplus Ratio measures the local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. To meet the standard, the ratio

must be between 0.0 and 0.15. The Shire's ratio for the last 3 years has been (0.19), (0.18) and (0.03), 2019 to 2021 respectively.

The ratio excludes income from grants but includes depreciation expenses and highlights that most rural local governments require government grant support to provide services to their residents.

The Operating Surplus Ratio requires Council to ensure that its own revenue sources grow at the same or a greater rate than its operating expenses, including depreciation. It is well known that most country local governments struggle to fully fund asset depreciation via its own revenue sources and there is a reliance on grant funding such as Regional Road Group and Roads to Recovery to assist with asset renewal expenditure.

To correct this situation, own source revenue (eg Rates and Fees & Charges) needs to increase, or operating expenditures decrease. Both these measures may be difficult in the current economic circumstances.

The current ratio benchmarks adopted by the Department is a "one size fits all" approach. It is understood that a majority of rural local governments have not had an Operating Surplus Ratio that met the standards set by the Department, and there has been an indication by the Auditor General that this benchmark may need review.

In respect to the Asset Renewal Funding Ratio with the events of the last 2 financial years (Staff movements and COVID19) little effort has been applied to the Long Term Financial Plan (LTFP). However significant work has occurred with Asset Management Plans (AMP), with the Plant and Fleet Replacement AMP being adopted by Council at its November 2021 meeting and the Treated Water Irrigation System (TWIS) prepared in 2021 and the Bridges AMP completed in 2020. The Buildings and Roads AMPs prepared in 2016 are currently being updated.

Work is currently underway to prepare a LTFP for anticipated completion in March 2022.

### **Management Letter**

It is noted the 7 items listed in 2019/20 have reduced to 3 in 2020/21 and only one has been repeated. Once again significant effort has gone into dealing with the previous year's report and it is pleasing to see the result.

Only one matter was considered significant – Asset Management Plans and Long Term Financial Plan.

*"The Shire is unable to disclose the asset renewal funding ratio for 2021, 2020 and 2019 as the asset management plan and long-term financial plan have not been updated since 2016."*

Management Comment. The process of updating the Long Term Financial Plan and the Asset Management Plans is already in progress. It is expected this will be completed as soon as possible to enable the asset renewal funding ratio in future to be calculated using more up-to-date information for the subsequent (current) Financial Year.

## Voting Requirements

Simple Majority

### **OFFICERS' RECOMMENDATION AND COMMITTEE RESOLUTION**

Moved: Cr Early

Seconded: Cr Seale

That with respect to Annual Financial Report for Financial Year 2020/21 the Audit Advisory Committee:

1. Recommend to Council the acceptance of the Annual Financial Report and Independent Audit Report for the 2020/21 Financial Year; and
2. Note the items discussed in the Confidential Management Letter and Independent Audit Report and the Administration's responses and implementation schedule regarding:
  - a. The Operating Surplus Ratio;
  - b. Asset Renewal Funding Ration and
  - c. Other matters referenced in the Management Letter.

**CARRIED 9/0**



Our Ref: 7950

Mr Leigh Ballard  
President  
Shire of Narrogin  
PO Box 1455  
NARROGIN WA 6312

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469 Wellington Street, Perth

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PO Box 8489  
PERTH WA 6849

**Tel:** 08 6557 7500  
**Email:** [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Dear President

### **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

The Office has completed the audit of the annual financial report for your local government. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the Chief Executive Officer (CEO) and the Minister, as required by the Act. The CEO is required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Matters of regulatory non-compliance and adverse trends in the financial position are reported on page 2 of the auditor's report.

#### **Management Control Issues**

While the result of the audit was generally satisfactory, we would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

We would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Feel free to contact the undersigned on 6557 7683 if you would like to discuss these matters further.

Yours faithfully

Kien Neoh  
Director  
Financial Audit  
22 December 2021

Attach

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

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
	56

**COMMUNITY VISION**

"A leading regional economic driver and a socially interactive and inclusive community"

Principal place of business:  
89 Earl Street  
Narrogin  
WA 6390

**SHIRE OF NARROGIN  
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 Narrogin 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 Narrogin 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      Twenty first    day of      December                      2021



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Chief Executive Officer

Dale Stewart

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Name of Chief Executive Officer



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	24(a)	4,929,046	4,941,453	4,938,388
Operating grants, subsidies and contributions	2(a)	4,897,144	3,163,838	4,011,546
Fees and charges	2(a)	1,841,274	1,854,976	1,787,386
Interest earnings	2(a)	88,337	149,500	175,066
Other revenue	2(a)	463,587	150,230	345,556
		<b>12,219,388</b>	<b>10,259,997</b>	<b>11,257,942</b>
<b>Expenses</b>				
Employee costs		(5,489,706)	(5,135,262)	(5,408,819)
Materials and contracts		(2,558,708)	(3,373,528)	(2,873,798)
Utility charges		(632,111)	(668,064)	(604,712)
Depreciation on non-current assets	11(b)	(2,876,118)	(3,450,264)	(2,920,996)
Interest expenses	2(b)	(31,424)	(31,937)	(49,139)
Insurance expenses		(265,960)	(258,599)	(250,979)
Other expenditure	2(b)	(582,623)	(592,550)	(387,401)
		<b>(12,436,650)</b>	<b>(13,510,204)</b>	<b>(12,495,844)</b>
		<b>(217,262)</b>	<b>(3,250,207)</b>	<b>(1,237,902)</b>
Non-operating grants, subsidies and contributions	2(a)	1,354,152	3,546,581	1,232,923
Profit on asset disposals	11(a)	9,161	-	10,152
(Loss) on asset disposals	11(a)	(24,654)	(129,582)	(58,680)
Fair value adjustments to financial assets at fair value through profit or loss		3,878	-	1,729
		<b>1,342,537</b>	<b>3,416,999</b>	<b>1,186,124</b>
<b>Net result for the period</b>		<b>1,125,275</b>	<b>166,792</b>	<b>(51,778)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	934,451	-	(105,103)
<b>Total other comprehensive income for the period</b>		<b>934,451</b>	<b>-</b>	<b>(105,103)</b>
<b>Total comprehensive income for the period</b>		<b>2,059,726</b>	<b>166,792</b>	<b>(156,881)</b>

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



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		11,103	1,850	1,202
General purpose funding		7,474,646	6,281,444	7,449,404
Law, order, public safety		350,780	285,505	118,023
Health		21,722	21,350	21,149
Education and welfare		2,083,683	1,579,357	1,702,814
Housing		8,240	8,240	8,240
Community amenities		1,113,022	1,145,512	1,076,744
Recreation and culture		188,777	162,200	63,928
Transport		275,012	251,970	255,107
Economic services		440,097	304,200	274,039
Other property and services		252,306	218,368	287,292
		<b>12,219,388</b>	<b>10,259,996</b>	<b>11,257,942</b>
<b>Expenses</b>				
	2(b)			
Governance		(508,588)	(640,595)	(538,271)
General purpose funding		(321,138)	(250,012)	(224,900)
Law, order, public safety		(742,428)	(755,830)	(740,441)
Health		(274,672)	(289,031)	(305,648)
Education and welfare		(1,751,300)	(1,833,458)	(1,824,283)
Housing		(29,039)	(33,202)	(31,742)
Community amenities		(1,380,214)	(1,528,207)	(1,450,229)
Recreation and culture		(2,930,250)	(3,503,604)	(2,797,909)
Transport		(3,329,746)	(3,712,876)	(3,566,114)
Economic services		(800,224)	(867,108)	(899,359)
Other property and services		(337,625)	(64,343)	(67,809)
		<b>(12,405,226)</b>	<b>(13,478,266)</b>	<b>(12,446,705)</b>
<b>Finance Costs</b>				
	2(b)			
Governance		(7,693)	(7,351)	(12,563)
Law, order, public safety		(341)	0	(364)
Community amenities		0	(2,250)	0
Recreation and culture		(11,550)	(11,290)	(19,512)
Economic services		(11,840)	(11,046)	(16,700)
		<b>(31,424)</b>	<b>(31,937)</b>	<b>(49,139)</b>
		<b>(217,262)</b>	<b>(3,250,207)</b>	<b>(1,237,902)</b>
Non-operating grants, subsidies and contributions	2(a)	1,354,152	3,546,581	1,232,923
Profit on disposal of assets	11(a)	9,161	0	10,152
(Loss) on disposal of assets	11(a)	(24,654)	(129,582)	(58,680)
Fair value adjustments to financial assets at fair value through profit or loss		3,878	0	1,729
		<b>1,342,537</b>	<b>3,416,999</b>	<b>1,186,124</b>
<b>Net result for the period</b>		<b>1,125,275</b>	<b>166,792</b>	<b>(51,778)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	934,451	0	(105,103)
<b>Total other comprehensive income for the period</b>		<b>934,451</b>	<b>0</b>	<b>(105,103)</b>
<b>Total comprehensive income for the period</b>		<b>2,059,726</b>	<b>166,792</b>	<b>(156,881)</b>

**SHIRE OF NARROGIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	<b>NOTE</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	7,648,153	7,202,711
Trade and other receivables	6	634,915	591,647
Inventories	7	9,960	19,735
Other assets	8	53,625	30,688
<b>TOTAL CURRENT ASSETS</b>		<b>8,346,652</b>	<b>7,844,781</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	188,960	187,203
Other financial assets	5(a)	110,710	106,832
Property, plant and equipment	9	59,289,126	58,387,584
Infrastructure	10	115,449,487	114,312,047
Right of use assets	12(a)	13,385	24,076
<b>TOTAL NON-CURRENT ASSETS</b>		<b>175,051,668</b>	<b>173,017,742</b>
<b>TOTAL ASSETS</b>		<b>183,398,321</b>	<b>180,862,523</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	981,333	852,529
Other liabilities	15	283,935	0
Lease liabilities	16(a)	11,769	10,644
Borrowings	17(a)	197,212	173,653
Employee related provisions	18	783,462	711,328
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,257,711</b>	<b>1,748,154</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	3,099	13,562
Borrowings	17(a)	784,147	801,359
Employee related provisions	18	173,568	179,378
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>960,814</b>	<b>994,299</b>
<b>TOTAL LIABILITIES</b>		<b>3,218,525</b>	<b>2,742,453</b>
<b>NET ASSETS</b>		<b>180,179,796</b>	<b>178,120,070</b>
<b>EQUITY</b>			
Retained surplus		50,974,225	50,442,171
Reserves - cash backed	4	4,677,042	4,083,821
Revaluation surplus	13	124,528,529	123,594,078
<b>TOTAL EQUITY</b>		<b>180,179,796</b>	<b>178,120,070</b>

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2019</b>		<b>50,369,084</b>	<b>4,229,579</b>	<b>123,699,181</b>	<b>178,297,844</b>
Change in accounting policy		(125,996)	0	0	<b>(125,996)</b>
Correction of error	5	105,103	0	0	105,103
<b>Restated total equity at the beginning of the financial year</b>		<b>50,348,191</b>	<b>4,229,579</b>	<b>123,699,181</b>	<b>178,276,951</b>
Comprehensive income					
Net result for the period		(51,778)	0	0	(51,778)
Other Comprehensive Income	13			(105,103)	(105,103)
Total comprehensive income		(51,778)	0	(105,103)	(156,881)
Transfers from reserves	4	2,674,563	(2,674,563)	0	0
Transfers to reserves	4	(2,528,805)	2,528,805	0	0
<b>Balance as at 30 June 2020</b>		<b>50,442,171</b>	<b>4,083,821</b>	<b>123,594,078</b>	<b>178,120,070</b>
Comprehensive income					
Net result for the period		1,125,275	0	0	1,125,275
Other comprehensive income	13	0	0	934,451	934,451
Total comprehensive income		1,125,275	0	934,451	2,059,726
Transfers from reserves	4	2,363,406	(2,363,406)	0	0
Transfers to reserves	4	(2,956,627)	2,956,627	0	0
<b>Balance as at 30 June 2021</b>		<b>50,974,225</b>	<b>4,677,042</b>	<b>124,528,529</b>	<b>180,179,796</b>

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,944,647	4,941,453	4,902,789
Operating grants, subsidies and contributions		4,855,199	3,163,838	4,494,320
Fees and charges		1,841,274	1,854,976	1,787,386
Interest received		88,337	149,500	175,066
Goods and services tax received		720,201	355,705	709,432
Other revenue		463,587	150,230	345,556
		12,913,245	10,615,702	12,414,549
<b>Payments</b>				
Employee costs		(5,545,140)	(5,135,262)	(5,281,976)
Materials and contracts		(2,410,547)	(3,373,528)	(2,819,535)
Utility charges		(632,111)	(668,064)	(604,712)
Interest expenses		(31,424)	(31,937)	(49,139)
Insurance paid		(265,960)	(258,599)	(250,979)
Goods and services tax paid		(649,643)	(355,705)	(719,836)
Other expenditure		(582,623)	(592,550)	(387,401)
		(10,117,447)	(10,415,645)	(10,113,578)
<b>Net cash provided by (used in) operating activities</b>	19	2,795,798	200,057	2,300,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(1,410,391)	(3,912,757)	(2,104,843)
Payments for construction of infrastructure	10(a)	(2,819,579)	(3,897,032)	(2,367,947)
Non-operating grants, subsidies and contributions		1,638,087	3,546,581	1,232,923
Proceeds from sale of property, plant & equipment	11(a)	244,519	592,000	410,007
<b>Net cash provided by (used in) investment activities</b>		(2,347,364)	(3,671,208)	(2,829,860)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(173,653)	(173,653)	(167,215)
Payments for principal portion of lease liabilities	16(b)	(9,338)	0	(7,866)
Proceeds from new borrowings	17(b)	180,000	180,000	0
<b>Net cash provided by (used in) financing activities</b>		(2,991)	6,347	(175,081)
<b>Net increase (decrease) in cash held</b>		445,442	(3,464,804)	(703,970)
Cash at beginning of year		7,202,711	7,216,736	7,906,681
<b>Cash and cash equivalents at the end of the year</b>	19	7,648,153	3,751,932	7,202,711

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	25 (b)	2,557,686	2,697,512	3,817,912
		2,557,686	2,697,512	3,817,912
<b>Revenue from operating activities (excluding rates)</b>				
Governance		11,103	1,850	1,202
General purpose funding		2,558,595	1,339,991	2,521,863
Law, order, public safety		350,780	285,505	118,023
Health		21,722	21,350	21,149
Education and welfare		2,075,647	1,579,357	1,702,814
Housing		8,240	8,240	8,240
Community amenities		1,113,022	1,145,512	1,080,903
Recreation and culture		188,777	162,200	63,928
Transport		275,012	251,970	261,100
Economic services		440,097	304,200	274,039
Other property and services		252,305	218,368	287,292
		7,295,300	5,318,543	6,340,553
<b>Expenditure from operating activities</b>				
Governance		(516,281)	(647,946)	(550,834)
General purpose funding		(321,138)	(250,012)	(224,900)
Law, order, public safety		(742,769)	(773,425)	(740,805)
Health		(268,463)	(290,379)	(305,648)
Education and welfare		(1,752,200)	(1,854,952)	(1,831,072)
Housing		(29,039)	(33,202)	(31,742)
Community amenities		(1,380,214)	(1,537,957)	(1,468,568)
Recreation and culture		(2,941,800)	(3,514,894)	(2,817,421)
Transport		(3,329,748)	(3,778,915)	(3,591,520)
Economic services		(824,831)	(893,760)	(916,059)
Other property and services		(337,625)	(64,343)	(75,955)
		(12,444,108)	(13,639,785)	(12,554,524)
Non-cash amounts excluded from operating activities	25(a)	2,880,555	3,579,846	2,883,658
<b>Amount attributable to operating activities</b>		289,433	(2,043,884)	487,599
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	1,354,152	3,546,581	1,232,923
Proceeds from disposal of assets	11(a)	244,519	592,000	410,007
Purchase of property, plant and equipment	9(a)	(1,410,391)	(3,912,757)	(2,104,843)
Purchase and construction of infrastructure	10(a)	(2,819,579)	(3,897,032)	(2,367,947)
<b>Amount attributable to investing activities</b>		(2,631,299)	(3,671,208)	(2,829,860)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(173,653)	(173,653)	(167,215)
Proceeds from borrowings	17(b)	180,000	180,000	0
Payments for principal portion of lease liabilities	16(b)	(9,338)	0	(7,866)
Transfers to reserves (restricted assets)	4	(2,956,627)	(2,300,170)	(2,528,805)
Transfers from reserves (restricted assets)	4	2,363,406	3,067,461	2,674,563
<b>Amount attributable to financing activities</b>		(596,212)	773,637	(29,323)
<b>Surplus/(deficit) before imposition of general rates</b>		(2,938,078)	(4,941,455)	(2,371,584)
<b>Total amount raised from general rates</b>	24(a)	4,919,929	4,941,455	4,929,270
<b>Surplus/(deficit) after imposition of general rates</b>	25(b)	<b>1,981,851</b>	<b>0</b>	<b>2,557,686</b>

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

**SHIRE OF NARROGIN**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	16
Note 4	Reserves - Cash backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Other Assets	21
Note 9	Property, Plant and Equipment	22
Note 10	Infrastructure	24
Note 11	Fixed Assets Significant Accounting Policies	26
Note 12	Leases	29
Note 13	Revaluation Surplus	30
Note 14	Trade and Other Payables	31
Note 15	Other Liabilities	32
Note 16	Lease Liabilities	33
Note 17	Information on Borrowings	34
Note 18	Employee Provisions	36
Note 19	Notes to the Statement of Cash Flows	37
Note 20	Total Assets Classified by Function and Activity	38
Note 21	Contingent Assets & Liabilities	39
Note 22	Commitments	40
Note 23	Related Party Transactions	41
Note 24	Rating Information	44
Note 25	Rate Setting Statement Information	46
Note 26	Financial Risk Management	47
Note 27	Events occurring after the end of the Reporting Period	50
Note 28	Initial Application of Australian Accounting Standards	51
Note 29	Trust Funds	52
Note 30	Other Significant Accounting Policies	53
Note 31	Activites/Programs	54
Note 32	Financial Ratios	55

## 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 measurement 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 29 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 impact of adoption of these standards is described in note 28.

### 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.

**SHIRE OF NARROGIN**  
**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 are levied for the rating period
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, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	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 funding body	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
Licences/ 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
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
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
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
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 price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When claim is agreed
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed
Fines and penalties	No goods or services but fines or penalties for delayed payments	Single point in time	Payment dates adopted by Council during the year	None	Set by State legislation or limited by legislation to the cost of provision	When taxable event occurs	Not applicable	Revenue recognised after default event occurs

**SHIRE OF NARROGIN**  
**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 \$
<b>Operating grants, subsidies and contributions</b>			
Governance	0	250	734
General purpose funding	2,315,818	1,139,641	2,249,853
Law, order, public safety	318,233	248,005	83,846
Education and welfare	1,973,124	1,400,841	1,515,119
Community amenities	0	3,000	0
Recreation and culture	104,372	150,100	15,337
Transport	150,596	150,020	146,657
Economic services	0	59,300	0
Other property and services	35,000	12,681	0
	4,897,144	3,163,838	4,011,546
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	1,562,210	0
Education and welfare	5,000	0	0
Recreation and culture	448,140	810,532	181,746
Transport	901,012	1,173,839	1,051,177
	1,354,152	3,546,581	1,232,923
	6,251,296	6,710,419	5,244,469
<b>Total grants, subsidies and contributions</b>			
<b>Fees and charges</b>			
Governance	2,099	1,600	40
General purpose funding	56,150	47,850	37,193
Law, order, public safety	30,997	32,500	32,279
Health	21,722	21,350	21,149
Education and welfare	92,278	178,516	182,750
Housing	8,240	8,240	8,240
Community amenities	1,100,210	1,142,512	1,071,530
Recreation and culture	17,217	12,100	14,736
Transport	1,056	0	1,057
Economic services	390,356	285,600	255,295
Other property and services	120,950	124,708	163,117
	1,841,274	1,854,976	1,787,386

**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 NARROGIN**  
**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	164,924	136,250	191,159
Fees and charges	1,777,701	1,791,226	1,725,495
Other revenue	195,714	0	183,792
Non-operating grants, subsidies and contributions	1,354,152	3,546,581	1,232,923
	3,492,491	5,474,057	3,333,369

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:

Other revenue from contracts with customers recognised during the year	2,138,339	1,927,476	2,100,446
Transfers intended for acquiring or constructing recognisable non-financial assets from performance obligations satisfied during the year	1,354,152	3,546,581	1,232,923
	3,492,491	5,474,057	3,333,369

Assets associated with contracts with customers were not subject to an impairment charge.

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	102,775	154,383
Grant liabilities from transfer for recognisable non-financial assets	283,935	0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Consideration from contracts with customers is included in the transaction price.

**SHIRE OF NARROGIN**  
**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:

General rates  
 Statutory permits and licences  
 Fines

**Assets and Services acquired below fair value**

Contributed assets ( Library stock)

**Other revenue**

Reimbursements and recoveries  
 Reimbursement Income - Operating (WANDRRA Funding)  
 Other

**Interest earnings**

Interest on reserve funds  
 Rates instalment and penalty interest (refer Note 24(b))  
 Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
	4,919,929	4,932,335	4,929,270
	55,986	51,700	51,278
	7,588	12,050	10,613
	<b>4,983,502</b>	<b>4,996,085</b>	<b>4,991,161</b>
	0	0	177,695
	267,873	150,230	161,764
	0	0	0
	195,714	0	183,792
	<b>463,587</b>	<b>150,230</b>	<b>345,556</b>
	18,414	60,000	72,249
	57,223	60,000	72,837
	12,700	29,500	29,980
	<b>88,337</b>	<b>149,500</b>	<b>175,066</b>

**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.

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

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

(b) Expenses	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		45,000	49,875	45,000
- Other services		2,300	0	1,200
		47,300	49,875	46,200
<b>Interest expenses (finance costs)</b>				
Borrowings	17(b)	31,083	31,937	48,775
Lease liabilities	16(b)	341	0	364
		31,424	31,937	49,139
<b>Other expenditure</b>				
Impairment loss on trade and other receivables from contracts with customers		74,487	0	27,544
Members fees		123,165	124,600	132,802
Donations, Subsidies & Assistance to Community Groups		91,203	170,050	39,535
Statutory Fees and Taxes		16,181	20,200	12,641
Sundry expenses		277,587	277,700	174,879
		582,623	592,550	387,401

**SHIRE OF NARROGIN**  
**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	7,648,153	7,202,711
<b>Total cash and cash equivalents</b>	<b>7,648,153</b>	<b>7,202,711</b>

**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	4,707,045	4,100,027
	<b>4,707,045</b>	<b>4,100,027</b>

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

Reserves - cash backed	4	4,677,042	4,083,821
Bonds and deposits held		30,003	16,206
<b>Total restricted assets</b>		<b>4,707,045</b>	<b>4,100,027</b>

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

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

**4. RESERVES - CASH 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) Employee Entitlement Reserve	360,583	389	0	360,972	360,583	5,452	0	366,035	334,863	25,720	0	360,583
(b) Building Reserve	470,148	509	(99,398)	371,259	470,148	7,101	(158,297)	318,952	873,681	31,607	(435,140)	470,148
(c) Refuse Site Reserve	478,789	97,079	0	575,868	478,789	57,452	(92,720)	443,521	435,109	84,432	(40,752)	478,789
(d) Community Assisted Transport (CAT) Reserve	794	7,698	0	8,492	794	13,042	(13,000)	836	6,655	4,187	(10,048)	794
(e) Narrogin Regional Recreation Centre Reserve	279,436	201,302	(238,694)	242,044	279,436	129,225	(215,000)	193,661	73,927	205,509	0	279,436
(f) Plant, Vehicle & Equipment Reserve	395,307	425,428	(347,887)	472,848	395,308	430,159	(538,500)	286,967	454,959	442,771	(502,423)	395,307
(g) Economic Development Reserve	227,022	245	0	227,267	227,022	3,432	(208,059)	22,395	174,049	52,973	0	227,022
(h) IT & Office Equipment Reserve	78,802	85	(52,491)	26,396	78,801	1,191	(60,000)	19,992	72,563	6,239	0	78,802
(i) Tourism & Area Promotion Reserve	78,521	85	0	78,606	78,521	1,187	0	79,708	77,202	1,319	0	78,521
(j) Unspent Grants & Contribution Reserve	186,594	92,702	0	279,296	186,594	3,382	0	189,976	203,773	3,481	(20,660)	186,594
(k) HACC Reserve	523,586	58,796	(130,296)	452,086	477,523	48,988	(214,069)	312,442	584,487	100,796	(161,697)	523,586
(l) CHCP Reserve	222,234	823,130	(463,979)	581,385	209,296	760,622	(462,415)	507,503	122,909	455,512	(356,187)	222,234
(m) CHSP Reserve	291,306	1,168,149	(998,489)	460,966	313,617	751,499	(1,045,401)	19,715	347,664	1,091,298	(1,147,656)	291,306
(n) Road Construction Reserve	335,003	362	0	335,365	335,003	5,065	0	340,068	329,405	5,598	0	335,003
(o) Asset Valuation Reserve	31,844	35	0	31,879	31,844	0	0	31,844	31,309	535	0	31,844
(p) Landcare Reserve	98,681	106	(6,318)	92,469	98,681	1,492	(25,000)	75,173	97,024	1,657	0	98,681
(q) Narrogin Airport Reserve	25,171	15,027	0	40,198	25,171	15,381	0	40,552	10,000	15,171	0	25,171
(r) Bridges Reserve	0	48,000	(25,855)	22,145	0	48,000	(35,000)	13,000	0	0	0	0
(s) Water Reuse Scheme Reserve	0	17,500	0	17,500	0	17,500	0	17,500	0	0	0	0
	4,083,821	2,956,627	(2,363,406)	4,677,042	4,047,131	2,300,170	(3,067,461)	3,279,840	4,229,579	2,528,805	(2,674,563)	4,083,821

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash 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:

**Anticipated date of use**

**Purpose of the reserve**

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlement Reserve	Ongoing	To fund current and past employee's leave entitlements and redundancy payouts.
(b) Building Reserve	Ongoing	To support the acquisition, upgrade or enhancements of buildings within the district.
(c) Refuse Site Reserve	Ongoing	To fund infrastructure development and rehabilitation costs associates with the Shire's tip site as well the purchase and development a regional waste facility.
(d) Community Assisted Transport (CAT) Reserve	Ongoing	To fund the replacement/change over of the CATS vehicle.
(e) Narrogin Regional Recreation Centre Reserve	Ongoing	To fund YMCA additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
(f) Plant, Vehicle & Equipment Reserve	Ongoing	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
(g) Economic Development Reserve	Ongoing	To fund economic development projects that will benefit the district.
(h) IT & Office Equipment Reserve	Ongoing	To fund the purchase and upgrade of computer equipment, software and office equipment.
(i) Tourism & Area Promotion Reserve	Ongoing	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
(j) Unspent Grants & Contribution Reserve	Ongoing	To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement/funding body.
(k) HACC Reserve	Ongoing	To store unspent H.A.C.C grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(l) CHCP Reserve	Ongoing	To store unspent C.H.C.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(m) CHSP Reserve	Ongoing	To store unspent C.H.S.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(n) Road Construction Reserve	Ongoing	To be used on road construction projects.
(o) Asset Valuation Reserve	Ongoing	To fund asset valuations.
(p) Landcare Reserve	Ongoing	To fund future natural resource management activities aligned with the principles established in the former NLCDL letter dated 6/6/17 (ICR1712270).
(q) Narrogin Airport Reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narrogin Airport.
(r) Bridges Reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for bridges within the Shire.
(s) Water Reuse Scheme Reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for infrastructure enabling the re-use of water resources.

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

**5. OTHER FINANCIAL ASSETS**

**(a) Non-current assets**

Financial assets at fair value through profit and loss

	2021	2020
	\$	\$
	110,710	106,832 *
	110,710	106,832
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust	110,710	106,832 *
	110,710	106,832

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

Units in Local Government House Trust

\* - Units in the Local Government House Trust had been previously been reported as financial assets at fair value through other comprehensive income. This prior year reporting has been corrected through the Shire's retained surplus as a retrospective adjustment through a restated opening retained surplus, taking up the past increments in fair value via a reclassification from the revaluation reserve. The impact on the Shire's opening retained surplus due to this correction as at 1 July 2019 was \$105,103.

**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 26.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	
Sundry receivables	
Allowance for impairment of receivables	
ATO Receivables	

### Non-current

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

2021	2020
\$	\$
454,337	464,808
102,775	154,383
(75,000)	(27,544)
152,803	0
634,915	591,647
188,960	187,203
188,960	187,203

### 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 26.

### 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.

**7. INVENTORIES**

**Current**

Fuel and materials

	2021	2020
	\$	\$
	9,960	19,735
	9,960	19,735
	19,735	7,310
Inventories expensed during the year	(174,655)	(184,772)
Additions to inventory	164,880	197,197
<b>Carrying amount at end of period</b>	<b>9,960</b>	<b>19,735</b>

The following movements in inventories occurred during the year:

**Carrying amount at beginning of period**

Inventories expensed during the year

Additions to inventory

**Carrying amount at end of period**

**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

Accrued income

	2021	2020
	\$	\$
	53,625	30,688
	53,625	30,688

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Artwork	Library Stock Transferred From State	Capital Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	10,472,998	10,472,998	2,234,286	40,293,099	42,527,385	53,000,383	395,950	4,051,508	350,315	0	0	57,798,156
Additions	0	0	659,333	318,420	977,753	977,753	2,314	947,081	0	177,695	0	2,104,843
(Disposals)	0	0	0	0	0	0	0	(458,535)	0	0	0	(458,535)
Depreciation (expense)	0	0	(141,971)	(617,626)	(759,597)	(759,597)	(28,819)	(308,047)	0	0	0	(1,096,463)
Transfers	0	0	0	41,897	41,897	41,897	(2,314)	0	0	0	0	39,583
<b>Carrying amount at 30 June 2020</b>	10,472,998	10,472,998	2,751,648	40,035,790	42,787,438	53,260,436	367,131	4,232,007	350,315	177,695	0	58,387,584
<b>Comprises:</b>												
Gross carrying amount at 30 June 2020	10,472,998	10,472,998	3,114,119	42,495,354	45,609,473	56,082,471	395,950	4,521,852	350,315	177,695	0	61,528,283
Accumulated depreciation at 30 June 2020	0	0	(362,471)	(2,459,564)	(2,822,035)	(2,822,035)	(28,819)	(289,845)	0	0	0	(3,140,699)
<b>Carrying amount at 30 June 2020</b>	10,472,998	10,472,998	2,751,648	40,035,790	42,787,438	53,260,436	367,131	4,232,007	350,315	177,695	0	58,387,584
Additions	0	0	127,917	267,515	395,432	395,432	62,328	634,052	0	0	318,579	1,410,391
(Disposals)	0	0	0	0	0	0	0	(260,012)	0	0	0	(260,012)
transferred to revaluation surplus	(990,472)	(990,472)	194,362	1,730,561	1,924,923	934,451	0	0	0	0	0	934,451
Depreciation (expense)	0	0	(157,943)	(627,353)	(785,296)	(785,296)	(39,981)	(322,472)	0	(35,539)	0	(1,183,288)
<b>Carrying amount at 30 June 2021</b>	9,482,526	9,482,526	2,915,984	41,406,513	44,322,497	53,805,023	389,478	4,283,575	350,315	142,156	318,579	59,289,126
<b>Comprises:</b>												
Gross carrying amount at 30 June 2021	9,482,526	9,482,526	3,436,398	44,493,430	47,929,828	57,412,354	458,278	4,895,892	350,315	177,695	318,579	63,613,113
Accumulated depreciation at 30 June 2021	0	0	(520,414)	(3,086,917)	(3,607,331)	(3,607,331)	(68,800)	(612,317)	0	(35,539)	0	(4,323,987)
<b>Carrying amount at 30 June 2021</b>	9,482,526	9,482,526	2,915,984	41,406,513	44,322,497	53,805,023	389,478	4,283,575	350,315	142,156	318,579	59,289,126

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar assets.	Independent Valuer	June 2020	Price per hectare.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent Valuer	June 2020	Price per square metre / market borrowing rate, adjusted for restrictions in use.
Buildings - specialised	3	Cost approach and depreciated replacement cost.	Independent Valuer	June 2020	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.

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

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

**(ii) Cost**

<b>Furniture and equipment</b>	Cost	Cost	Cost
<b>Plant and Equipment</b>	Cost	Cost	Cost
<b>Artwork</b>	Cost	Cost	Cost
<b>Library Stock Transferred From State Govt.</b>	Cost	Cost	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 is effective from 1 July 2019 and represents a change in accounting policy.

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

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - bridges	Infrastructure - other	Capital Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	97,219,813	2,845,569	6,837,779	4,224,425	1,970,579	702,055	0	113,800,220
Additions	1,978,578	60,884	16,640	0	18,920	292,925	0	2,367,947
(Disposals)	0	0	0	0	0	0	0	0
Transfers	0	0	0	24,908	0	(64,491)	0	(39,583)
Depreciation (expense)	(1,126,702)	(71,622)	(139,545)	(351,418)	(99,921)	(27,329)		(1,816,537)
<b>Carrying amount at 30 June 2020</b>	98,071,689	2,834,831	6,714,874	3,897,915	1,889,578	903,160	0	114,312,047
<b>Comprises:</b>								
Gross carrying amount at 30 June 2020	100,746,328	2,978,075	6,993,921	4,786,911	2,089,420	952,893	0	118,547,548
Accumulated depreciation at 30 June 2020	(2,674,639)	(143,244)	(279,047)	(888,996)	(199,842)	(49,733)	0	(4,235,501)
<b>Carrying amount at 30 June 2020</b>	98,071,689	2,834,831	6,714,874	3,897,915	1,889,578	903,160	0	114,312,047
Additions	1,825,457	58,247	0	39,424	0	751,863	144,588	2,819,579
Depreciation (expense)	(1,033,607)	(73,144)	(139,878)	(291,959)	(100,780)	(42,771)	0	(1,682,139)
Transfers								
<b>Carrying amount at 30 June 2021</b>	98,863,539	2,819,934	6,574,996	3,645,380	1,788,798	1,612,252	144,588	115,449,487
<b>Comprises:</b>								
Gross carrying amount at 30 June 2021	102,571,785	3,036,322	6,993,921	4,826,335	2,089,420	1,704,756	144,588	121,367,127
Accumulated depreciation at 30 June 2021	(3,708,246)	(216,388)	(418,925)	(1,180,955)	(300,622)	(92,504)	0	(5,917,640)
<b>Carrying amount at 30 June 2021</b>	98,863,539	2,819,934	6,574,996	3,645,380	1,788,798	1,612,252	144,588	115,449,487

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost.	Independent Valuer	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost.	Independent Valuer	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using depreciated replacement cost.	Independent Valuer	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost.	Independent Valuer	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using depreciated replacement cost.	Independent Valuer	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost.	Independent Valuer	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

#### Revaluation

The fair value of land, buildings, infrastructure and investment properties 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.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY 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.

#### 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, are 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 NARROGIN  
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	\$ 260,012	\$ 244,519	\$ 9,161	\$ (24,654)	\$ 721,582	\$ 592,000	\$ 0	\$ (129,582)	\$ 458,535	\$ 410,007	\$ 10,152	\$ (58,680)
	260,012	244,519	9,161	(24,654)	721,582	592,000	0	(129,582)	458,535	410,007	10,152	(58,680)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
<b>Plant and Equipment</b>				
<b>Law, order, public safety</b>				
NGN417 2015 Mitsubishi Triton Club (Ranger) (PA007B)	18,721	16,000	0	(2,721)
<b>Health</b>				
032NGN Holden Trax 2018 (EHO)	14,400	13,500	0	(900)
<b>Education and welfare</b>				
009NGN 2017 Toyota Camry Altise (CACP) (PE039)	23,491	15,455	0	(8,036)
<b>Transport</b>				
NO764 2002 Bomag Twin Vibrating Roller (WORKS)	13,000	7,500	0	(5,500)
NO4719 2012 John Deere Grader 670G	136,000	132,000	0	(4,000)
NO03 Toyota Hilux 4x4	26,800	23,303	0	(3,497)
NO591 2021 Isuzu d-max	6,000	6,230	230	0
NO05 2018 Nissan Navara Dual Cab 4x4 with Canopy	21,600	30,531	8,931	0
	260,012	244,519	9,161	(24,654)

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

**11. FIXED ASSETS**

**(b) Depreciation**

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	157,943	731,343	141,971
Buildings - specialised	627,353	0	617,626
Furniture and equipment	39,981	54,492	28,819
Plant and equipment	322,472	412,358	308,047
Library Stock Transferred From State Govt.	35,539	0	0
Infrastructure - roads	1,033,607	1,529,337	1,126,702
Infrastructure - footpaths	73,144	70,761	71,622
Infrastructure - drainage	139,878	0	139,545
Infrastructure - parks and ovals	291,959	531,118	351,418
Infrastructure - bridges	100,780	98,720	99,921
Infrastructure - other	42,771	22,135	27,329
Right of use assets - plant and equipment	10,691	0	7,996
	2,876,118	3,450,264	2,920,996

**Revision of useful lives of assets**

Useful lives of fixed assets were reviewed during the year. There was nothing to warrant changes to useful lives currently associated with fixed assets.

**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	5 to 100 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	50 years
Sewerage piping	40 years
Water supply piping and drainage systems	50 to 75 years
Bridges	15 to 25 years
Other Infrastructure	10 to 50 years
Right of use (plant and equipment)	Based on the remaining lease
Library books	5 years

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

**12. LEASES**

**(a) Right of Use Assets**

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

	Right of use assets - plant and equipment	Right of use assets Total
	\$	\$
Carrying amount at 30 June 2020	24,076	24,076
Depreciation (expense)	(10,691)	(10,691)
Carrying amount at 30 June 2021	13,385	13,385
<b>(b) Cash outflow from leases</b>		
Interest expense on lease liabilities	341	681
Lease principal expense	9,338	18,676
Total cash outflow from leases	9,678	19,357

The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed. The Shire has one lease relating to plant and equipment. The term for this lease is 3 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.

**(c) Operating leases**

**Operating Lease receivable details**

Less than 1 year	69,617	56,112
Longer than 1 year and not longer than 2 years	26,170	64,784
Longer than 2 years and not longer than 5 years	13,661	25,725
Longer than 5 years	27,096	39,526
Total	136,544	186,147

	2021	2020
	\$	\$
Less than 1 year	69,617	56,112
Longer than 1 year and not longer than 2 years	26,170	64,784
Longer than 2 years and not longer than 5 years	13,661	25,725
Longer than 5 years	27,096	39,526
Total	136,544	186,147

The Shire also has peppercorn leases with 25 various not-for-profit entities.

**The Shire as Lessor**

Upon entering into each contract as lessor, the Shire assesses if the lease is a finance or operating lease. The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within the definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to set up) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. When a contract is determined to include lease and non lease components, the Entity applies AASB15 to allocate the consideration under the contract to each component.

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

13. REVALUATION SURPLUS

	2021 Opening Balance \$	2021 Revaluation Increment \$	2021 Revaluation (Decrement) \$	2021 Movement on Revaluation \$	2021 Closing Balance \$	2020 Opening Balance \$	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	2020 Movement on Revaluation \$	2020 Closing Balance \$
Revaluation surplus - Land and buildings	43,787,223	0	(990,472)	(990,472)	42,796,751	43,787,223	0	0	0	43,787,223
Revaluation surplus - Buildings - non-specialised	0	194,362	0	194,362	194,362	0	0	0	0	0
Revaluation surplus - Buildings - specialised	0	1,730,561	0	1,730,561	1,730,561	0	0	0	0	0
Revaluation surplus - Furniture and equipment	24,329	0	0	0	24,329	24,329	0	0	0	24,329
Revaluation surplus - Plant and equipment	762,474	0	0	0	762,474	762,474	0	0	0	762,474
Revaluation surplus - Artwork	350,315	0	0	0	350,315	350,315	0	0	0	350,315
Revaluation surplus - Infrastructure - roads	66,216,935	0	0	0	66,216,935	66,216,935	0	0	0	66,216,935
Revaluation surplus - Infrastructure - footpaths	1,825,795	0	0	0	1,825,795	1,825,795	0	0	0	1,825,795
Revaluation surplus - Infrastructure - drainage	6,380,837	0	0	0	6,380,837	6,380,837	0	0	0	6,380,837
Revaluation surplus - Infrastructure - parks and ovals	2,108,515	0	0	0	2,108,515	2,108,515	0	0	0	2,108,515
Revaluation surplus - Infrastructure - bridges	67,155	0	0	0	67,155	67,155	0	0	0	67,155
Revaluation surplus - Infrastructure - other	2,070,500	0	0	0	2,070,500	2,070,500	0	0	0	2,070,500
Revaluation surplus - Investment LG House *	0	0	0	0	0	105,103	0	(105,103)	(105,103)	0
	123,594,078	1,924,923	(990,472)	934,451	124,528,529	123,699,181	0	(105,103)	(105,103)	123,594,078

\* Refer to Note 5 for further details.

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.

14. TRADE AND OTHER PAYABLES

**Current**

Sundry creditors  
 Prepaid rates  
 Accrued salaries and wages  
 ATO liabilities  
 Bonds and deposits held  
 Other creditors  
 Accrued expenses  
 Accrued interest on loans

	2021	2020
	\$	\$
	556,784	426,355
	162,999	156,112
	140,620	107,715
	0	72,310
	30,003	16,206
	31,734	32,949
	59,193	35,284
	0	5,598
	<b>981,333</b>	<b>852,529</b>

**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**

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

2021	2020
\$	\$
283,935	0
283,935	0

**SIGNIFICANT ACCOUNTING POLICIES**

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

Grant liabilities represent 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 NARROGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**16. LEASE LIABILITIES**

(a) Lease Liabilities	2021	2020
	\$	\$
Current	11,769	10,644
Non-current	3,099	13,562
	14,868	24,206

(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 Loans	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
<b>Law, order, public safety</b>					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Holden Colorado	1	Easifleet	1.70%	36 months	24,206	0	9,338	14,868	341	0	0	0	0	0	0	32,072	7,866	24,206	364
					24,206	0	9,338	14,868	341	0	0	0	0	0	0	32,072	7,866	24,206	364

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

**17. INFORMATION ON BORROWINGS**

(a) Borrowings

	2021	2020
	\$	\$
Current	197,212	173,653
Non-current	784,147	801,359
	<u>981,359</u>	<u>975,012</u>

(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
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Government</b>																		
Administration Building Extension	128	WATC *	2.69%	284,280		44,272	7,693	240,008	284,281	0	44,272	7,351	240,009	327,386	0	43,106	12,563	284,280
<b>Community amenities</b>																		
Sewerage	130	WATC *	1.47%	0	180,000	0	0	180,000	0	180,000	0	2,250	180,000	0	0	0	0	0
<b>Recreation and culture</b>																		
Narrogin Regional Leisure Centre	121B	WATC *	5.51%	167,719		54,447	8,092	113,272	158,675	0	54,447	7,880	104,228	219,202	0	51,483	13,292	167,719
Town Hall renovations	126	WATC *	53.86%	95,970		30,775	3,457	65,195	95,970	0	30,775	3,410	65,195	125,591	0	29,621	6,220	95,970
<b>Economic services</b>																		
Industrial Land	127	WATC *	4.48%	108,948		11,602	5,031	97,346	108,948	0	11,602	4,752	97,346	120,048	0	11,100	6,551	108,948
Accommodation Units	129	WATC *	2.03%	318,095		32,556	6,809	285,539	318,114	0	32,556	6,293	285,558	350,000	0	31,905	10,149	318,095
				<u>975,012</u>	<u>180,000</u>	<u>173,653</u>	<u>31,083</u>	<u>981,359</u>	<u>965,988</u>	<u>180,000</u>	<u>173,652</u>	<u>31,936</u>	<u>972,336</u>	<u>1,142,227</u>	<u>0</u>	<u>167,215</u>	<u>48,775</u>	<u>975,012</u>

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

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

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

	2021	2020
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	400,000	400,000
Bank overdraft at balance date	0	0
Credit card limit	22,500	22,500
Credit card balance at balance date	(2,825)	(403)
<b>Total amount of credit unused</b>	<b>419,675</b>	<b>422,097</b>
<b>Loan facilities</b>		
Loan facilities - current	197,212	173,653
Loan facilities - non-current	784,147	801,359
Lease liabilities - current	11,769	10,644
Lease liabilities - non-current	3,099	13,562
<b>Total facilities in use at balance date</b>	<b>996,227</b>	<b>999,218</b>
<b>Unused loan facilities at balance date</b>	<b>0</b>	<b>0</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 26.

## 18. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2020

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	446,794	264,534	711,328
Non-current provisions	0	179,378	179,378
	446,794	443,912	890,706

#### Additional provision

Amounts used	420,946	29,805	450,751
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	(378,386)	(6,041)	(384,427)
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#### Balance at 30 June 2021

	489,354	467,676	957,030
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#### Comprises

Current	489,354	294,108	783,462
Non-current	0	173,568	173,568
	489,354	467,676	957,030

#### Amounts are expected to be settled on the following basis:

	2021	2020
	\$	\$
Less than 12 months after the reporting date	468,208	445,023
More than 12 months from reporting date	449,846	426,148
Expected reimbursements from other WA local governments	38,976	19,535
	957,030	890,706

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

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at 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.

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

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.

## 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	7,648,153	3,751,932	7,202,711
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	1,125,275	166,792	(51,778)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(3,878)	0	(1,729)
Depreciation on non-current assets	2,876,118	3,450,264	2,920,996
(Profit)/loss on sale of asset	15,494	129,582	48,528
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(45,025)	0	406,655
(Increase)/decrease in other assets	(22,937)	0	(26,447)
(Increase)/decrease in inventories	9,775	0	(12,425)
Increase/(decrease) in payables	128,803	0	197,879
Increase/(decrease) in provisions	66,324	0	52,215
Non-operating grants, subsidies and contributions	(1,354,152)	(3,546,581)	(1,232,923)
Net cash from operating activities	2,795,797	200,057	2,300,971

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

	2021	2020
	\$	\$
General purpose funding	647,177	652,011
Law, order, public safety	1,049,941	862,970
Education and welfare	2,787,950	2,286,167
Housing	895,547	750,136
Community amenities	3,786,784	3,580,702
Recreation and culture	32,902,690	32,284,098
Transport	120,967,392	119,763,690
Economic services	11,009,584	10,675,704
Other property and services	5,944,684	6,263,215
Unallocated	3,406,572	3,743,830
	<b>183,398,321</b>	<b>180,862,523</b>

## 21. CONTINGENT ASSETS AND LIABILITIES

The Department of Water and Environmental Regulation (DWER) issued Category 61, 62 and 64 licenses for the Shire of Narrogin Waste Management Facility for a term of 20 years from 30 June 2011 to 29 June 2031.

Independent experts, engaged by the Shire, determined on 16 December 2019 that the site is anticipated to have an operating life of at least 68 years and that an active post closure period of approximately 5 years will be sufficient to determine the effectiveness of the post closure measures implemented.

A Landfill Closure Management Plan is required to be prepared as part of the license conditions. This plan will only be prepared closer to landfill closure date as assessed and confirmed by DWER.

The Shire is not aware of any contingent assets as at 30 June 2021.

**22. CAPITAL COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects

2021

2020

\$

\$

325,360

56,862

325,360

56,862

Payable:

- not later than one year

325,360

56,862

The capital expenditure projects outstanding at the end of the current reporting period and previous represent outstanding orders issued for capital projects prior to 30.06.2021 and 30.06.2020, respectively.

## 23. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

#### Mr L Ballard – Shire President

Local Govt Allowance	23,500	24,000	23,500
Meeting Attendance Fee	20,000	20,000	20,000
Annual Allowance for ICT	1,600	1,600	1,600
Travel & Accommodation Expense	0	111	0
	<b>45,100</b>	<b>45,711</b>	<b>45,100</b>

#### Cr T Wiese – Deputy Shire President

Local Govt Allowance	5,875	6,000	5,875
Meeting Attendance Fee	8,500	8,500	8,500
Annual Allowance for ICT	500	500	500
Travel & Accommodation Expense	0	112	0
	<b>14,875</b>	<b>15,112</b>	<b>14,875</b>

#### Cr G Ballard

Meeting Attendance Fee	8,500	8,500	8,500
Annual Allowance for ICT	500	500	500
Travel & Accommodation Expense	0	111	0
	<b>9,000</b>	<b>9,111</b>	<b>9,000</b>

#### Cr C Bartron

Meeting Attendance Fee	8,500	8,500	8,500
Annual Allowance for ICT	500	500	500
Travel & Accommodation Expense	0	111	0
	<b>9,000</b>	<b>9,111</b>	<b>9,000</b>

#### Cr G Broad

Meeting Attendance Fee	8,500	8,500	5,872
Annual Allowance for ICT	500	500	345
Travel & Accommodation Expense	0	111	0
	<b>9,000</b>	<b>9,111</b>	<b>6,217</b>

#### Cr J Early

Meeting Attendance Fee	8,500	8,500	5,872
Annual Allowance for ICT	500	500	345
Travel & Accommodation Expense	0	111	0
	<b>9,000</b>	<b>9,111</b>	<b>6,217</b>

#### Cr M Fisher

Meeting Attendance Fee	8,500	8,500	8,500
Annual Allowance for ICT	500	500	500
Travel & Accommodation Expense	0	111	0
	<b>9,000</b>	<b>9,111</b>	<b>9,000</b>

#### Cr S Lushey

Meeting Attendance Fee	8,500	8,500	5,872
Annual Allowance for ICT	500	500	345
Travel & Accommodation Expense	0	111	0

<b>9,000</b>	<b>9,111</b>	<b>6,217</b>
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**SHIRE OF NARROGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**23 RELATED PARTY TRANSACTIONS (Continued)**

**Elected Members Remuneration (Continued)**

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Cr B Seale</b>			
Meeting Attendance Fee	8,500	8,500	8,500
Annual Allowance for ICT	500	500	500
Travel & Accommodation Expense	0	111	0
	<b>9,000</b>	<b>9,111</b>	<b>9,000</b>
<b>Cr N Walker</b>			
Meeting Attendance Fee	0	0	2,125
Annual Allowance for ICT	0	0	125
Travel & Accommodation Expense	0	0	0
	<b>0</b>	<b>0</b>	<b>2,250</b>
<b>Cr C Ward</b>			
Meeting Attendance Fee	0	0	2,125
Annual Allowance for ICT	0	0	125
Travel & Accommodation Expense	0	0	0
	<b>0</b>	<b>0</b>	<b>2,250</b>
<b>Cr P Schutz</b>			
Meeting Attendance Fee	0	0	2,126
Annual Allowance for ICT	0	0	126
Travel & Accommodation Expense	0	0	0
	<b>0</b>	<b>0</b>	<b>2,252</b>
<b>Total</b>	<b>122,975</b>	<b>124,600</b>	<b>121,378</b>
<b>Summary</b>			
Meeting fees	88,000	88,000	86,492
President's allowance	23,500	24,000	23,500
Deputy President's allowance	5,875	6,000	5,875
Travelling expenses	0	1,000	0
Telecommunications allowance	5,600	5,600	5,511
	<b>122,975</b>	<b>124,600</b>	<b>121,378</b>

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

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid and payable to KMP of the Shire during the year are as follows:		
Short-term employee benefits	979,282	944,735
Post-employment benefits	121,449	123,789
Other long-term benefits	108,560	103,401
	<b>1,209,291</b>	<b>1,171,925</b>

*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 long service benefits accruing during the year.

*Termination benefits*

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

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

**23 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
	\$	\$
Sale of goods and services	0	5,008
Purchase of goods and services *	5,457	14,569

\* Purchases to the value of \$5,457 were made to the following during the current financial year:

J & D Lifestyle Home and Gift	With the related party being a member of the Council
Regional Communication Solutions	With the related party being a member of the Council
Nutrien Ag Solutions	With the related party being a member of the Council

**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*

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

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

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/2021 Actual Rateable Value \$	2020/2021 Actual Rate Revenue \$	2020/2021 Actual Interim Rates \$	2020/2021 Actual Back Rates \$	2020/2021 Actual Total Revenue \$	2020/2021 Budget Rate Revenue \$	2020/2021 Budget Interim Rate \$	2020/2021 Budget Back Rate \$	2020/2021 Budget Total Revenue \$	2019/2020 Actual Total Revenue \$
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
Urban	0.1130350	1,649	27,293,539	3,085,125	(13,090)	2,755	3,074,790	3,096,490	0	0	3,096,490	3,124,846
Rural	0.0707540	47	915,802	64,797			64,797	63,944	0	0	63,944	95,386
Rural - Highbury	0.0707540	26	366,132	25,905			25,905	29,840	0	0	29,840	0
<b>Unimproved valuations</b>												
General UV	0.0057680	258	175,138,000	1,010,196	1,767	771	1,012,734	1,040,171	0	0	1,040,171	1,004,006
<b>Sub-Total</b>		1,980	203,713,473	4,186,023	(11,323)	3,526	4,178,226	4,230,445	0	0	4,230,445	4,224,238
<b>Minimum payment</b>												
	Minimum \$											
<b>Gross rental valuations</b>												
Urban	1,105	491	3,675,277	542,555	0	0	542,555	535,925	(3,620)	0	532,305	534,820
Rural	799	16	90,142	12,784	0	0	12,784	13,583	0	0	13,583	12,784
Rural - Highbury	713	7	59,332	4,991	0	0	4,991	4,991	0	0	4,991	6,417
<b>Unimproved valuations</b>												
General UV	799	227	21,215,300	181,373	0	0	181,373	151,011	0	0	151,011	151,011
<b>Sub-Total</b>		741	25,040,051	741,703	0	0	741,703	705,510	(3,620)	0	701,890	705,032
<b>Total amount raised from general rate</b>		2,721	228,753,524	4,927,726	(11,323)	3,526	4,919,929	4,935,955	(3,620)	0	4,932,335	4,929,270
Ex-gratia rates							4,919,929				4,932,335	4,929,270
<b>Totals</b>							9,117				9,118	9,118
							4,929,046				4,941,453	4,938,388

**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.

## 24. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	10/09/2020	0.00%	0.00%	8.00%
<b>Option Two</b>				
First instalment	10/09/2020	13.00	5.50%	8.00%
Second instalment	12/11/2020	13.00	5.50%	8.00%
Third instalment	14/01/2021	13.25	5.50%	8.00%
Fourth instalment	18/03/2021	13.25	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	44,255	45,000	55,066
Interest on instalment plan	12,968	15,000	17,771
Charges on instalment plan	45,361	30,000	30,377
	102,584	90,000	103,214

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

25. RATE SETTING STATEMENT INFORMATION

Note	2020/2021					
	2020/2021 (30 June 2021 Carried Forward) \$	Budget (30 June 2021 Carried Forward) \$	2020/2021 (1 July 2020 Brought Forward) \$	2019/2020 (30 June 2020 Carried Forward) \$		
<b>(a) Non-cash amounts excluded from operating activities</b>						
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> .						
<b>Adjustments to operating activities</b>						
	Less: Profit on asset disposals	11(a)	(9,161)	0	(10,152)	(10,152)
	Less: Movement in liabilities associated with restricted cash		389	0	25,720	25,720
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,878)	0	(1,729)	(1,729)
	Movement in pensioner deferred rates (non-current)		(1,757)	0	(288)	(288)
	Movement in employee benefit provisions (non-current)		(5,810)	0	(109,569)	(109,569)
	Add: Loss on disposal of assets	11(a)	24,654	129,582	58,680	58,680
	Add: Depreciation on non-current assets	11(b)	2,876,118	3,450,264	2,920,996	2,920,996
	<b>Non cash amounts excluded from operating activities</b>		<b>2,880,555</b>	<b>3,579,846</b>	<b>2,883,658</b>	<b>2,883,658</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>						
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.						
<b>Adjustments to net current assets</b>						
	Less: Reserves - cash backed	4	(4,677,042)	(3,279,840)	(4,083,821)	(4,083,821)
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	17(a)	197,212	180,375	173,653	173,653
	- Current portion of lease liabilities		11,769	0	10,644	10,644
	- Employee benefit provisions		360,972	0	360,583	360,583
	<b>Total adjustments to net current assets</b>		<b>(4,107,089)</b>	<b>(3,099,465)</b>	<b>(3,538,941)</b>	<b>(3,538,941)</b>
<b>Net current assets used in the Rate Setting Statement</b>						
	Total current assets		8,346,652	4,419,013	7,927,133	7,927,133
	Less: Total current liabilities		(2,257,711)	(1,319,548)	(1,830,506)	(1,830,506)
	Less: Total adjustments to net current assets		(4,107,089)	(3,099,465)	(3,538,941)	(3,538,941)
	<b>Net current assets used in the Rate Setting Statement</b>		<b>1,981,852</b>	<b>0</b>	<b>2,557,686</b>	<b>2,557,686</b>

## 26. 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
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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 \$
<b>2021</b>					
Cash and cash equivalents	0.05%	7,648,153	0	7,645,413	2,740
<b>2020</b>					
Cash and cash equivalents	0.25%	7,202,711	0	7,199,971	2,740

#### Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity\*

	2021 \$	2020 \$
	76,454	72,000

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

**26. 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 is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 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. There are no material receivables that have been subject to a re-negotiation of repayment terms.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	13,975	204,167	123,151	302,004	643,297
Loss allowance	0.00	0.00	0.00	0.00	0.00

<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	14,087	260,063	116,530	261,331	652,011
Loss allowance	0.00	0.00	0.00	0.00	0.00

The loss allowance as at 30 June 2021 and 30 June 2020 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Sundry receivables					
Expected credit loss	62.68%	100.00%	100.00%	100.00%	73%
Gross carrying amount	74,415	17,280	2,453	8,627	102,775
Loss allowance	46,641	17,280	2,453	8,627	75,001

<b>30 June 2020</b>					
Sundry receivables					
Expected credit loss	4.18%	14.48%	22.98%	50.67%	17.84%
Gross carrying amount	98,915	3,806	11,983	39,679	154,383
Loss allowance	4,132	551	2,754	20,107	27,544

## 26. 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
	\$	\$	\$	\$	\$
<b>2021</b>					
Payables	981,333	0	0	981,333	981,333
Borrowings	222,806	596,356	246,366	1,065,528	981,359
Contract liabilities	283,935	0	0	283,935	283,935
Lease liabilities	10,172	4,895	0	15,067	14,868
	<u>1,498,246</u>	<u>601,251</u>	<u>246,366</u>	<u>2,345,863</u>	<u>2,261,496</u>
<b>2020</b>					
Payables	852,529	0	0	852,529	852,529
Borrowings	203,340	610,096	256,085	1,069,521	975,012
Contract liabilities	0	0	0	0	0
Lease liabilities	10,973	13,716	0	24,689	24,206
	<u>1,066,842</u>	<u>623,812</u>	<u>256,085</u>	<u>1,946,739</u>	<u>1,851,747</u>

## 27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after balance date that have a significant effect on the financial statements.

## 28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

### (a) AASB 1059: Service Concession Arrangements

Service concessions assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. Newly constructed or upgraded assets are measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. In the case of existing assets, these are reclassified and treated in the same manner with any difference at the date of reclassification between the carrying amount of the assets and their fair value (current replacement cost) being treated as if it is a revaluation of the asset.

Subsequent to initial recognition or reclassification, service concession assets are accounted for by depreciating or amortising in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets. Where appropriate, any impairment is recognised in accordance with AASB 138 Impairment of Assets.

At the end of the term of any service concession arrangement the Shire will reclassify the service concession asset based on its nature or function, and account for it in accordance with the accounting standards and policies applicable to the relevant asset classification.

Where the Shire recognises a service concession asset in relation to a newly constructed or upgraded asset, it also recognises a liability. This liability is initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration provided by the Shire to the third-party operator or from the third-party operator to the Shire.

The Shire does not recognise a liability in the circumstances where an existing asset of the Shire is reclassified as a service concession asset except in circumstances where additional consideration is provided by the third-party operator.

Subsequent to initial recognition, the Shire accounts for the liability as the unearned portion of the revenue arising from the exchange of assets with the third-party operator and reduces the liability according to the economic substance of the service concession arrangement.

The Shire adopted AASB 1059 Service Concession Arrangements: Grantors (issued December 2014) on 1 July 2020 resulting in changes in accounting policies. In accordance with the transition provisions of AASB 1059, the Shire adopted the new rules retrospectively by recognising and measuring service concession assets and related liabilities on 1 July 2020. No adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2020) as the Shire did not have any service concession arrangements that are within the scope of the standard.

## 29 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
	\$	\$	\$	\$
Public Open Space	73,325	0	(73,000)	325
	73,325	0	(73,000)	325

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

**30. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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

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

**31. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b></p> <p>To provide a decision making process for the effective allocation for scarce resources.</p>	<p>Includes the activities of members of council and administration support available to the council for provision of governance of the district. Other costs relate to the task of assisting elected members and electors on matters which do not concern specific Shire services.</p>
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>To collect revenue to allow for the provisions of infrastructure and services</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b></p> <p>To provide services to help ensure a safer community</p>	<p>Supervision and enforcement of various local laws, fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p><b>HEALTH</b></p> <p>To provide an operational framework for environmental and community health.</p>	<p>Inspect food outlets and their control, noise control and waste disposal compliance.</p>
<p><b>EDUCATION AND WELFARE</b></p> <p>To provide services to the disadvantaged, the elderly, children and youth.</p>	<p>Preschool and other education, children and youth services, elderly and disadvantaged, senior citizens services.</p>
<p><b>HOUSING</b></p> <p>To provide housing to senior employees.</p>	<p>Provision of staff housing.</p>
<p><b>COMMUNITY AMENITIES</b></p> <p>To provided services required by the community.</p>	<p>Rubbish collection services, operation of refuse disposal site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of Shire planning scheme, cemetery and public conveniences.</p>
<p><b>RECREATION AND CULTURE</b></p> <p>The provide recreational and cultural services to the community.</p>	<p>Maintain public halls, civic centres, aquatic centre, recreational centre and various sporting facilities, Provisions and maintenance of parks, gardens and playgrounds. Operations of Library, museum and other cultural facilities.</p>
<p><b>TRANSPORT</b></p> <p>To provide safe, effective and efficient transport services to the community.</p>	<p>Construct and maintenance of roads, streets, footpaths, depots parking facilities. Purchase of plant and equipment.</p>
<p><b>ECONOMIC SERVICES</b></p> <p>To promote the Shire and its economic wellbeing.</p>	<p>Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, standpipes and Building Control.</p>
<p><b>OTHER PROPERTY AND SERVICES</b></p> <p>To monitor and control the Shire's overheads operation accounts and Shire planning scheme.</p>	<p>Private works operation, plant repair and operation costs, administration overheads, community development overheads and gross salary and wages.</p>

## 32. FINANCIAL RATIOS

	Notes	2021 Actual	2020 Actual	2019 Actual
Current ratio		2.30	2.63	4.52
Asset consumption ratio		0.95	0.96	0.98
Asset renewal funding ratio	*	N/A	N/A	N/A
Asset sustainability ratio		0.82	0.89	0.77
Debt service cover ratio		13.06	7.79	14.09
Operating surplus ratio		(0.03)	(0.18)	(0.19)
Own source revenue coverage ratio		0.57	0.56	0.50

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

\* The Asset Renewal Funding Ratio is not available as the data within the Asset Management Plan and Long Term Financial Plan are not updated and does not have at least 10 years of projection.



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2021 Shire of Narrogin

To the Councillors of the Shire of Narrogin

### Report on the audit of the annual financial report

#### Opinion

I have audited the financial report of the Shire of Narrogin (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 Narrogin:

- 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](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) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a) The Operating Surplus Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written laws were identified during the course of my audit:
  - a) The Shire has not reported the Asset Renewal Funding Ratio for the current and past 2 years, as planned capital renewals and required expenditure were not estimated in the long-term financial plan and asset management plan respectively for those years as required by the Local Government (Financial Management) Regulations 1996, sections 50(1)(c) and 50(2).
  - b) The Shire's monthly municipal bank reconciliations during the financial year had invalid reconciling items and the bank reconciliation cash balance did not agree to the actual general ledger.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

## **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 Narrogin 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.

Sandra Labuschagne  
Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
22 December 2021

## 6.2 ANNUAL COMPLIANCE AUDIT RETURN 2021

File Reference	14.1.1
Disclosure of Interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure.
Applicant	Shire of Narrogin
Previous Item Numbers	Nil
Date	01 February 2022
Author	Victoria Anderson – Records & Governance Officer
Authorising Officer	Frank Ludovico – Executive Manager Corporate & Community Services
Attachments	1. Compliance Audit Return 2021

### Summary

The completed Annual Compliance Return for Calendar Year 2021 is presented to the Committee for consideration.

### Background

It is a requirement of all Local Governments to complete the Annual Compliance Audit Return as part of its regulatory obligations to the Department of Local Government, Sport and Cultural Industries.

### Consultation

Consultation has been undertaken with the following officers':

- Chief Executive Officer (CEO);
- Executive Manager Corporate & Community Services;
- Manager Corporate Services; and
- Executive Assistant.

### Statutory Environment

The following statutory provisions apply:

- Local Government (Audit) Regulations – Regulation 14 – Compliance audit return to be reviewed by the Audit Committee and report made to Council.
- Local Government (Audit) Regulations – Regulation 15 – once considered by Council, the return is to be signed by President and CEO and lodged with the Department by 31 March.

### Policy Implications

There are no known relevant policy implications.

## Financial Implications

There are no known relevant financial implications.

## Strategic Implications

Shire of Narrogin Strategic Community Plan 2017-2027		
Objective	4.	Civic Leadership Objective (Continually enhance the Shire's organisational capacity to service the needs of a growing community)
Outcome:	4.1	An efficient and effective organisation
Strategy:	4.1.1	Continually improve operational efficiencies and provide effective services
Strategy:	4.1.2	Continue to enhance communication and transparency

## Comment/Conclusion

The Compliance Audit Return has been completed for the Calendar Year 2021 year and is submitted for review. There are no issues of non-compliance identified for further attention.

As per the Local Government (Audit) Regulations, this item is presented to the Audit Advisory Committee to make appropriate recommendation to Council.

## Voting Requirements

Simple Majority

### **OFFICERS' RECOMMENDATION AND COMMITTEE RESOLUTION**

Moved: Cr Pomykala

Seconded: Cr Early

That with respect to the Department of Local Government, Sport and Cultural Industries' Compliance Audit Return for Calendar Year 2021, the Audit Advisory Committee recommends its acceptance to Council, for approval to lodge with the Department.

**CARRIED 9/0**



## Narrogin - Compliance Audit Return 2021

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A		Victoria Anderson
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	N/A		Victoria Anderson
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	N/A		Victoria Anderson
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	N/A		Victoria Anderson
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Victoria Anderson



## Narrogin - Compliance Audit Return 2021

<b>Delegation of Power/Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Victoria Anderson
2	s5.16	Were all delegations to committees in writing?	N/A		Victoria Anderson
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Victoria Anderson
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Victoria Anderson
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	N/A	No Delegations to Committees.	Victoria Anderson
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Victoria Anderson
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Resolved 26 May 2021	Victoria Anderson
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Victoria Anderson
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Victoria Anderson
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A		Victoria Anderson
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Victoria Anderson
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Victoria Anderson
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Victoria Anderson

**Narrogin - Compliance Audit Return 2021**

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Vanessa Ward
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Vanessa Ward
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Vanessa Ward
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Vanessa Ward
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		Vanessa Ward
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Vanessa Ward
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Vanessa Ward
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Vanessa Ward
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Vanessa Ward
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a	Yes		Vanessa Ward
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Vanessa Ward



No	Reference	Question	Response Comment	Respondent
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	Vanessa Ward
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes	Vanessa Ward
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A	Vanessa Ward
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?*  *Question not applicable after 2 Feb 2021	Yes	Vanessa Ward
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	Yes	Vanessa Ward
		*Question not applicable after 2 Feb 2021		
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	Vanessa Ward
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	Vanessa Ward
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A	Vanessa Ward
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	Yes	Vanessa Ward
		*Question not applicable after 2 Feb 2021		



No	Reference	Question	Response	Comments	Respondent
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*  *Question not applicable after 2 Feb 2021	Yes		Vanessa Ward
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes		Vanessa Ward
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	No		Vanessa Ward
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		Vanessa Ward
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	Yes		Vanessa Ward



**Narrogin - Compliance Audit Return 2021**

<b>Disposal of Property</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes		Victoria Anderson
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes		Victoria Anderson



## Narrogin - Compliance Audit Return 2021

<b>Elections</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes		Vanessa Ward
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A		Vanessa Ward
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes		Vanessa Ward



## Narrogin - Compliance Audit Return 2021

<b>Finance</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	OCM minutes 27/10/2021	Alex Mulenga
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Alex Mulenga
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	Yes		Alex Mulenga
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes		Alex Mulenga
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes	Yes For 2019/20 In Progress for 2020/21	Alex Mulenga
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Yes	Published 27/08/21 for Alex Mulenga 2019/20 In Progress for 2020/21	Alex Mulenga
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes		Alex Mulenga



## Narrogin - Compliance Audit Return 2021

<b>Integrated Planning and Reporting</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 24 May 2017 Reviewed 22 May 2019	Victoria Anderson
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 25/08/21	Victoria Anderson
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Victoria Anderson



**Narrogin - Compliance Audit Return 2021**

<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Victoria Anderson
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A		Victoria Anderson
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Victoria Anderson
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A		Victoria Anderson
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Victoria Anderson
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Victoria Anderson



**Narrogin - Compliance Audit Return 2021**

<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes	Appointed by CEO as per s.5.120 LGA	Victoria Anderson
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121 (2)?	Yes		Victoria Anderson
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes		Victoria Anderson

**Narrogin - Compliance Audit Return 2021**

<b>Optional Questions</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	N/A	Last Review May 2019	Frank Ludovico
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	N/A	Last review May 2019	Frank Ludovico
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes		Vanessa Ward
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	Yes		Vanessa Ward
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Vanessa Ward
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes		Vanessa Ward
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	Yes		Vanessa Ward

8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes	Alex Mulenga
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all it's expenditure, revenue and income?	Yes	Alex Aulenga

## Narrogin - Compliance Audit Return 2021

<b>Tenders for Providing Goods and Services</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Victoria Anderson
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	N/A		Victoria Anderson
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	N/A		Victoria Anderson
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Victoria Anderson
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	N/A		Victoria Anderson
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	N/A		Victoria Anderson
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	N/A		Victoria Anderson
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Victoria Anderson
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A		Victoria Anderson



No	Reference	Question	Response	Comments	Respondent
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	N/A		Victoria Anderson
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A		Victoria Anderson
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A		Victoria Anderson
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23 (1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A		Victoria Anderson
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A		Victoria Anderson
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A		Victoria Anderson
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Victoria Anderson
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Victoria Anderson
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Victoria Anderson
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Victoria Anderson

20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	Victoria Anderson
21	F&G Reg 24AI F&G Reg 24AI	Did the CEO send each application written notice advising them of the outcome of their application?	N/A	Victoria Anderson
22	F&G Reg 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F7G Regs 24E and 24F?	N/A	Victoria Anderson

## **7. CLOSURE OF MEETING**

There being no further business to discuss, the Presiding Member declared the meeting closed at 5.25 pm.