AGENDA

AUDIT, RISK AND IMPROVEMENT (ARIC) COMMITTEE MEETING

12 November 2026

NOTICE OF AUDIT, RISK AND IMPROVEMENT (ARIC) COMMITTEE MEETING

Dear Committee Members

A meeting of the Audit, Risk and Improvement Committee will be held on Thursday, 12 November 2026, in the Shire of Narrogin Council Chambers, 89 Earl Street, Narrogin, commencing at 11:00am.

Andrew Campbell
Chief Executive Officer

Acknowledgement of Noongar People

The Shire of Narrogin acknowledges the Noongar people as traditional custodians of this land and their continuing connection to land and community. We pay our respect to them, to their culture and to their Elders past and present.

Naatj ngiyan Birdiya Gnarojin kep unna nidja Noongar Moort ngaala maya nidja boodjera baarlap djoowak karlerl koolark. Ngalak niny ngullang karnan balang Bibolman baalap borong koora wer boorda.

FUNCTIONS OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE

The Committee has a statutory function to provide guidance and assistance to the local government as to the carrying out of its functions in relation to audits carried out under the *Local Government Act 1995.*

In addition, the Audit Risk and Improvement Committee undertakes:
a) Management of the audit process
b) Discussion of audit outcomes
c) Monitoring action taken on audit reports
d) Preparation of annual report on audit function
e) Review of the Compliance Audit Return, and
f) Oversight of organisational risk.

DISCLAIMER

Council and Committee agendas, recommendations, minutes and resolutions are subject to confirmation by the Council or Committee and therefore, prior to relying on them, one should refer to the subsequent meeting of Council or the Committee with respect to their accuracy.

No responsibility whatsoever is implied or accepted by the Shire of Narrogin for any act, omission or statement or intimation occurring during Council/Committee meetings or during formal/informal conversations with staff.

The Shire of Narrogin disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or limitation or approval made by a member or officer of the Shire of Narrogin during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Narrogin. The Shire of Narrogin warns that anyone who has an application lodged with the Shire of Narrogin must obtain and should only rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Narrogin in respect of the application.

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

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AUDIT, RISK AND IMPROVEMENT (ARIC)
COMMITTEE MEETING AGENDA
12 NOVEMBER 2026

1. OFFICIAL OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member Mr Brian Seale to declare the meeting open.

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

Committee Members (Voting)
Mr B Seale - Presiding Member
Mr L Ballard - Shire President
Cr G Broad - Deputy Shire President
Cr M Fisher
Cr C Bartron
Cr J Pomykala
Cr T Wiese
Cr R McNab

Guests - Office of the Auditor General via Electronic Communication
Spencer Masenda – Acting Assistant Director, Office of the Auditor General
Wadia Sinanon – Audit Manager, Office of the Auditor General

Staff
Andrew Campbell – Chief Executive Officer
Ian Graham – Executive Manager Corporate & Community Services (via Electronic Communication)
Adam Majid – Executive Manager Planning & Sustainability
John Warburton – Executive Manager Infrastructure Services
Lucille Munnik – Manager Corporate Services
Lisa Boddy – Executive Support Coordinator

Apologies

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

Name	Item No	Interest	Nature

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

4.1 Audit Advisory Committee Meeting

OFFICER'S RECOMMENDATION
That the minutes of the Audit Advisory Committee Meeting held 9 September 2026 be confirmed as an accurate record of the proceedings.

5. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION

6. MATTERS REQUIRING DECISIONS

6.1 MEETING AND ACCEPTANCE OF THE AUDITOR'S CONFIDENTIAL MANAGEMENT LETTER (ATTACHMENT 1) AND INDEPENDENT AUDIT REPORT (ATTACHMENT 2)

OFFICERS' RECOMMENDATION
That the Audit, Risk & Improvement Committee accepts the Confidential Management Letter and Independent Audit Report for the 2025/26 financial year and the administration's responses thereto.

6.2 ADOPTION OF 2025/26 AUDITED FINANCIAL REPORT (ATTACHMENT 3)

OFFICERS' RECOMMENDATION
That the Audit, Risk & Improvement Committee recommend to Council the acceptance of the Annual Financial Report and Audit Report for the 2025/26 year, noting that it is 'unqualified' and there are no matters of significance raised by the Auditors.

6.3 2025/26 INTERM AUDIT ACTION ITEMS UPDATE (ATTACHMENT 4)

OFFICERS' RECOMMENDATION
That the Audit, Risk & Improvement Committee accepts the 2025/26 Interim Audit Action Items Update as presented.

6.4 FINANCIAL MANAGEMENT REVIEW & REGULATION 17 REVIEW ACTION ITEMS UPDATE (ATTACHMENT 5)

OFFICERS' RECOMMENDATION
That the Audit, Risk & Improvement Committee accepts the Financial Management Review & Regulation 17 Review Action Items Update as presented.

7. OTHER RISK MATTERS OR GENERAL BUSINESS

The Annual Report is tabled for ARIC's information.

8. DATE FOR NEXT MEETING

9. MEETING CLOSURE

ATTACHMENT

SHIRE OF NARROGIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating	Year first raised
1. Fixed asset register and physical verification	No	Moderate	2026

Ratings

The ratings in this management letter reflect our assessment of risks based on the likelihood and potential impact if no action is taken. These outcomes consider both quantitative impact (such as financial loss) and qualitative impact (such as inefficiency, non-compliance, poor service to the public or loss of public confidence).

● **Significant** – Findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

● **Moderate** – Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

● **Minor** – Those findings that are not of primary concern but still warrant action being taken.

DRAFT

ATTACHMENT

SHIRE OF NARROGIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Fixed asset register and physical verification

During our audit, we noted that periodic physical stocktakes of furniture and fittings, plant and equipment, and artwork and sculptures are not performed to confirm the existence and condition of assets recorded in the fixed asset register.

We also noted that the fixed asset register does not contain sufficient information to readily identify individual assets, such as a unique asset identifier, physical location etc. This makes it difficult to physically verify assets against the register and confirm the accuracy and completeness of asset records.

Rating: Moderate

Implication

The absence of periodic stocktakes and an adequately detailed fixed asset register increases the risk that assets recorded in the fixed asset register may no longer exist, may be impaired or disposed of without being identified, or may not be able to be readily located. This may also affect the accuracy and completeness of the fixed asset register and associated financial reporting.

Recommendation

Management should strengthen its fixed asset management processes by performing periodic physical stocktakes to verify the existence and conditions of assets recorded in the fixed asset register.

Management should also enhance the details in the fixed asset register to include sufficient identifying information, such as a unique asset identifier, physical location and other relevant asset details, to facilitate the identification and verification of individual assets.

Management comment

The Shire will be seeking to implement a fixed asset identification process that satisfies the OAG and meets our organisational needs for asset identification, control and security. This may include asset tags, serial numbers, locations or other unique identifiers that link the register records information to physical assets.

In addition, the Shire will implement scheduled periodic fixed asset stocktakes to verify the existence and condition of assets.

Responsible person: **Executive Manager Corporate & Community Services**
Completion date: **30 June 2027**

DRAFT

Office of the Auditor General
Serving the Public Interest

Annual Financial Audit Exit Report

Shire of Narrogin

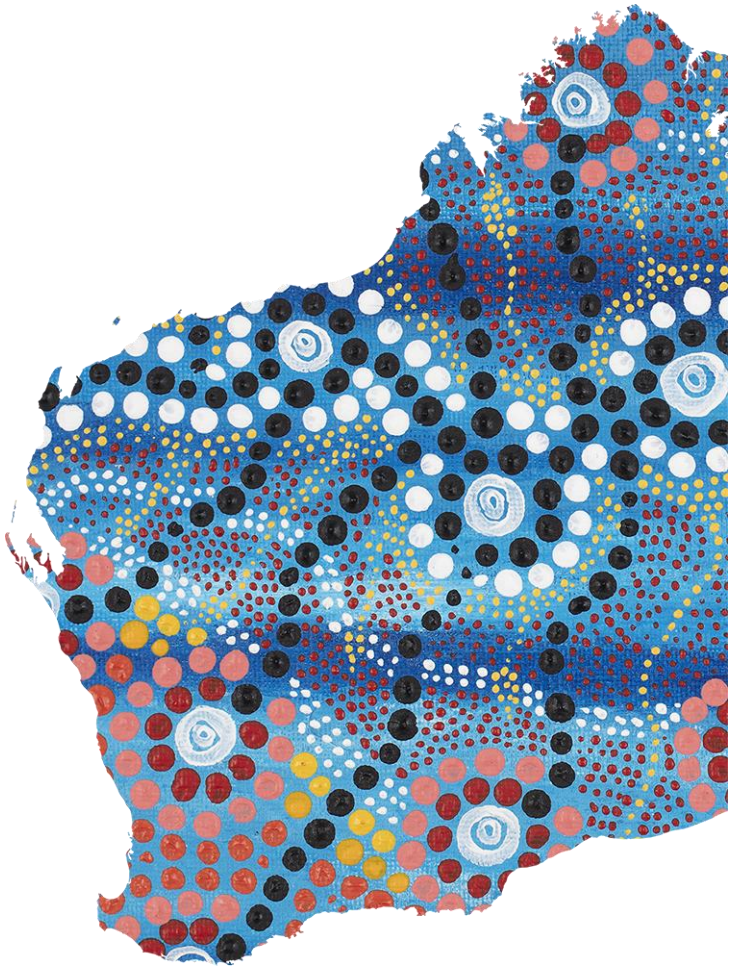
Year ended 30 June 2026



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1. Executive summary

To the Audit, Risk and Improvement Committee of Shire of Narrogin.

We look forward to the exit meeting we have scheduled for 12 November 2026 to discuss the outcomes and key findings from the audit of your Shire for the year ended 30 June 2026.

Our audit team have completed our audit work and, subject to the resolution of the outstanding matters listed below, we intend to recommend to the Auditor General to issue an unqualified audit opinion on the financial report.

We received draft financial statements which were considered to be of audit-ready quality on 30 September 2026. The draft financial report was certified by the CEO.

We would like to extend our thanks to your Shire's staff for their assistance with the audit process. If you have any questions prior to or following our exit meeting please contact your Engagement Leader, Spencer Masenda on 08 6557 7687.

Yours faithfully

Carly Meagher
Signing Officer

Spencer Masenda
Engagement Leader

AUDIT OPINION: • **Financial report** Unqualified				**Number of audit focus areas** 4 *(PY: 5)*
Management letter issues	**SIGNIFICANT** 0 *(PY: 0)*	**MODERATE** 2 *(PY: 2)*	**MINOR** 1 *(PY: 1)*	
Adjusted differences 1 *(PY: 2)*				**Unadjusted differences** 0 *(PY: 0)*
Number of outstanding items 3				**Audit-ready date** **30/09/2026**

1.1 Outstanding items

OUTSTANDING ITEMS	SHIRE OF NARROGIN	OAG	DATE
Receipt of signed financial report	✓		16 November 2026
Receipt of signed representation letter	✓		16 November 2026
Confirmation on subsequent events	✓		16 November 2026
Issuance of audit opinion	-	✓	16 November 2026

1.2 Purpose of report

We are providing this report before the exit meeting so you can consider the results of our audit work. Please read this report in conjunction with the audit plan we presented to you on 10 June 2026.

This report is not an audit report and is not intended to provide any additional assurance to the audit opinion.

The report is provided only for the information and use of your Shire's Audit, Risk and Improvement Committee, and it is not to be quoted, referenced or circulated to others without the OAG's prior written consent. The report should also not be made publicly available on your Shire's website or as part of any publicly available minutes or published reports.

We look forward to any feedback you have on the audit process. We encourage you and your management to reach out to your OAG engagement leader to discuss any ways we can continuously improve our conduct and communications during the audit process. Following the completion of the audit, we will send your Shire a survey to complete.

2. Results of key audit focus areas

Our planning summary noted a number of key audit focus areas. The result of our audit of these areas is set out below.

2.1 Management override of controls

BACKGROUND	OUR APPROACH	OUTCOME
Fraud risk **Reasons for area of key focus:** • Risk of management bias in key estimates and judgements • Key fraud risk (auditing standards require a response on this)	• Review key estimates and judgements applied by management for any evidence of bias. Specifically, those related to: - fair value of land, buildings and infrastructure - impairment of financial and non-financial assets - provision of long service leave • With the aid of data analytic tools, identify unusual journal entries related to significant financial statement line items to determine if they are appropriately supported • Consider if any misstatements found represent bias or intentional misstatement	• Based on audit work performed, there is nothing to report

2.2 Revenue recognition

BACKGROUND	OUR APPROACH	OUTCOME
Fraud Risk **Balance at 30 June 2026:** • Rates: $6,350,374 • Grants, subsidies and contributions: $5,928,314	• Test the design and implementation of key controls. • Review and test the application of the Shire's revenue recognition policies for application under AASB 15 and 1058	• Based on audit work performed, there is nothing to report

BACKGROUND	OUR APPROACH	OUTCOME
• Capital grants, subsidies and contributions $3,933,268 • Fees and charges: $3,325,777 • Interest revenue: $610,917 • Other revenue: $465,470 **Reasons for area of key focus:** • ASA240 rebuttable risk of fraud in revenue recognition • Revenue recognition being one of the area's most susceptible to fraudulent reporting achieved through premature recognition of revenue	• Test a sample of revenue transactions to supporting documents and determine if they have been correctly recognised. • Test a sample of grants to determine whether they have been appropriately recognised. We will also test the recognition of contract liabilities to ensure proper accounting in accordance with AASB 15 and 1058 • Conduct year end analytical review procedures for rates revenue.	

2.3 Property, plant & equipment and infrastructure

BACKGROUND	OUR APPROACH	OUTCOME
Other area of focus **Balance at 30 June 2026:** • PPE: $72,914,557 • Infrastructure: $91,494,550 • Depreciation expense: $4,914,147 **Reasons for area of key focus:** • High value of assets • Significant judgement and estimates involved in valuations	• Test the design, implementation of key controls • Perform substantive analytical procedures to determine appropriateness of depreciation expense • Test a sample of additions and disposals to supporting documents • Receive and review management's assessment of indicators of impairment	• We identified 2 management letter issues related to management of assets, as set out in section 3 below • Based on audit work performed, there is nothing further to report

2.4 Existence and accuracy of employee expenses; completeness of employee liabilities

BACKGROUND	OUR APPROACH	OUTCOME
Other area of focus **Balance at 30 June 2026:** • Employee costs $7,013,622 • Employee related provisions $979,282 **Reasons for area of key focus:** • High volume of transactions	• Assess design and implementation of key controls. • Perform substantive analytical procedures on employee expenses for the year. • Test a sample of leave balances for accuracy and completeness. • Assess the appropriateness of the management's work on actuarial assumptions for leave balances	• Based on audit work performed, there is nothing to report

3. Management letter findings

The following is a summary of the key issues identified during the audit which have been discussed with your management. We may also provide the Parliamentary Standing Committee on Estimates and Financial Operations and/or the Public Accounts Committee with copies of the management letters issued for any or all audits during the year. See Appendix 1: for a more detailed summary of the findings.

RATINGS	●	●	●	TOTAL
Open at 1 July 2025	0	2	1	3
Closed during FY26	(0)	(1)	(0)	(1)
Change of risk rating	0	0	0	0
New points raised in FY26	0	1	0	1
Total open points at 30 June 2026	**0**	**2**	**1**	**3**

Ratings

● **Significant**

● **Moderate**

● **Minor**

See Appendix 1: for description of ratings.

Our annual reporting on the local government sector may include a financial management control rating (FMCR) to help stakeholders benchmark performance across the sector. A rating of zero to four, with four being the highest rating, is based on the number and severity of audit findings we report.

The Shire had a FMCR of 1 for the current year, based on the key shown below.

WEIGHTED ISSUES	FINANCIAL MANAGEMENT CONTROL RATING
0	**No issues identified**
1-10	**Category 1**
11-20	**Category 2**
21-30	**Category 3**
>30	**Category 4**
!	**Not completed within statutory deadline**

Financial management control rating (FMCR) key:

The FMCR is calculated by weighting and adding all findings, based on their severity as follows:

(Number of Significant issues x 5)

(Number of Moderate issues x 3)

(Number of Minor issues x1)

4. Adjusted and unadjusted audit differences

The following adjustments were identified by the audit team and adjusted by management during the audit.

Adjusted misstatements identified during the audit

	DESCRIPTION	Assets Dr / (Cr)	Liabilities Dr / (Cr)	Equity Dr / (Cr)	Income Dr / (Cr)	Expenses Dr / (Cr)
1	Correction of liability relating to Synergy NRLC electricity charges 10/6/2026 - 30/6/2026 omitted at year end.	-	($27,545)	-	-	$27,545
	Total		**(27,545)**	**-**		**(27,545)**

There were no unadjusted audit differences arising from the audit process.

5. Other communications from the audit process

We additionally note the following mandatory communications to the Audit, Risk and Improvement Committee in accordance with the requirements of Australian Auditing Standards:

MATTERS TO COMMUNICATE	AUDIT PLAN	EXIT REPORT
Our responsibilities for the financial statement audit	✓	-
Communication of process and timelines	✓	-
Our views on significant qualitative aspects of your accounting practices. This includes accounting policies, accounting estimates and financial statement disclosures	-	No matters to report
Matters involving identified or suspected non-compliance with laws and regulations	-	No matters to report
Events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern and related significant matters	-	No matters to report
Significant matters discussed or subject to correspondence with management	-	No matters to report
Other significant matters relevant to the oversight of the financial reporting process	-	No matters to report
Circumstances that may cause us to modify the audit opinion. This can include an emphasis of matter paragraph, other matter paragraph or misstatements in other information	-	No matters to report
Significant matters related to the Shire's related parties	-	No matters to report
Actual or suspected fraud identified during the audit		No matters to report
Significant difficulties we encountered in this audit	-	No matters to report
Specific written representations we request from the Shire	-	No matters to report
Uncorrected audit misstatements, including material disclosure omissions	-	✓
Significant deficiencies in internal control	-	Refer to Appendix 1 for management letter findings.
Issues found in council minutes		No matters to report
Our independence: • a statement that we have complied with relevant ethical requirements regarding independence • relationships and other matters which may affect independence • safeguards that we apply to eliminate or reduce to an acceptable level of threat to independence	✓	✓

6. Actions and other considerations for next year's audit

The following items are key actions and considerations for next year's audit:

- Resolution of management letter findings
- Any known material accounting standard/auditing standard/local government regulations/act

We will be engaging early with your management on these items during next year's planning work.



Appendix 1: Management letter findings

FINDINGS	RATING	YEAR FINDING FIRST RAISED	TARGET COMPLETION DATE
Fixed Asset Management	Moderate	2022	30 June 2027
Preparation and timeliness of reconciliations	Minor	2024	30 June 2027
Fixed asset register and physical verification	Moderate	2026	30 June 2027

RATINGS

● **SIGNIFICANT** – Findings where there is potentially a significant risk to the entity should the finding not be addressed by the Shire promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

● **MODERATE** – Those findings which are of sufficient concern to warrant action being taken by the Shire as soon as practicable.

● **MINOR** – Those findings that are not of primary concern but still warrant action being taken by the Shire.

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SHIRE OF NARROGIN

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2026

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The Shire of Narrogin conducts the operations of a local government with the following 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 2026

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

Statement by CEO

The accompanying financial report of the Shire of Narrogin has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2026 and the financial position as at 30 June 2026.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 11th day of November 2026

CEO

Andrew Campbell
Name of CEO

SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
Revenue				
Rates	2(a),24	6,350,374	6,347,225	6,047,928
Grants, subsidies and contributions	2(a)	5,928,314	3,736,570	3,651,993
Fees and charges	2(a)	3,325,777	3,629,340	3,173,817
Interest revenue	2(a)	610,917	645,850	512,091
Other revenue	2(a)	465,470	450,820	292,562
		16,680,852	14,809,805	13,678,391
Expenses				
Employee costs	2(b)	(7,013,622)	(7,455,910)	(6,680,656)
Materials and contracts		(3,601,659)	(4,146,715)	(3,230,338)
Utility charges		(864,836)	(1,309,760)	(1,057,606)
Depreciation		(4,920,596)	(4,632,150)	(4,646,394)
Finance costs	2(b)	(141,103)	(491,380)	(63,299)
Insurance		(383,022)	(382,870)	(388,723)
Other expenditure	2(b)	(173,508)	(439,140)	(232,127)
		(17,098,346)	(18,857,925)	(16,299,143)
		(417,494)	(4,048,120)	(2,620,752)
Capital grants, subsidies and contributions	2(a)	3,933,268	14,412,800	2,277,214
Profit on asset disposals		33,955	100,000	62,552
Loss on asset disposals		(23,831)	(91,400)	(37,757)
Fair value adjustments to financial assets at fair value through profit or loss	4	113,158	0	(5,147)
		4,056,550	14,421,400	2,296,862
Net result for the period		**3,639,056**	**10,373,280**	**(323,890)**
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	16	0	0	0
Total other comprehensive income for the period	16	**0**	**0**	**0**
Total comprehensive income for the period		**3,639,056**	**10,373,280**	**(323,890)**

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

SHIRE OF NARROGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	2026	2025
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	12,989,754	10,143,989
Trade and other receivables	5	710,585	718,555
Inventories	6	62,795	16,342
Other assets	7	123,631	179,817
TOTAL CURRENT ASSETS		13,886,765	11,058,703
NON-CURRENT ASSETS			
Other financial assets	4	232,767	119,609
Trade and other receivables	5	260,710	228,055
Property, plant and equipment	8	72,948,405	69,865,068
Infrastructure	9	91,494,550	90,588,610
Right-of-use assets	11(a)	77,162	21,421
TOTAL NON-CURRENT ASSETS		165,013,594	160,822,763
TOTAL ASSETS		178,900,359	171,881,466
CURRENT LIABILITIES			
Trade and other payables	12	1,505,869	723,117
Capital grant/contributions liabilities	13	3,122,085	1,047,245
Lease liabilities	11(b)	41,569	22,329
Borrowings	14	321,665	298,990
Employee related provisions	15	828,221	777,072
TOTAL CURRENT LIABILITIES		5,819,409	2,868,753
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	37,734	11,055
Borrowings	14	2,851,828	2,383,865
Employee related provisions	15	151,061	216,522
TOTAL NON-CURRENT LIABILITIES		3,040,623	2,611,442
TOTAL LIABILITIES		8,860,032	5,480,195
NET ASSETS		170,040,327	166,401,271
EQUITY			
Retained surplus		58,622,808	54,411,036
Reserve accounts	27	4,434,610	5,007,326
Revaluation surplus	16	106,982,909	106,982,909
TOTAL EQUITY		170,040,327	166,401,271

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 2026

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		$	$	$	$
Balance as at 1 July 2024		**54,845,962**	**4,896,290**	**106,982,909**	**166,725,161**
Comprehensive income for the period					
Net result for the period		(323,890)	0	0	(323,890)
Total comprehensive income for the period		(323,890)	0	0	(323,890)
Transfers from reserve accounts	27	1,877,173	(1,877,173)	0	0
Transfers to reserve accounts	27	(1,988,209)	1,988,209	0	0
Balance as at 30 June 2025		**54,411,036**	**5,007,326**	**106,982,909**	**166,401,271**
Comprehensive income for the period					
Net result for the period		3,639,056	0	0	3,639,056
Total comprehensive income for the period		3,639,056	0	0	3,639,056
Transfers from reserve accounts	27	1,548,162	(1,548,162)	0	0
Transfers to reserve accounts	27	(975,446)	975,446	0	0
Balance as at 30 June 2026		**58,622,808**	**4,434,610**	**106,982,909**	**170,040,327**

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 2026

	Note	2026 Actual	2025 Actual
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		6,284,090	5,949,969
Grants, subsidies and contributions		6,113,813	3,761,539
Fees and charges		3,244,092	3,199,091
Interest revenue		610,917	512,091
Goods and services tax received		1,203,805	1,120,050
Other revenue		436,768	292,562
		17,893,485	14,835,302
Payments			
Employee costs		(6,853,848)	(6,927,211)
Materials and contracts		(3,094,719)	(3,618,804)
Utility charges		(789,624)	(1,057,250)
Finance costs		(130,760)	(63,299)
Insurance paid		(383,022)	(388,723)
Goods and services tax paid		(1,246,588)	(456,881)
Other expenditure		(167,036)	(195,132)
		(12,665,597)	(12,707,300)
Net cash provided by operating activities		5,227,888	2,128,002
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(5,901,959)	(2,721,648)
Payments for construction of infrastructure	9(a)	(3,310,502)	(2,802,790)
Proceeds from capital grants, subsidies and contributions		6,008,108	2,230,437
Proceeds from sale of property, plant & equipment		381,375	377,936
Net cash (used in) investing activities		(2,822,978)	(2,916,065)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(309,362)	(197,589)
Payments for principal portion of lease liabilities		(49,783)	(6,194)
Proceeds from new borrowings	26(a)	800,000	1,500,000
Net cash provided by financing activities		440,855	1,296,217
Net increase in cash held		2,845,765	508,154
Cash at beginning of year		10,143,989	9,635,835
Cash and cash equivalents at the end of the year		12,989,754	10,143,989

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

SHIRE OF NARROGIN
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	6,334,102	6,335,145	6,038,615
Rates excluding general rates	24	16,272	12,080	9,313
Grants, subsidies and contributions		5,928,314	3,736,570	3,651,993
Fees and charges		3,325,777	3,629,340	3,173,817
Interest revenue		610,917	645,850	512,091
Other revenue		465,470	450,820	292,562
Profit on asset disposals		33,955	100,000	62,552
Fair value adjustments to financial assets at fair value through profit or loss	4	113,158	0	0
		16,827,965	14,909,805	13,740,943
Expenditure from operating activities				
Employee costs		(7,013,622)	(7,455,910)	(6,680,656)
Materials and contracts		(3,601,659)	(4,146,715)	(3,230,338)
Utility charges		(864,836)	(1,309,760)	(1,057,606)
Depreciation		(4,920,596)	(4,632,150)	(4,646,394)
Finance costs		(141,103)	(491,380)	(63,299)
Insurance		(383,022)	(382,870)	(388,723)
Other expenditure		(173,508)	(439,140)	(232,127)
Loss on asset disposals		(23,831)	(91,400)	(37,757)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(5,147)
		(17,122,177)	(18,949,325)	(16,342,047)
Total amounts excluded from operating activities	25(a)	4,716,570	4,623,550	4,651,164
Amount attributable to operating activities		4,422,358	584,030	2,050,060
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		3,933,268	14,412,800	2,277,214
Proceeds from disposal of property, plant and equipment		381,375	437,000	377,936
Proceeds from financial assets at amortised cost - self-supporting loans	26(a)	0	3,329,920	0
		4,314,643	18,179,720	2,655,150
Outflows from investing activities				
Right-of-use assets received - non-cash	11(a)	(124,404)	0	0
Acquisition of property, plant and equipment	8(a)	(5,901,959)	(28,124,350)	(2,559,634)
Acquisition of infrastructure	9(a)	(3,310,502)	(4,156,140)	(2,792,485)
Payments for financial assets at amortised cost - self-supporting loans		0	(3,329,920)	0
		(9,336,865)	(35,610,410)	(5,352,119)
Total amounts excluded from investing activities	25(b)	124,404	0	0
Amount attributable to investing activities		(4,897,818)	(17,430,690)	(2,696,969)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	800,000	14,123,195	1,500,000
Proceeds from new leases - non-cash	26(d)	109,334	0	0
Transfers from reserve accounts	27	1,548,162	1,819,360	1,877,173
		2,457,496	15,942,555	3,377,173
Outflows from financing activities				
Repayment of borrowings	26(a)	(309,362)	(671,135)	(197,589)
Payments for principal portion of lease liabilities	26(d)	(63,415)	(22,330)	(6,194)
Transfers to reserve accounts	27	(975,446)	(973,750)	(1,988,209)
		(1,348,223)	(1,667,215)	(2,191,992)
Total amounts excluded from financing activities	25(c)	(124,404)	0	0
Amount attributable to financing activities		984,869	14,275,340	1,185,181
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(d)	3,907,679	2,571,320	3,249,798
Amount attributable to operating activities		4,422,358	584,030	2,050,060
Amount attributable to investing activities		(4,897,818)	(17,430,690)	(2,696,969)
Amount attributable to financing activities		984,869	14,275,340	1,185,181
Surplus or deficit after imposition of general rates	25(d)	**4,417,088**	**0**	**3,788,070**

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

SHIRE OF NARROGIN
FOR THE YEAR ENDED 30 JUNE 2026
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SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

1. BASIS OF PREPARATION

The financial report of the Shire of Narrogin which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995,* the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:
- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 *Leases* which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:
- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from *AASB 116 Property, Plant and Equipment* which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:
- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - Note 8
  - Infrastructure - Note 9
- Impairment losses of non-financial assets - Note 10
- Measurement of employee benefits - Note 15

Fair value hierarchy information can be found in Note 23

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.

All monies held in the Trust Fund are excluded from the financial statements.

Initial application of accounting standards
During the current year, no new or revised Australian Accounting Standards and Interpretations were applied for the first time.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.
- AASB 18 *(NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*

This standard is expected to have a material impact on the disclosures required to be made in the annual financial report for the year ended 30 June 2029 onwards.

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers
Recognition of revenue is dependent 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	Timing of revenue recognition
Grants, subsidies and contributions	Provision of community events	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - 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	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2026

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	6,350,374	0	6,350,374
Grants, subsidies and contributions	0	0	0	5,928,314	5,928,314
Fees and charges	3,314,013	0	11,764	0	3,325,777
Interest revenue	0	0	104,073	506,844	610,917
Other revenue	167,560	0	0	297,910	465,470
Capital grants, subsidies and contributions	0	3,933,268	0	0	3,933,268
Total	3,481,573	3,933,268	6,466,211	6,733,068	20,614,120

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	6,047,928	0	6,047,928
Grants, subsidies and contributions	0	0	0	3,651,993	3,651,993
Fees and charges	3,166,697	0	7,120	0	3,173,817
Interest revenue	0	0	79,117	432,974	512,091
Other revenue	172,473	0	0	120,089	292,562
Capital grants, subsidies and contributions	0	2,277,214	0	0	2,277,214
Total	3,339,170	2,277,214	6,134,165	4,205,056	15,955,605

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	Note	2026 Actual	2025 Actual
		$	$
Interest revenue			
Interest on reserve account		215,446	211,401
Trade and other receivables overdue interest		106,800	66,144
Other interest revenue		288,671	234,546
		610,917	512,091
The 2026 original budget estimate in relation to:			
Trade and other receivables overdue interest was $73,490.			

(b) Expenses

Auditors' remuneration			
- Audit of the Annual Financial Report		93,406	87,500
- Other services – grant acquittals		7,500	11,000
		100,906	98,500
Employee costs			
Employee benefit costs		6,322,508	5,946,857
Other employee costs		691,114	733,799
		7,013,622	6,680,656
Finance costs			
Interest and financial charges paid/payable for lease liabilities and borrowings		141,103	63,299
		141,103	63,299
Other expenditure			
Sundry expenses		173,508	232,127
		173,508	232,127

3. CASH AND CASH EQUIVALENTS

	Note	2026	2025
		$	$
Cash at bank and on hand		10,425,330	5,136,664
Term deposits		2,564,424	5,007,325
Total cash and cash equivalents		12,989,754	10,143,989
Held as			
- Unrestricted cash and cash equivalents		5,433,059	2,589,418
- Restricted cash and cash equivalents	17	7,556,695	7,554,571
		12,989,754	10,143,989

MATERIAL 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.

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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.

4. OTHER FINANCIAL ASSETS

	Note	2026	2025
		$	$
Non-current assets			
Financial assets at fair value through profit or loss		232,767	119,609
		232,767	119,609
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		119,609	124,756
Movement attributable to fair value increment/(decrement)		113,158	(5,147)
Units in Local Government House Trust - closing balance		232,767	119,609

MATERIAL ACCOUNTING POLICIES

Financial assets at fair value through profit or loss

The Shire classifies the following financial assets at fair value through profit or 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 elected to recognise as financial assets at fair value through profit or loss.

5. TRADE AND OTHER RECEIVABLES

	Note	2026	2025
		$	$
Current			
Rates and statutory receivables		694,428	646,736
Trade receivables		83,952	280,413
Other receivables		2,100	0
GST receivable		42,783	0
Receivables for employee related provisions	15	14,231	0
Allowance for credit losses of rates and statutory receivables		(126,909)	(208,594)
		710,585	718,555
Non-current			
Rates and statutory receivables		242,517	204,493
Receivables for employee related provisions		18,193	23,562
		260,710	228,055

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers.

	Note	30 June 2026 Actual	30 June 2025 Actual	1 July 2024 Actual
		$	$	$
Trade and other receivables from contracts with customers		46,718	280,413	275,457
Total trade and other receivables from contracts with customers		46,718	280,413	275,457

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and the amount can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non-financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts receivable as grants with sufficiently specific performance obligations or for the construction of recognisable non-financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as deferred pensioner rates receivable more than 12 months after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cash flows and therefore the Shire 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, therefore any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

	Note	2026	2025
Current		$	$
Fuel and materials		62,795	16,342
		62,795	16,342
The following movements in inventories occurred during the year:			
Balance at beginning of year		16,342	41,439
Inventories expensed during the year		(80,328)	(275,535)
Additions to inventory		126,781	250,438
Balance at end of year		62,795	16,342

MATERIAL ACCOUNTING POLICIES
General
Inventories are measured at the lower of cost and net realisable value.

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

7. OTHER ASSETS

	2026	2025
	$	$
Other assets - current		
Prepayments	123,631	0
Accrued income	0	179,817
	123,631	179,817

MATERIAL 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.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

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

		Total property				Plant and equipment					
	Note	Land	Buildings	Work in progress	Total property	Furniture and fittings	Plant and equipment	Library stock	Artwork and sculptures	Works in Progress	Total property, plant and equipment
		$	$	$	$	$	$	$	$	$	$
Balance at 1 July 2024		8,836,600	55,517,839	75,464	64,429,903	441,176	4,624,451	35,539	350,315	120,810	70,002,194
Additions		25,046	382,728	0	407,774	86,309	1,937,952	0	127,599	0	2,559,634
Disposals		0	0	0	0	0	(353,140)	0	0	0	(353,140)
WIP transferred to profit and loss		0	0	(16,190)	(16,190)	0	0	0	0	(18,070)	(34,260)
WIP Transfers		0	59,274	(59,274)	0	0	102,740	0	0	(102,740)	0
Impairment (losses) / reversals		0	0	0	0	0	(36,974)	0	0	0	(36,974)
Depreciation		0	(1,555,175)	0	(1,555,175)	(91,938)	(589,734)	(35,539)	0	0	(2,272,386)
Transfers		0	0	0	0	(53,845)	53,845	0	0	0	0
Balance at 30 June 2025		8,861,646	54,404,666	0	63,266,312	381,702	5,739,140	0	477,914	0	69,865,068
Comprises:											
Gross balance amount at 30 June 2025		8,861,646	57,484,596	0	66,346,242	621,113	7,635,389	177,695	477,914	0	75,258,353
Accumulated depreciation at 30 June 2025		0	(3,079,930)	0	(3,079,930)	(239,411)	(1,896,249)	(177,695)	0	0	(5,393,285)
Balance at 30 June 2025	8(b)	8,861,646	54,404,666	0	63,266,312	381,702	5,739,140	0	477,914	0	69,865,068
Additions		368,999	4,061,182	70,252	4,500,433	287,334	1,114,192	0	0	0	5,901,959
Disposals		0	0	0	0	0	(371,251)	0	0	0	(371,251)
Depreciation		0	(1,586,429)	0	(1,586,429)	(108,698)	(752,244)	0	0	0	(2,447,371)
Balance at 30 June 2026		9,230,645	56,879,419	70,252	66,180,316	560,338	5,729,837	0	477,914	0	72,948,405
Comprises:											
Gross balance amount at 30 June 2026		9,230,645	61,545,778	70,252	70,846,675	908,447	8,243,127	177,695	477,914	0	80,653,858
Accumulated depreciation at 30 June 2026		0	(4,666,359)	0	(4,666,359)	(348,109)	(2,513,290)	(177,695)	0	0	(7,705,453)
Balance at 30 June 2026	8(b)	9,230,645	56,879,419	70,252	66,180,316	560,338	5,729,837	0	477,914	0	72,948,405

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2026	Carrying amount 2025	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
		$	$					
(i) Fair value - as determined at the last valuation date								
Land and buildings								
Land - market value		9,230,645	8,861,646	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2023	Price per hectare.
Total land	8(a)	9,230,645	8,861,646					
Buildings - non specialised		1,597,870	780,744	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2023	Price per square metre / market borrowing rate, adjusted for restrictions in use.
Buildings - specialised		55,281,549	53,623,922	2 & 3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Total buildings	8(a)	56,879,419	54,404,666					
(ii) Cost								
Furniture and equipment		560,338	381,702		Cost	Cost	N/A	Cost
Plant and equipment		5,729,837	5,739,140		Cost	Cost	N/A	Cost
Artwork and sculptures		477,914	477,914		Cost	Cost	N/A	Cost

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 land at market value or buildings using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease were the same as that applied to property not subject to lease.

9. INFRASTRUCTURE

(a) Movements in balances

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks, ovals and other	Other infrastructure - bridges	Other infrastructure - work in progress	Total infrastructure
	$	$	$	$	$	$	$
Balance at 1 July 2024	66,320,504	2,349,195	10,122,823	8,441,374	2,899,661	10,305	90,143,862
Additions	2,344,790	247,580	0	200,115	0	0	2,792,485
WIP Transfers	0	0	0	10,305	0	(10,305)	0
Depreciation	(1,024,097)	(132,350)	(442,705)	(502,342)	(246,243)	0	(2,347,737)
Balance at 30 June 2025	67,641,197	2,464,425	9,680,118	8,149,452	2,653,418	0	90,588,610
Comprises:							
Gross balance at 30 June 2025	90,110,989	5,413,270	18,412,060	15,515,341	9,887,165	0	139,338,825
Accumulated depreciation at 30 June 2025	(22,469,792)	(2,948,845)	(8,731,942)	(7,365,889)	(7,233,747)	0	(48,750,215)
Balance at 30 June 2025	67,641,197	2,464,425	9,680,118	8,149,452	2,653,418	0	90,588,610
Additions	2,646,431	107,990	5,643	92,438	458,000	0	3,310,502
Depreciation	(1,070,993)	(137,301)	(442,705)	(507,319)	(246,244)	0	(2,404,562)
Balance at 30 June 2026	69,216,635	2,435,114	9,243,056	7,734,571	2,865,174	0	91,494,550
Comprises:							
Gross balance at 30 June 2026	92,757,420	5,521,260	18,417,703	15,607,779	10,345,165	0	142,649,327
Accumulated depreciation at 30 June 2026	(23,540,785)	(3,086,146)	(9,174,647)	(7,873,208)	(7,479,991)	0	(51,154,777)
Balance at 30 June 2026	69,216,635	2,435,114	9,243,056	7,734,571	2,865,174	0	91,494,550

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - footpaths	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - drainage	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - parks, ovals and other	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - bridges	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	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.

10. FIXED ASSETS

(a) Depreciation

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

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2).* Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable value

In accordance with *Local Government (Financial Management) Regulation 17A(2),* the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls is the reportable value.

Reportable value for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, is 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.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
(i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is the balancing figure; or
(ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulation 17A(4C),* the Shire is not required to comply with AASB 136 *Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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.

11. LEASES

(a) Right-of-use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - land and buildings	Total right-of-use assets
		$	$
Balance at 1 July 2024		47,692	47,692
Depreciation		(26,271)	(26,271)
Balance at 30 June 2025		21,421	21,421
Gross balance amount at 30 June 2025		140,064	140,064
Accumulated depreciation at 30 June 2025		(118,643)	(118,643)
Balance at 30 June 2025		21,421	21,421
Additions *		124,404	124,404
Depreciation		(68,663)	(68,663)
Balance at 30 June 2026		77,162	77,162
Gross balance amount at 30 June 2026		124,404	124,404
Accumulated depreciation at 30 June 2026		(47,242)	(47,242)
Balance at 30 June 2026		77,162	77,162

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:		2026 Actual	2025 Actual
		$	$
Depreciation on right-of-use assets		(68,663)	(26,271)
Finance charge on lease liabilities	26(d)	(4,816)	(276)
Total amount recognised in the statement of comprehensive income		(73,479)	(26,547)
Total cash outflow from leases		(68,231)	(6,470)

(b) Lease liabilities

Current		41,569	22,329
Non-current		37,734	11,055
	26(d)	79,303	33,384

*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 two leases relating to residential properties with lease terms of 3 years.

Secured liabilities and assets pledged as security
Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL 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 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.

Details of individual lease liabilities required by regulations are provided at Note 26(d).

Right-of-use assets - measurement
Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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 10 under revaluation for details on the material 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 shorter. 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 depreciated over the useful life of the underlying asset.

11. LEASES (Continued)

(c) Lessor - property, plant and equipment subject to lease

	2026 Actual	2025 Actual
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.	$	$
Less than 1 year	189,581	52,050
1 to 2 years	103,448	24,190
2 to 3 years	81,966	3,343
3 to 4 years	41,368	3,343
4 to 5 years	7,430	3,343
> 5 years	34,921	19,935
	458,714	106,204
Amounts recognised in profit or loss for property, plant and equipment subject to lease		
Rental income	172,345	151,488

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

The Shire leases properties to staff and other tenants with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.
These properties are not considered investment property as they are leased for use in the supply of services to the community.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

MATERIAL ACCOUNTING POLICIES

The Shire as lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

All leases are classified as operating leases as they do not transfer substantially all the risks and rewards of ownership to the lessee. 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 Shire applies AASB 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

12. TRADE AND OTHER PAYABLES

	2026	2025
	$	$
Current		
Trade payables	576,614	389,969
Prepaid rates	234,626	215,194
Accrued payroll liabilities	130,911	30,379
Statutory liabilities	73,888	1,483
Bonds and deposits held	157,698	82,798
Accrued loan interest	3,845	3,294
Accrued expenses	328,287	0
	1,505,869	723,117

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Statutory liabilities

Statutory liabilities are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 income for the prepaid rates that have not been refunded.

13. OTHER LIABILITIES

	2026	2025
	$	$
Current		
Capital grant/contributions liabilities	3,122,085	1,047,245
	3,122,085	1,047,245
Reconciliation of changes in contract liabilities		
Opening balance	0	38,000
Revenue from contracts with customers included as a contract liability at the start of the period	0	(38,000)
	0	0
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,047,245	941,522
Additions	3,122,085	114,500
Revenue from capital grant/contributions held as a liability at the start of the period	(1,047,245)	(8,777)
	3,122,085	1,047,245
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	3,122,085	1,047,245
	3,122,085	1,047,245

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or on completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

14. BORROWINGS

		2026			2025		
	Note	Current	Non-current	Total	Current	Non-current	Total
Secured		$	$	$	$	$	$
Bank loans		321,665	2,851,828	3,173,493	298,990	2,383,865	2,682,855
Total secured borrowings	26(a)	321,665	2,851,828	3,173,493	298,990	2,383,865	2,682,855

Secured liabilities and assets pledged as security
Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Narrogin.

The Shire of Narrogin has complied with the financial covenants of its borrowing facilities during the 2025 and 2026 years.

MATERIAL ACCOUNTING POLICIES
Borrowing costs
The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk
Details of individual borrowings required by regulations are provided at Note 26(a).

15. EMPLOYEE RELATED PROVISIONS

Employee related provisions

	2026	2025
Current provisions	$	$
Employee benefit provisions		
Annual leave	380,630	358,807
Long service leave	329,710	302,160
	710,340	660,967
Employee related other provisions		
Employment on-costs	117,881	116,105
	117,881	116,105
Total current employee related provisions	828,221	777,072
Non-current provisions		
Employee benefit provisions		
Long service leave	136,201	193,423
	136,201	193,423
Employee related other provisions		
Employment on-costs	14,860	23,099
	14,860	23,099
Total non-current employee related provisions	151,061	216,522
Total employee related provisions	979,282	993,594

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on-costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate assumptions such as anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

16. REVALUATION SURPLUS

	2026 Opening balance	2026 Closing balance	2025 Opening balance	2025 Closing balance
	$	$	$	$
Revaluation surplus - Land and buildings	55,776,062	55,776,062	55,776,062	55,776,062
Revaluation surplus - Furniture and fittings	24,330	24,330	24,330	24,330
Revaluation surplus - Plant and equipment	762,474	762,474	762,474	762,474
Revaluation surplus - Artwork and sculptures	350,315	350,315	350,315	350,315
Revaluation surplus - Infrastructure - roads	29,955,237	29,955,237	29,955,237	29,955,237
Revaluation surplus - Other infrastructure - footpaths	1,475,991	1,475,991	1,475,991	1,475,991
Revaluation surplus - Other infrastructure - drainage	10,668,568	10,668,568	10,668,568	10,668,568
Revaluation surplus - Other infrastructure - parks, ovals and other	6,698,877	6,698,877	6,698,877	6,698,877
Revaluation surplus - Other infrastructure - bridges	1,271,055	1,271,055	1,271,055	1,271,055
	106,982,909	106,982,909	106,982,909	106,982,909

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2026 Actual	2025 Actual
		$	$
The following classes of financial 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	3	7,556,695	7,554,571
		7,556,695	7,554,571
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	4,434,610	5,007,326
Capital grant liabilities	13	3,122,085	1,047,245
Unspent loans	26(c)	0	1,500,000
Total restricted financial assets		7,556,695	7,554,571

18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

Bank overdraft limit		400,000	400,000
Bank overdraft at balance date		0	0
Credit card limit		37,500	27,500
Credit card balance at balance date		(6,623)	(4,042)
Total amount of credit unused		430,877	423,458
Loan facilities			
Loan facilities - current		321,665	298,990
Loan facilities - non-current		2,851,828	2,383,865
Total facilities in use at balance date		3,173,493	2,682,855
Unused loan facilities at balance date		NIL	1,500,000

19. CONTINGENT LIABILITIES

The Department of Water and Environmental Regulation (DWER) issued Category 61, 62 and 64 licences 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 licence conditions. This plan will only be prepared closer to landfill closure date as assessed and confirmed by DWER.

20. CAPITAL COMMITMENTS

	2026	2025
	$	$
Contracted for:		
- capital expenditure projects	2,979,154	1,429,446
	2,979,154	1,429,446
Payable:		
- not later than one year	2,979,154	1,429,446

The capital commitments as at 30 June 2026 represent contractual obligations entered into by the Shire of Narrogin for the Energy Efficiency Project, Housing Project, Tip Shop Project and property acquisition, for which expenditure had not yet been incurred at the reporting date.

21. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
President's annual allowance		26,979	26,980	26,067
President's meeting attendance fees		22,949	22,950	22,173
President's superannuation		5,991	4,230	0
President's annual allowance for ICT expenses		1,847	1,846	1,785
		57,766	56,006	50,025
Deputy President's annual allowance		6,745	6,745	6,517
Deputy President's meeting attendance fees		10,355	10,355	10,005
Deputy President's superannuation		2,052	1,545	0
Deputy President's annual allowance for ICT expenses		583	583	563
Deputy President's travel and accommodation expenses		346	0	0
		20,081	19,228	17,085
All other council members' meeting attendance fees		51,775	51,775	50,625
All other council members' superannuation		6,213	6,225	0
All other council members' annual allowance for ICT expenses		3,619	3,621	3,495
		61,607	61,621	54,120
	21(b)	139,454	136,855	121,230

(b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the Shire during the year is as follows:				
Short-term employee benefits		843,536		701,074
Post-employment benefits		103,156		92,236
Employee - other long-term benefits		17,704		15,802
Employee - termination benefits		98,870		9,894
Council member costs	21(a)	139,454		121,230
		1,202,720		940,236

Short-term employee benefits
These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits
These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits
These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits
These amounts represent termination benefits paid to KMP.

Council member costs
These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

21. RELATED PARTY TRANSACTIONS (Continued)

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:	2026 Actual $	2025 Actual $
Purchase of goods and services	441,552	465,625
Amounts payable to related parties:		
Trade and other payables	0	127,977

(d) 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 Shire, directly or indirectly, including any council member, are considered key management personnel.

ii. Other related parties

During the 2023/24 financial year, a company controlled by a related party of a council member was awarded two contracts under the selective tender process on terms and conditions equivalent to those that prevail in arm's length transactions under the Shire's procurement process.

The contracts involved footpath construction & fire mitigation works in the Shire, and amounted to $274,130 in the current year. and $344,467 in the prior year.
Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

Payments relating to wireless communications supplied by an entity controlled by a related party amounted to $58,561 during the financial year. (

Payments relating to CCTVs supplied by an entity controlled by a related party amounted to $63,251 during the financial year.

Two properties are currently leased from a related party which amounted to a cost of $45,610 during the financial year.

iii. Entities subject to significant influence by the Shire

Nil

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire did not have any events occurring after the reporting date that have a significant effect on the financial statements.

23. OTHER MATERIAL 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 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 resale 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 and council members. 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability or, in the absence of such a market, the most advantageous market available to the Shire at the end of the reporting period.

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. The Shire only considers whether the highest and best use differs from its current use where it is highly probable a non-financial asset will be used for an alternative purpose or the asset is held for the purpose of generating net cash inflows.

h) Interest revenue
Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) Fair value hierarchy
AASB 13 Fair Value Measurement 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.

j) 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.

k) Impairment of assets
In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:
- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 *Property, Plant and Equipment)* whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

24. RATING INFORMATION

(a) General rates

RATE TYPE Rate description	Basis of valuation	Rate in $	Number of properties	2025/26 Actual rateable value*	2025/26 Actual rate revenue	2025/26 Actual interim rates	2025/26 Actual total revenue	2025/26 Budget rate revenue	2025/26 Budget interim rates	2025/26 Budget total revenue	2024/25 Actual total revenue
				$	$	$	$	$	$	$	$
GRV - Urban	Gross rental valuation	0.122275	1,765	32,199,720	3,937,221	0	3,937,221	3,937,475	0	3,937,475	3,784,813
GRV - Rural	Gross rental valuation	0.108330	50	1,031,000	111,688	0	111,688	111,688	0	111,688	100,692
GRV - Rural Highbury	Gross rental valuation	0.108330	31	446,208	48,338	0	48,338	48,338	0	48,338	43,579
UV - Rural	Unimproved valuation	0.003389	249	413,070,032	1,399,894	0	1,399,894	1,399,894	0	1,399,894	1,306,727
Total general rates			2,095	446,746,960	5,497,141	0	5,497,141	5,497,395	0	5,497,395	5,235,811
Minimum payment		**Minimum payment $**									
GRV - Urban	Gross rental valuation	1,340	382	2,890,675	511,880	551	512,431	513,220	0	513,220	501,414
GRV - Rural	Gross rental valuation	1,265	16	90,570	20,240	0	20,240	20,240	0	20,240	18,448
GRV - Rural Highbury	Gross rental valuation	980	3	14,740	2,940	0	2,940	2,940	0	2,940	2,763
UV - Rural	Unimproved valuation	1,230	245	49,872,268	301,350	0	301,350	301,350	0	301,350	280,179
Total minimum payments			646	52,868,253	836,410	551	836,961	837,750	0	837,750	802,804
Total general rates and minimum payments			2,741	499,615,213	6,333,551	551	6,334,102	6,335,145	0	6,335,145	6,038,615
Ex-gratia rates											
CBH					16,272		16,272	12,080	0	12,080	9,313
Total amount raised from rates (excluding general rates)			0	0	16,272	0	16,272	12,080	0	12,080	9,313
Total rates							6,350,374			6,347,225	6,047,928

(b) Rates related information

Rates instalment interest							15,620			14,490	15,774
Rates instalment plan charges							35,708			39,880	38,005
Rates overdue interest							88,453			59,000	63,343
Rates written off							(1,668)			0	(1,643)

*Rateable Value at time of raising of rate.

25. DETERMINATION OF SURPLUS OR DEFICIT

The following amounts have been excluded from the determination of the budgeted deficiency in accordance with *Financial Management Regulation 32.* Reconciling items relate to movements within current assets and liabilities reflected on the statement of financial activity and required to reconcile the Net current assets to the surplus or deficit after imposition of general rates.

	Note	2025/26 (30 June 2026 carried forward)	2025/26 Budget (30 June 2026 carried forward)	2025/26 (1 July 2025 brought forward)	2024/25 (30 June 2025 carried forward)
		$	$	$	$
(a) Amounts excluded from operating activities					
Less: Profit on asset disposals		(33,955)	(100,000)	(62,552)	(62,552)
Add/Less: Movement in liabilities associated with restricted cash		17,372	0	(18,883)	(18,883)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(113,158)	0	5,147	5,147
Add: Loss on disposal of assets		23,831	91,400	37,757	37,757
Add: Depreciation		4,920,596	4,632,150	4,646,394	4,646,394
Non-cash movements in non-current assets and liabilities:					
- Pensioner deferred rates		(38,024)	0	0	0
- Receivables for employee related provisions		5,369	0	0	0
- Employee benefit provisions		(65,461)	0	43,301	43,301
Total amounts excluded from operating activities		4,716,570	4,623,550	4,651,164	4,651,164
(b) Amounts excluded from investing activities					
Add: Right-of-use assets received - non-cash	11(a)	124,404	0	0	0
Total amounts excluded from investing activities		124,404	0	0	0
(c) Amounts excluded from financing activities					
Non-cash proceeds from new leases	26(d)	(124,404)	0	0	0
Total amounts excluded from financing activities		(124,404)	0	0	0
(d) Adjustments to net current assets					
Less: Reserve accounts	27	(4,434,610)	(4,161,716)	(5,007,326)	(5,007,326)
Less: Current assets not expected to be received at end of year					
- LG House Equity *		0	0	0	(119,609)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	14	321,665	671,135	298,990	298,990
- Current portion of lease liabilities	11(b)	41,569	0	22,329	22,329
Add: Current liabilities covered by funds held in reserve account					
- Current portion of employee benefit provisions		421,108	0	403,736	403,736
Total adjustments to net current assets		(3,650,268)	(3,490,581)	(4,282,271)	(4,401,880)
Net current assets used in the statement of financial activity					
Total current assets		13,886,765	6,548,873	11,058,703	11,058,703
Less: Total current liabilities		(5,819,409)	(3,058,292)	(2,868,753)	(2,868,753)
Less: Total adjustments to net current assets		(3,650,268)	(3,490,581)	(4,282,271)	(4,401,880)
Surplus or deficit after imposition of general rates		4,417,088	0	3,907,679	3,788,070

* During the preparation of the annual budget for the year ending 30 June 2027, the Shire found an adjustment excluded from the determination of the budgeted deficiency was not an allowable exclusion in accordance with *Financial Management Regulation 32.*
The surplus at 1 July 2025 has been redetermined in line with *Financial Management Regulation 32* by removing the $119,609 exclusion.
This amount relates to units held in the Local Government House Trust. These units are a non-current financial asset so they do not form part of the net current assets and nothing needed to be excluded for them.

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
Purpose	Note	Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026	Principal at 1 July 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026
		$	$	$	$	$	$	$	$	$	$	$
127 - Industrial Land		59,288	0	(13,852)	45,436	0	(14,479)	30,957	45,437	0	(14,480)	30,957
128 - Administration Building		99,867	0	(49,266)	50,601	0	(50,601)	0	50,601	0	(50,600)	1
129 - Accommodation Units NCP		183,830	0	(35,297)	148,533	0	(36,016)	112,517	148,534	0	(36,015)	112,519
130 - TWIS Distribution Pipes		128,740	0	(17,593)	111,147	0	(17,853)	93,294	111,147	0	(17,850)	93,297
132 - Staff Housing		476,766	0	(24,957)	451,809	0	(17,658)	434,151	451,809	0	(17,660)	434,149
133 - Accommodation Units NCP		431,953	0	(56,624)	375,329	0	(39,914)	335,415	375,328	0	(39,915)	335,413
134 - Accommodation Units NCP		0	1,500,000	0	1,500,000	0	(122,468)	1,377,532	1,500,000	0	(122,465)	1,377,535
136 - NRLC Energy Efficiency		0	0	0	0	535,000	0	535,000	0	1,937,860	0	1,937,860
Housing Project		0	0	0	0	0	0	0	0	7,500,000	(105,235)	7,394,765
Hawks Football Pavilion		0	0	0	0	0	0	0	0	1,333,335	0	1,333,335
135 - 27 Egerton Street purchase		0	0	0	0	265,000	(10,373)	254,627	0	265,000	(24,000)	241,000
Total		1,380,444	1,500,000	(197,589)	2,682,855	800,000	(309,362)	3,173,493	2,682,856	11,036,195	(428,220)	13,290,831
Self-supporting loans												
SES & BFB Facilities		0	0	0	0	0	0	0	0	3,087,000	(242,915)	2,844,085
Total self-supporting loans		0	0	0	0	0	0	0	0	3,087,000	(242,915)	2,844,085
Total borrowings	14	1,380,444	1,500,000	(197,589)	2,682,855	800,000	(309,362)	3,173,493	2,682,856	14,123,195	(671,135)	16,134,916

Self-supporting loans are financed by payments from third parties. These would be shown in Note 4 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

26. BORROWING AND LEASE LIABILITIES (Continued)

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2026	Budget for year ending 30 June 2026	Actual for year ending 30 June 2025
					$	$	$
127 - Industrial Land	127	WATC	4.48%	26/06/2028	(2,218)	(2,285)	(2,930)
128 - Administration Building	128	WATC	2.69%	31/05/2026	(1,146)	(1,525)	(2,832)
129 - Accommodation Units NCP	129	WATC	5.51%	28/05/2029	(3,720)	(3,965)	(4,690)
130 - TWIS Distribution Pipes	130	WATC	1.47%	25/06/2031	(2,310)	(2,400)	(2,693)
132 - Staff Housing	132	WATC	4.83%	30/06/2042	(24,733)	(24,805)	(25,675)
133 - Accommodation Units NCP	133	WATC	4.52%	29/06/2033	(19,062)	(19,255)	(21,077)
134 - Accommodation Units NCP	134	WATC	4.38%	16/06/2035	(74,432)	(74,060)	(3,125)
136 - NRLC Energy Efficiency	136	WATC	5.21%	25/06/2036	(518)	0	0
Housing Project	NEW	WATC	4.90%		0	(206,250)	0
Hawks Football Pavilion	NEW	WATC	4.90%		0	0	0
135 - 27 Egerton Street purchase	135	WATC	5.00%	16/12/2035	(8,148)	(5,300)	0
Total					(136,287)	(339,845)	(63,022)
Self-supporting loans finance cost payments							
SES & BFB Facilities	SSL				0	(151,265)	0
Total self-supporting loans finance cost payments					0	(151,265)	0
Total finance cost payments					(136,287)	(491,110)	(63,022)

* WA Treasury Corporation

26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New borrowings for the year

Particulars/purpose	Institution	Loan type	Term years	Interest rate	Amount borrowed 2026 Actual	Amount borrowed 2026 Budget	Amount (used) 2026 Actual	Amount (used) 2026 Budget	Total interest and charges	Actual balance unspent
				%	$	$	$	$	$	$
Housing Project	WATC	Debenture	20	4.90%	0	7,500,000	0	(7,500,000)	0	0
136 - NRLC Energy Efficiency	WATC	Debenture	10	5.21%	535,000	1,937,860	(535,000)	(1,937,860)	158,321	0
SES & BFB Facilities	WATC	SSL	10	4.90%	0	3,087,000	0	(3,087,000)	0	0
Hawks Football Pavilion	WATC	Debenture	10	4.90%	0	1,333,335	0	(1,333,335)	0	0
135 - 27 Egerton Street purchase	WATC	Debenture	10	5.00%	265,000	265,000	(265,000)	(265,000)	75,010	0
					800,000	14,123,195	(800,000)	(14,123,195)	233,331	0

* WA Treasury Corporation

(c) Unspent borrowings

Particulars	Institution	Date Borrowed	Unspent balance 1 July 2025	Borrowed during 2025-26	Expended during 2025-26	Unspent balance 30 June 2026
			$	$	$	$
134 - Accommodation Units NCP	WATC	16/06/2025	1,500,000	0	(1,500,000)	0
			1,500,000	0	(1,500,000)	0

* WA Treasury Corporation

(d) Lease liabilities

		Actual							Budget			
Purpose	Note	Principal at 1 July 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	New leases during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026	Principal at 1 July 2025	New leases during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026
		$	$	$	$	$	$	$	$	$	$	$
8 Parry Court Narrogin		12,120	0	(3,420)	8,700	40,205	(17,771)	31,134	3,765	0	(3,765)	0
66 Williams Road Narrogin		27,458	0	(2,774)	24,684	0	(24,684)	0	29,617	0	(18,565)	11,052
14 McCormick Way		0	0	0	0	69,129	(20,960)	48,169	0	0	0	0
Total lease liabilities	11(b)	39,578	0	(6,194)	33,384	109,334	(63,415)	79,303	33,382	0	(22,330)	11,052

Lease finance cost payments

Purpose	Lease number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2026	Budget for year ending 30 June 2026	Actual for year ending 30 June 2025	Lease term
					$	$	$	
8 Parry Court Narrogin	2	Elders	5.00%	18/02/2028	(1,989)	(20)	(40)	36 months
66 Williams Road Narrogin	3	Private	1.30%	1/02/2026	(37)	(250)	(236)	60 months
14 McCormick Way	4	Zefari Limited	5.00%	20/07/2028	(2,790)	0	0	36 months
Total finance cost payments					(4,816)	(270)	(276)	

27. RESERVE ACCOUNTS

	2026 Actual opening balance	2026 Actual transfer to	2026 Actual transfer (from)	2026 Actual closing balance	2026 Budget opening balance	2026 Budget transfer to	2026 Budget transfer (from)	2026 Budget closing balance	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Refuse Reserve	951,455	85,937	(85,000)	952,392	951,455	94,165	(85,000)	960,620	861,363	110,092	(20,000)	951,455
(b) Community Assisted Transport (CAT) Vehicle Reserve	15,258	5,656	(15,000)	5,914	15,258	5,790	(15,000)	6,048	14,492	766	0	15,258
(c) Building Reserve	167,636	7,213	0	174,849	167,636	8,665	0	176,301	159,315	8,321	0	167,636
(d) Regional Recreational Leisure Centre Reserve	596,596	75,669	(400,000)	272,265	596,596	80,830	(150,000)	527,426	375,998	220,598	0	596,596
(e) Employee Entitlement Reserve	403,736	17,372	0	421,108	403,736	20,870	0	424,606	383,679	20,057	0	403,736
(f) Plant, Vehicle & Equipment Reserve	181,280	527,800	(319,408)	389,672	181,280	529,370	(445,500)	265,150	423,281	650,958	(892,959)	181,280
(g) Unspent Grants and Contribution Reserve	0	0	0	0	0	0	0	0	140	0	(140)	0
(h) Economic Development Reserve	833,597	35,867	(455,000)	414,464	833,597	43,075	(565,000)	311,672	82,218	751,379	0	833,597
(i) IT & Office Equipment Reserve	29,558	1,271	(14,000)	16,829	29,558	1,525	0	31,083	28,094	1,464	0	29,558
(j) Tourism & Area Promotion Reserve	88,061	3,789	0	91,850	88,061	4,550	0	92,611	83,549	4,512	0	88,061
(k) HACC Reserve	0	0	0	0	0	0	0	0	475,068	22,635	(497,703)	0
(l) CHCP Reserve	723,623	31,135	0	754,758	723,623	37,390	(300,130)	460,883	800,416	41,316	(118,109)	723,623
(m) Road Works Reserve	375,098	16,139	0	391,237	375,098	19,380	0	394,478	356,468	18,630	0	375,098
(n) Asset Valuation Reserve	35,651	1,534	0	37,185	35,651	1,840	0	37,491	33,883	1,768	0	35,651
(o) CHSP Reserve	215,904	9,290	(225,194)	0	215,904	11,155	(227,030)	29	479,965	23,948	(288,009)	215,904
(p) Landcare Reserve	92,541	3,982	(7,560)	88,963	92,541	4,780	0	97,321	92,969	4,837	(5,265)	92,541
(q) Narrogin Airport Reserve	153,602	31,609	0	185,211	153,602	32,935	0	186,537	122,115	31,487	0	153,602
(r) Bridges Reserve	95,980	44,129	(27,000)	113,109	95,980	44,960	(31,700)	109,240	63,519	51,451	(18,990)	95,980
(s) Water Reuse Scheme Reserve	32,750	61,409	0	94,159	32,750	16,690	0	49,440	59,758	8,990	(35,998)	32,750
(t) Disaster Recovery Reserve	15,000	15,645	0	30,645	15,000	15,780	0	30,780	0	15,000	0	15,000
	5,007,326	975,446	(1,548,162)	4,434,610	5,007,326	973,750	(1,819,360)	4,161,716	4,896,290	1,988,209	(1,877,173)	5,007,326

27. RESERVE ACCOUNTS (Continued)

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.
In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

	Name of reserve account	Purpose of the reserve account
	Restricted by council	
(a)	Refuse Reserve	To fund infrastructure development and rehabilitation costs associated with the Shire's tip site as well as the purchase and development of a regional waste facility.
(b)	Community Assisted Transport (CAT) Vehicle Reserve	To fund the replacement/change over of the CAT vehicle.
(c)	Building Reserve	To support the acquisition, upgrade or enhancements of buildings within the district.
(d)	Regional Recreational Leisure Centre Reserve	To fund RRLC (NRLC) additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
(e)	Employee Entitlement Reserve	To fund current and past employees' leave entitlements and redundancy payouts.
(f)	Plant, Vehicle & Equipment Reserve	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
(g)	Unspent Grants and Contribution Reserve	To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement/funding body.
(h)	Economic Development Reserve	To fund economic development projects that will benefit the district.
(i)	IT & Office Equipment Reserve	To fund the purchase and upgrade of computer equipment, software and office equipment.
(j)	Tourism & Area Promotion Reserve	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
(k)	HACC Reserve	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	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)	Road Works Reserve	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for roads within the Shire.
(n)	Asset Valuation Reserve	To fund asset valuations.
(o)	CHSP Reserve	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.
(p)	Landcare Reserve	To fund future natural resource management activities aligned with the principles established in the former NLCDC letter dated 6/6/17 (ICR1712270).
(q)	Narrogin Airport Reserve	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narrogin Airport.
(r)	Bridges Reserve	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	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.
(t)	Disaster Recovery Reserve	For the purpose of considering declared natural disaster relief efforts affecting communities within either the State of WA or interstate through the City of Perth's Lord Mayor's Distress Relief.

SHIRE OF NARROGIN

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2026

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The Shire of Narrogin conducts the operations of a local government with the following 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 2026

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

Statement by CEO

The accompanying financial report of the Shire of Narrogin has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2026 and the financial position as at 30 June 2026.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the day of 2026

CEO

Andrew Campbell
Name of CEO

SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
Revenue				
Rates	2(a),24	6,350,374	6,347,225	6,047,928
Grants, subsidies and contributions	2(a)	5,928,314	3,736,570	3,651,993
Fees and charges	2(a)	3,325,777	3,629,340	3,173,817
Interest revenue	2(a)	610,917	645,850	512,091
Other revenue	2(a)	465,470	450,820	292,562
		16,680,852	14,809,805	13,678,391
Expenses				
Employee costs	2(b)	(7,013,622)	(7,455,910)	(6,680,656)
Materials and contracts		(3,601,659)	(4,146,715)	(3,230,338)
Utility charges		(864,836)	(1,309,760)	(1,057,606)
Depreciation		(4,920,596)	(4,632,150)	(4,646,394)
Finance costs	2(b)	(141,103)	(491,380)	(63,299)
Insurance		(383,022)	(382,870)	(388,723)
Other expenditure	2(b)	(173,508)	(439,140)	(232,127)
		(17,098,346)	(18,857,925)	(16,299,143)
		(417,494)	(4,048,120)	(2,620,752)
Capital grants, subsidies and contributions	2(a)	3,933,268	14,412,800	2,277,214
Profit on asset disposals		33,955	100,000	62,552
Loss on asset disposals		(23,831)	(91,400)	(37,757)
Fair value adjustments to financial assets at fair value through profit or loss	4	113,158	0	(5,147)
		4,056,550	14,421,400	2,296,862
Net result for the period		**3,639,056**	**10,373,280**	**(323,890)**
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	16	0	0	0
Total other comprehensive income for the period	16	**0**	**0**	**0**
Total comprehensive income for the period		**3,639,056**	**10,373,280**	**(323,890)**

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

SHIRE OF NARROGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	2026	2025
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	12,989,754	10,143,989
Trade and other receivables	5	710,585	718,555
Inventories	6	62,795	16,342
Other assets	7	123,631	179,817
TOTAL CURRENT ASSETS		13,886,765	11,058,703
NON-CURRENT ASSETS			
Other financial assets	4	232,767	119,609
Trade and other receivables	5	260,710	228,055
Property, plant and equipment	8	72,948,405	69,865,068
Infrastructure	9	91,494,550	90,588,610
Right-of-use assets	11(a)	77,162	21,421
TOTAL NON-CURRENT ASSETS		165,013,594	160,822,763
TOTAL ASSETS		178,900,359	171,881,466
CURRENT LIABILITIES			
Trade and other payables	12	1,505,869	723,117
Capital grant/contributions liabilities	13	3,122,085	1,047,245
Lease liabilities	11(b)	41,569	22,329
Borrowings	14	321,665	298,990
Employee related provisions	15	828,221	777,072
TOTAL CURRENT LIABILITIES		5,819,409	2,868,753
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	37,734	11,055
Borrowings	14	2,851,828	2,383,865
Employee related provisions	15	151,061	216,522
TOTAL NON-CURRENT LIABILITIES		3,040,623	2,611,442
TOTAL LIABILITIES		8,860,032	5,480,195
NET ASSETS		170,040,327	166,401,271
EQUITY			
Retained surplus		58,622,808	54,411,036
Reserve accounts	27	4,434,610	5,007,326
Revaluation surplus	16	106,982,909	106,982,909
TOTAL EQUITY		170,040,327	166,401,271

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 2026

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		$	$	$	$
Balance as at 1 July 2024		**54,845,962**	**4,896,290**	**106,982,909**	**166,725,161**
Comprehensive income for the period					
Net result for the period		(323,890)	0	0	(323,890)
Total comprehensive income for the period		(323,890)	0	0	(323,890)
Transfers from reserve accounts	27	1,877,173	(1,877,173)	0	0
Transfers to reserve accounts	27	(1,988,209)	1,988,209	0	0
Balance as at 30 June 2025		**54,411,036**	**5,007,326**	**106,982,909**	**166,401,271**
Comprehensive income for the period					
Net result for the period		3,639,056	0	0	3,639,056
Total comprehensive income for the period		3,639,056	0	0	3,639,056
Transfers from reserve accounts	27	1,548,162	(1,548,162)	0	0
Transfers to reserve accounts	27	(975,446)	975,446	0	0
Balance as at 30 June 2026		**58,622,808**	**4,434,610**	**106,982,909**	**170,040,327**

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 2026

	Note	2026 Actual	2025 Actual
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		6,284,090	5,949,969
Grants, subsidies and contributions		6,113,813	3,761,539
Fees and charges		3,244,092	3,199,091
Interest revenue		610,917	512,091
Goods and services tax received		1,203,805	1,120,050
Other revenue		436,768	292,562
		17,893,485	14,835,302
Payments			
Employee costs		(6,853,848)	(6,927,211)
Materials and contracts		(3,094,719)	(3,618,804)
Utility charges		(789,624)	(1,057,250)
Finance costs		(130,760)	(63,299)
Insurance paid		(383,022)	(388,723)
Goods and services tax paid		(1,246,588)	(456,881)
Other expenditure		(167,036)	(195,132)
		(12,665,597)	(12,707,300)
Net cash provided by operating activities		5,227,888	2,128,002
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(5,901,959)	(2,721,648)
Payments for construction of infrastructure	9(a)	(3,310,502)	(2,802,790)
Proceeds from capital grants, subsidies and contributions		6,008,108	2,230,437
Proceeds from sale of property, plant & equipment		381,375	377,936
Net cash (used in) investing activities		(2,822,978)	(2,916,065)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(309,362)	(197,589)
Payments for principal portion of lease liabilities		(49,783)	(6,194)
Proceeds from new borrowings	26(a)	800,000	1,500,000
Net cash provided by financing activities		440,855	1,296,217
Net increase in cash held		2,845,765	508,154
Cash at beginning of year		10,143,989	9,635,835
Cash and cash equivalents at the end of the year		12,989,754	10,143,989

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

SHIRE OF NARROGIN
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	6,334,102	6,335,145	6,038,615
Rates excluding general rates	24	16,272	12,080	9,313
Grants, subsidies and contributions		5,928,314	3,736,570	3,651,993
Fees and charges		3,325,777	3,629,340	3,173,817
Interest revenue		610,917	645,850	512,091
Other revenue		465,470	450,820	292,562
Profit on asset disposals		33,955	100,000	62,552
Fair value adjustments to financial assets at fair value through profit or loss	4	113,158	0	0
		16,827,965	14,909,805	13,740,943
Expenditure from operating activities				
Employee costs		(7,013,622)	(7,455,910)	(6,680,656)
Materials and contracts		(3,601,659)	(4,146,715)	(3,230,338)
Utility charges		(864,836)	(1,309,760)	(1,057,606)
Depreciation		(4,920,596)	(4,632,150)	(4,646,394)
Finance costs		(141,103)	(491,380)	(63,299)
Insurance		(383,022)	(382,870)	(388,723)
Other expenditure		(173,508)	(439,140)	(232,127)
Loss on asset disposals		(23,831)	(91,400)	(37,757)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(5,147)
		(17,122,177)	(18,949,325)	(16,342,047)
Total amounts excluded from operating activities	25(a)	4,716,570	4,623,550	4,651,164
Amount attributable to operating activities		4,422,358	584,030	2,050,060
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		3,933,268	14,412,800	2,277,214
Proceeds from disposal of property, plant and equipment		381,375	437,000	377,936
Proceeds from financial assets at amortised cost - self-supporting loans	26(a)	0	3,329,920	0
		4,314,643	18,179,720	2,655,150
Outflows from investing activities				
Right-of-use assets received - non-cash	11(a)	(124,404)	0	0
Acquisition of property, plant and equipment	8(a)	(5,901,959)	(28,124,350)	(2,559,634)
Acquisition of infrastructure	9(a)	(3,310,502)	(4,156,140)	(2,792,485)
Payments for financial assets at amortised cost - self-supporting loans		0	(3,329,920)	0
		(9,336,865)	(35,610,410)	(5,352,119)
Total amounts excluded from investing activities	25(b)	124,404	0	0
Amount attributable to investing activities		(4,897,818)	(17,430,690)	(2,696,969)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	800,000	14,123,195	1,500,000
Proceeds from new leases - non-cash	26(d)	109,334	0	0
Transfers from reserve accounts	27	1,548,162	1,819,360	1,877,173
		2,457,496	15,942,555	3,377,173
Outflows from financing activities				
Repayment of borrowings	26(a)	(309,362)	(671,135)	(197,589)
Payments for principal portion of lease liabilities	26(d)	(63,415)	(22,330)	(6,194)
Transfers to reserve accounts	27	(975,446)	(973,750)	(1,988,209)
		(1,348,223)	(1,667,215)	(2,191,992)
Total amounts excluded from financing activities	25(c)	(124,404)	0	0
Amount attributable to financing activities		984,869	14,275,340	1,185,181
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(d)	3,907,679	2,571,320	3,249,798
Amount attributable to operating activities		4,422,358	584,030	2,050,060
Amount attributable to investing activities		(4,897,818)	(17,430,690)	(2,696,969)
Amount attributable to financing activities		984,869	14,275,340	1,185,181
Surplus or deficit after imposition of general rates	25(d)	**4,417,088**	**0**	**3,788,070**

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

SHIRE OF NARROGIN
FOR THE YEAR ENDED 30 JUNE 2026
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SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

1. BASIS OF PREPARATION

The financial report of the Shire of Narrogin which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995,* the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:
- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 *Leases* which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:
- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from *AASB 116 Property, Plant and Equipment* which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:
- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - Note 8
  - Infrastructure - Note 9
- Impairment losses of non-financial assets - Note 10
- Measurement of employee benefits - Note 15

Fair value hierarchy information can be found in Note 23

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.

All monies held in the Trust Fund are excluded from the financial statements.

Initial application of accounting standards
During the current year, no new or revised Australian Accounting Standards and Interpretations were applied for the first time.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.
- AASB 18 *(NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*

This standard is expected to have a material impact on the disclosures required to be made in the annual financial report for the year ended 30 June 2029 onwards.

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers
Recognition of revenue is dependent 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	Timing of revenue recognition
Grants, subsidies and contributions	Provision of community events	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - 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	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2026

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	6,350,374	0	6,350,374
Grants, subsidies and contributions	0	0	0	5,928,314	5,928,314
Fees and charges	3,314,013	0	11,764	0	3,325,777
Interest revenue	0	0	104,073	506,844	610,917
Other revenue	167,560	0	0	297,910	465,470
Capital grants, subsidies and contributions	0	3,933,268	0	0	3,933,268
Total	3,481,573	3,933,268	6,466,211	6,733,068	20,614,120

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	6,047,928	0	6,047,928
Grants, subsidies and contributions	0	0	0	3,651,993	3,651,993
Fees and charges	3,166,697	0	7,120	0	3,173,817
Interest revenue	0	0	79,117	432,974	512,091
Other revenue	172,473	0	0	120,089	292,562
Capital grants, subsidies and contributions	0	2,277,214	0	0	2,277,214
Total	3,339,170	2,277,214	6,134,165	4,205,056	15,955,605

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	Note	2026 Actual	2025 Actual
		$	$
Interest revenue			
Interest on reserve account		215,446	211,401
Trade and other receivables overdue interest		106,800	66,144
Other interest revenue		288,671	234,546
		610,917	512,091
The 2026 original budget estimate in relation to:			
Trade and other receivables overdue interest was $73,490.			

(b) Expenses

Auditors' remuneration			
- Audit of the Annual Financial Report		93,406	87,500
- Other services – grant acquittals		7,500	11,000
		100,906	98,500
Employee costs			
Employee benefit costs		6,322,508	5,946,857
Other employee costs		691,114	733,799
		7,013,622	6,680,656
Finance costs			
Interest and financial charges paid/payable for lease liabilities and borrowings		141,103	63,299
		141,103	63,299
Other expenditure			
Sundry expenses		173,508	232,127
		173,508	232,127

3. CASH AND CASH EQUIVALENTS

	Note	2026	2025
		$	$
Cash at bank and on hand		10,425,330	5,136,664
Term deposits		2,564,424	5,007,325
Total cash and cash equivalents		12,989,754	10,143,989
Held as			
- Unrestricted cash and cash equivalents		5,433,059	2,589,418
- Restricted cash and cash equivalents	17	7,556,695	7,554,571
		12,989,754	10,143,989

MATERIAL 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.

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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.

4. OTHER FINANCIAL ASSETS

	Note	2026	2025
		$	$
Non-current assets			
Financial assets at fair value through profit or loss		232,767	119,609
		232,767	119,609
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		119,609	124,756
Movement attributable to fair value increment/(decrement)		113,158	(5,147)
Units in Local Government House Trust - closing balance		232,767	119,609

MATERIAL ACCOUNTING POLICIES

Financial assets at fair value through profit or loss

The Shire classifies the following financial assets at fair value through profit or 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 elected to recognise as financial assets at fair value through profit or loss.

5. TRADE AND OTHER RECEIVABLES

	Note	2026	2025
		$	$
Current			
Rates and statutory receivables		694,428	646,736
Trade receivables		83,952	280,413
Other receivables		2,100	0
GST receivable		42,783	0
Receivables for employee related provisions	15	14,231	0
Allowance for credit losses of rates and statutory receivables		(126,909)	(208,594)
		710,585	718,555
Non-current			
Rates and statutory receivables		242,517	204,493
Receivables for employee related provisions		18,193	23,562
		260,710	228,055

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers.

	Note	30 June 2026 Actual	30 June 2025 Actual	1 July 2024 Actual
		$	$	$
Trade and other receivables from contracts with customers		46,718	280,413	275,457
Total trade and other receivables from contracts with customers		46,718	280,413	275,457

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and the amount can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non-financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts receivable as grants with sufficiently specific performance obligations or for the construction of recognisable non-financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as deferred pensioner rates receivable more than 12 months after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cash flows and therefore the Shire 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, therefore any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

	Note	2026	2025
Current		$	$
Fuel and materials		62,795	16,342
		62,795	16,342
The following movements in inventories occurred during the year:			
Balance at beginning of year		16,342	41,439
Inventories expensed during the year		(80,328)	(275,535)
Additions to inventory		126,781	250,438
Balance at end of year		62,795	16,342

MATERIAL ACCOUNTING POLICIES
General
Inventories are measured at the lower of cost and net realisable value.

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

7. OTHER ASSETS

	2026	2025
	$	$
Other assets - current		
Prepayments	123,631	0
Accrued income	0	179,817
	123,631	179,817

MATERIAL 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.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

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

		Total property				Plant and equipment					
	Note	Land	Buildings	Work in progress	Total property	Furniture and fittings	Plant and equipment	Library stock	Artwork and sculptures	Works in Progress	Total property, plant and equipment
		$	$	$	$	$	$	$	$	$	$
Balance at 1 July 2024		8,836,600	55,517,839	75,464	64,429,903	441,176	4,624,451	35,539	350,315	120,810	70,002,194
Additions		25,046	382,728	0	407,774	86,309	1,937,952	0	127,599	0	2,559,634
Disposals		0	0	0	0	0	(353,140)	0	0	0	(353,140)
WIP transferred to profit and loss		0	0	(16,190)	(16,190)	0	0	0	0	(18,070)	(34,260)
WIP Transfers		0	59,274	(59,274)	0	0	102,740	0	0	(102,740)	0
Impairment (losses) / reversals		0	0	0	0	0	(36,974)	0	0	0	(36,974)
Depreciation		0	(1,555,175)	0	(1,555,175)	(91,938)	(589,734)	(35,539)	0	0	(2,272,386)
Transfers		0	0	0	0	(53,845)	53,845	0	0	0	0
Balance at 30 June 2025		8,861,646	54,404,666	0	63,266,312	381,702	5,739,140	0	477,914	0	69,865,068
Comprises:											
Gross balance amount at 30 June 2025		8,861,646	57,484,596	0	66,346,242	621,113	7,635,389	177,695	477,914	0	75,258,353
Accumulated depreciation at 30 June 2025		0	(3,079,930)	0	(3,079,930)	(239,411)	(1,896,249)	(177,695)	0	0	(5,393,285)
Balance at 30 June 2025	8(b)	8,861,646	54,404,666	0	63,266,312	381,702	5,739,140	0	477,914	0	69,865,068
Additions		368,999	4,061,182	70,252	4,500,433	287,334	1,114,192	0	0	0	5,901,959
Disposals		0	0	0	0	0	(371,251)	0	0	0	(371,251)
Depreciation		0	(1,586,429)	0	(1,586,429)	(108,698)	(752,244)	0	0	0	(2,447,371)
Balance at 30 June 2026		9,230,645	56,879,419	70,252	66,180,316	560,338	5,729,837	0	477,914	0	72,948,405
Comprises:											
Gross balance amount at 30 June 2026		9,230,645	61,545,778	70,252	70,846,675	908,447	8,243,127	177,695	477,914	0	80,653,858
Accumulated depreciation at 30 June 2026		0	(4,666,359)	0	(4,666,359)	(348,109)	(2,513,290)	(177,695)	0	0	(7,705,453)
Balance at 30 June 2026	8(b)	9,230,645	56,879,419	70,252	66,180,316	560,338	5,729,837	0	477,914	0	72,948,405

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2026	Carrying amount 2025	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
		$	$					
(i) Fair value - as determined at the last valuation date								
Land and buildings								
Land - market value		9,230,645	8,861,646	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2023	Price per hectare.
Total land	8(a)	9,230,645	8,861,646					
Buildings - non specialised		1,597,870	780,744	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2023	Price per square metre / market borrowing rate, adjusted for restrictions in use.
Buildings - specialised		55,281,549	53,623,922	2 & 3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Total buildings	8(a)	56,879,419	54,404,666					
(ii) Cost								
Furniture and equipment		560,338	381,702		Cost	Cost	N/A	Cost
Plant and equipment		5,729,837	5,739,140		Cost	Cost	N/A	Cost
Artwork and sculptures		477,914	477,914		Cost	Cost	N/A	Cost

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 land at market value or buildings using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease were the same as that applied to property not subject to lease.

9. INFRASTRUCTURE

(a) Movements in balances

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks, ovals and other	Other infrastructure - bridges	Other infrastructure - work in progress	Total infrastructure
	$	$	$	$	$	$	$
Balance at 1 July 2024	66,320,504	2,349,195	10,122,823	8,441,374	2,899,661	10,305	90,143,862
Additions	2,344,790	247,580	0	200,115	0	0	2,792,485
WIP Transfers	0	0	0	10,305	0	(10,305)	0
Depreciation	(1,024,097)	(132,350)	(442,705)	(502,342)	(246,243)	0	(2,347,737)
Balance at 30 June 2025	67,641,197	2,464,425	9,680,118	8,149,452	2,653,418	0	90,588,610
Comprises:							
Gross balance at 30 June 2025	90,110,989	5,413,270	18,412,060	15,515,341	9,887,165	0	139,338,825
Accumulated depreciation at 30 June 2025	(22,469,792)	(2,948,845)	(8,731,942)	(7,365,889)	(7,233,747)	0	(48,750,215)
Balance at 30 June 2025	67,641,197	2,464,425	9,680,118	8,149,452	2,653,418	0	90,588,610
Additions	2,646,431	107,990	5,643	92,438	458,000	0	3,310,502
Depreciation	(1,070,993)	(137,301)	(442,705)	(507,319)	(246,244)	0	(2,404,562)
Balance at 30 June 2026	69,216,635	2,435,114	9,243,056	7,734,571	2,865,174	0	91,494,550
Comprises:							
Gross balance at 30 June 2026	92,757,420	5,521,260	18,417,703	15,607,779	10,345,165	0	142,649,327
Accumulated depreciation at 30 June 2026	(23,540,785)	(3,086,146)	(9,174,647)	(7,873,208)	(7,479,991)	0	(51,154,777)
Balance at 30 June 2026	69,216,635	2,435,114	9,243,056	7,734,571	2,865,174	0	91,494,550

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - footpaths	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - drainage	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - parks, ovals and other	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - bridges	3	Cost approach using current replacement cost	Independent Registered Valuer	June 2023	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.

10. FIXED ASSETS

(a) Depreciation

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

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2).* Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable value

In accordance with *Local Government (Financial Management) Regulation 17A(2),* the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls is the reportable value.

Reportable value for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, is 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.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
(i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is the balancing figure; or
(ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulation 17A(4C),* the Shire is not required to comply with AASB 136 *Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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.

11. LEASES

(a) Right-of-use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - land and buildings	Total right-of-use assets
		$	$
Balance at 1 July 2024		47,692	47,692
Depreciation		(26,271)	(26,271)
Balance at 30 June 2025		21,421	21,421
Gross balance amount at 30 June 2025		140,064	140,064
Accumulated depreciation at 30 June 2025		(118,643)	(118,643)
Balance at 30 June 2025		21,421	21,421
Additions *		124,404	124,404
Depreciation		(68,663)	(68,663)
Balance at 30 June 2026		77,162	77,162
Gross balance amount at 30 June 2026		124,404	124,404
Accumulated depreciation at 30 June 2026		(47,242)	(47,242)
Balance at 30 June 2026		77,162	77,162

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:		2026 Actual	2025 Actual
		$	$
Depreciation on right-of-use assets		(68,663)	(26,271)
Finance charge on lease liabilities	26(d)	(4,816)	(276)
Total amount recognised in the statement of comprehensive income		(73,479)	(26,547)
Total cash outflow from leases		(68,231)	(6,470)

(b) Lease liabilities

Current		41,569	22,329
Non-current		37,734	11,055
	26(d)	79,303	33,384

*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 two leases relating to residential properties with lease terms of 3 years.

Secured liabilities and assets pledged as security
Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL 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 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.

Details of individual lease liabilities required by regulations are provided at Note 26(d).

Right-of-use assets - measurement
Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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 10 under revaluation for details on the material 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 shorter. 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 depreciated over the useful life of the underlying asset.

11. LEASES (Continued)

(c) Lessor - property, plant and equipment subject to lease

	2026 Actual	2025 Actual
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.	$	$
Less than 1 year	189,581	52,050
1 to 2 years	103,448	24,190
2 to 3 years	81,966	3,343
3 to 4 years	41,368	3,343
4 to 5 years	7,430	3,343
> 5 years	34,921	19,935
	458,714	106,204
Amounts recognised in profit or loss for property, plant and equipment subject to lease		
Rental income	172,345	151,488

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

The Shire leases properties to staff and other tenants with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.
These properties are not considered investment property as they are leased for use in the supply of services to the community.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

MATERIAL ACCOUNTING POLICIES

The Shire as lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

All leases are classified as operating leases as they do not transfer substantially all the risks and rewards of ownership to the lessee. 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 Shire applies AASB 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

12. TRADE AND OTHER PAYABLES

	2026	2025
	$	$
Current		
Trade payables	576,614	389,969
Prepaid rates	234,626	215,194
Accrued payroll liabilities	130,911	30,379
Statutory liabilities	73,888	1,483
Bonds and deposits held	157,698	82,798
Accrued loan interest	3,845	3,294
Accrued expenses	328,287	0
	1,505,869	723,117

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Statutory liabilities

Statutory liabilities are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 income for the prepaid rates that have not been refunded.

13. OTHER LIABILITIES

	2026	2025
	$	$
Current		
Capital grant/contributions liabilities	3,122,085	1,047,245
	3,122,085	1,047,245
Reconciliation of changes in contract liabilities		
Opening balance	0	38,000
Revenue from contracts with customers included as a contract liability at the start of the period	0	(38,000)
	0	0
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,047,245	941,522
Additions	3,122,085	114,500
Revenue from capital grant/contributions held as a liability at the start of the period	(1,047,245)	(8,777)
	3,122,085	1,047,245
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	3,122,085	1,047,245
	3,122,085	1,047,245

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or on completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

14. BORROWINGS

		2026			2025		
	Note	Current	Non-current	Total	Current	Non-current	Total
Secured		$	$	$	$	$	$
Bank loans		321,665	2,851,828	3,173,493	298,990	2,383,865	2,682,855
Total secured borrowings	26(a)	321,665	2,851,828	3,173,493	298,990	2,383,865	2,682,855

Secured liabilities and assets pledged as security
Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Narrogin.

The Shire of Narrogin has complied with the financial covenants of its borrowing facilities during the 2025 and 2026 years.

MATERIAL ACCOUNTING POLICIES
Borrowing costs
The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk
Details of individual borrowings required by regulations are provided at Note 26(a).

15. EMPLOYEE RELATED PROVISIONS

Employee related provisions

	2026	2025
Current provisions	$	$
Employee benefit provisions		
Annual leave	380,630	358,807
Long service leave	329,710	302,160
	710,340	660,967
Employee related other provisions		
Employment on-costs	117,881	116,105
	117,881	116,105
Total current employee related provisions	828,221	777,072
Non-current provisions		
Employee benefit provisions		
Long service leave	136,201	193,423
	136,201	193,423
Employee related other provisions		
Employment on-costs	14,860	23,099
	14,860	23,099
Total non-current employee related provisions	151,061	216,522
Total employee related provisions	979,282	993,594

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on-costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate assumptions such as anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

16. REVALUATION SURPLUS

	2026 Opening balance	2026 Closing balance	2025 Opening balance	2025 Closing balance
	$	$	$	$
Revaluation surplus - Land and buildings	55,776,062	55,776,062	55,776,062	55,776,062
Revaluation surplus - Furniture and fittings	24,330	24,330	24,330	24,330
Revaluation surplus - Plant and equipment	762,474	762,474	762,474	762,474
Revaluation surplus - Artwork and sculptures	350,315	350,315	350,315	350,315
Revaluation surplus - Infrastructure - roads	29,955,237	29,955,237	29,955,237	29,955,237
Revaluation surplus - Other infrastructure - footpaths	1,475,991	1,475,991	1,475,991	1,475,991
Revaluation surplus - Other infrastructure - drainage	10,668,568	10,668,568	10,668,568	10,668,568
Revaluation surplus - Other infrastructure - parks, ovals and other	6,698,877	6,698,877	6,698,877	6,698,877
Revaluation surplus - Other infrastructure - bridges	1,271,055	1,271,055	1,271,055	1,271,055
	106,982,909	106,982,909	106,982,909	106,982,909

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2026 Actual	2025 Actual
		$	$
The following classes of financial 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	3	7,556,695	7,554,571
		7,556,695	7,554,571
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	4,434,610	5,007,326
Capital grant liabilities	13	3,122,085	1,047,245
Unspent loans	26(c)	0	1,500,000
Total restricted financial assets		7,556,695	7,554,571

18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

Bank overdraft limit		400,000	400,000
Bank overdraft at balance date		0	0
Credit card limit		37,500	27,500
Credit card balance at balance date		(6,623)	(4,042)
Total amount of credit unused		430,877	423,458
Loan facilities			
Loan facilities - current		321,665	298,990
Loan facilities - non-current		2,851,828	2,383,865
Total facilities in use at balance date		3,173,493	2,682,855
Unused loan facilities at balance date		NIL	1,500,000

19. CONTINGENT LIABILITIES

The Department of Water and Environmental Regulation (DWER) issued Category 61, 62 and 64 licences 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 licence conditions. This plan will only be prepared closer to landfill closure date as assessed and confirmed by DWER.

20. CAPITAL COMMITMENTS

	2026	2025
	$	$
Contracted for:		
- capital expenditure projects	2,979,154	1,429,446
	2,979,154	1,429,446
Payable:		
- not later than one year	2,979,154	1,429,446

The capital commitments as at 30 June 2026 represent contractual obligations entered into by the Shire of Narrogin for the Energy Efficiency Project, Housing Project, Tip Shop Project and property acquisition, for which expenditure had not yet been incurred at the reporting date.

21. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
President's annual allowance		26,979	26,980	26,067
President's meeting attendance fees		22,949	22,950	22,173
President's superannuation		5,991	4,230	0
President's annual allowance for ICT expenses		1,847	1,846	1,785
		57,766	56,006	50,025
Deputy President's annual allowance		6,745	6,745	6,517
Deputy President's meeting attendance fees		10,355	10,355	10,005
Deputy President's superannuation		2,052	1,545	0
Deputy President's annual allowance for ICT expenses		583	583	563
Deputy President's travel and accommodation expenses		346	0	0
		20,081	19,228	17,085
All other council members' meeting attendance fees		51,775	51,775	50,625
All other council members' superannuation		6,213	6,225	0
All other council members' annual allowance for ICT expenses		3,619	3,621	3,495
		61,607	61,621	54,120
	21(b)	139,454	136,855	121,230

(b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the Shire during the year is as follows:				
Short-term employee benefits		843,536		701,074
Post-employment benefits		103,156		92,236
Employee - other long-term benefits		17,704		15,802
Employee - termination benefits		98,870		9,894
Council member costs	21(a)	139,454		121,230
		1,202,720		940,236

Short-term employee benefits
These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits
These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits
These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits
These amounts represent termination benefits paid to KMP.

Council member costs
These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

21. RELATED PARTY TRANSACTIONS (Continued)

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:	2026 Actual $	2025 Actual $
Purchase of goods and services	441,552	465,625
Amounts payable to related parties:		
Trade and other payables	0	127,977

(d) 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 Shire, directly or indirectly, including any council member, are considered key management personnel.

ii. Other related parties

During the 2023/24 financial year, a company controlled by a related party of a council member was awarded two contracts under the selective tender process on terms and conditions equivalent to those that prevail in arm's length transactions under the Shire's procurement process.

The contracts involved footpath construction & fire mitigation works in the Shire, and amounted to $274,130 in the current year. and $344,467 in the prior year.
Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

Payments relating to wireless communications supplied by an entity controlled by a related party amounted to $58,561 during the financial year. (

Payments relating to CCTVs supplied by an entity controlled by a related party amounted to $63,251 during the financial year.

Two properties are currently leased from a related party which amounted to a cost of $45,610 during the financial year.

iii. Entities subject to significant influence by the Shire

Nil

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire did not have any events occurring after the reporting date that have a significant effect on the financial statements.

23. OTHER MATERIAL 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 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 resale 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 and council members. 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability or, in the absence of such a market, the most advantageous market available to the Shire at the end of the reporting period.

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. The Shire only considers whether the highest and best use differs from its current use where it is highly probable a non-financial asset will be used for an alternative purpose or the asset is held for the purpose of generating net cash inflows.

h) Interest revenue
Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) Fair value hierarchy
AASB 13 Fair Value Measurement 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.

j) 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.

k) Impairment of assets
In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:
- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 *Property, Plant and Equipment)* whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

24. RATING INFORMATION

(a) General rates

RATE TYPE Rate description	Basis of valuation	Rate in $	Number of properties	2025/26 Actual rateable value*	2025/26 Actual rate revenue	2025/26 Actual interim rates	2025/26 Actual total revenue	2025/26 Budget rate revenue	2025/26 Budget interim rates	2025/26 Budget total revenue	2024/25 Actual total revenue
				$	$	$	$	$	$	$	$
GRV - Urban	Gross rental valuation	0.122275	1,765	32,199,720	3,937,221	0	3,937,221	3,937,475	0	3,937,475	3,784,813
GRV - Rural	Gross rental valuation	0.108330	50	1,031,000	111,688	0	111,688	111,688	0	111,688	100,692
GRV - Rural Highbury	Gross rental valuation	0.108330	31	446,208	48,338	0	48,338	48,338	0	48,338	43,579
UV - Rural	Unimproved valuation	0.003389	249	413,070,032	1,399,894	0	1,399,894	1,399,894	0	1,399,894	1,306,727
Total general rates			2,095	446,746,960	5,497,141	0	5,497,141	5,497,395	0	5,497,395	5,235,811
Minimum payment		**Minimum payment $**									
GRV - Urban	Gross rental valuation	1,340	382	2,890,675	511,880	551	512,431	513,220	0	513,220	501,414
GRV - Rural	Gross rental valuation	1,265	16	90,570	20,240	0	20,240	20,240	0	20,240	18,448
GRV - Rural Highbury	Gross rental valuation	980	3	14,740	2,940	0	2,940	2,940	0	2,940	2,763
UV - Rural	Unimproved valuation	1,230	245	49,872,268	301,350	0	301,350	301,350	0	301,350	280,179
Total minimum payments			646	52,868,253	836,410	551	836,961	837,750	0	837,750	802,804
Total general rates and minimum payments			2,741	499,615,213	6,333,551	551	6,334,102	6,335,145	0	6,335,145	6,038,615
Ex-gratia rates											
CBH					16,272		16,272	12,080	0	12,080	9,313
Total amount raised from rates (excluding general rates)			0	0	16,272	0	16,272	12,080	0	12,080	9,313
Total rates							6,350,374			6,347,225	6,047,928

(b) Rates related information

Rates instalment interest							15,620			14,490	15,774
Rates instalment plan charges							35,708			39,880	38,005
Rates overdue interest							88,453			59,000	63,343
Rates written off							(1,668)			0	(1,643)

*Rateable Value at time of raising of rate.

25. DETERMINATION OF SURPLUS OR DEFICIT

The following amounts have been excluded from the determination of the budgeted deficiency in accordance with *Financial Management Regulation 32.* Reconciling items relate to movements within current assets and liabilities reflected on the statement of financial activity and required to reconcile the Net current assets to the surplus or deficit after imposition of general rates.

	Note	2025/26 (30 June 2026 carried forward)	2025/26 Budget (30 June 2026 carried forward)	2025/26 (1 July 2025 brought forward)	2024/25 (30 June 2025 carried forward)
		$	$	$	$
(a) Amounts excluded from operating activities					
Less: Profit on asset disposals		(33,955)	(100,000)	(62,552)	(62,552)
Add/Less: Movement in liabilities associated with restricted cash		17,372	0	(18,883)	(18,883)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(113,158)	0	5,147	5,147
Add: Loss on disposal of assets		23,831	91,400	37,757	37,757
Add: Depreciation		4,920,596	4,632,150	4,646,394	4,646,394
Non-cash movements in non-current assets and liabilities:					
- Pensioner deferred rates		(38,024)	0	0	0
- Receivables for employee related provisions		5,369	0	0	0
- Employee benefit provisions		(65,461)	0	43,301	43,301
Total amounts excluded from operating activities		4,716,570	4,623,550	4,651,164	4,651,164
(b) Amounts excluded from investing activities					
Add: Right-of-use assets received - non-cash	11(a)	124,404	0	0	0
Total amounts excluded from investing activities		124,404	0	0	0
(c) Amounts excluded from financing activities					
Non-cash proceeds from new leases	26(d)	(124,404)	0	0	0
Total amounts excluded from financing activities		(124,404)	0	0	0
(d) Adjustments to net current assets					
Less: Reserve accounts	27	(4,434,610)	(4,161,716)	(5,007,326)	(5,007,326)
Less: Current assets not expected to be received at end of year					
- LG House Equity *		0	0	0	(119,609)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	14	321,665	671,135	298,990	298,990
- Current portion of lease liabilities	11(b)	41,569	0	22,329	22,329
Add: Current liabilities covered by funds held in reserve account					
- Current portion of employee benefit provisions		421,108	0	403,736	403,736
Total adjustments to net current assets		(3,650,268)	(3,490,581)	(4,282,271)	(4,401,880)
Net current assets used in the statement of financial activity					
Total current assets		13,886,765	6,548,873	11,058,703	11,058,703
Less: Total current liabilities		(5,819,409)	(3,058,292)	(2,868,753)	(2,868,753)
Less: Total adjustments to net current assets		(3,650,268)	(3,490,581)	(4,282,271)	(4,401,880)
Surplus or deficit after imposition of general rates		4,417,088	0	3,907,679	3,788,070

* During the preparation of the annual budget for the year ending 30 June 2027, the Shire found an adjustment excluded from the determination of the budgeted deficiency was not an allowable exclusion in accordance with *Financial Management Regulation 32.*
The surplus at 1 July 2025 has been redetermined in line with *Financial Management Regulation 32* by removing the $119,609 exclusion.
This amount relates to units held in the Local Government House Trust. These units are a non-current financial asset so they do not form part of the net current assets and nothing needed to be excluded for them.

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
Purpose	Note	Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026	Principal at 1 July 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026
		$	$	$	$	$	$	$	$	$	$	$
127 - Industrial Land		59,288	0	(13,852)	45,436	0	(14,479)	30,957	45,437	0	(14,480)	30,957
128 - Administration Building		99,867	0	(49,266)	50,601	0	(50,601)	0	50,601	0	(50,600)	1
129 - Accommodation Units NCP		183,830	0	(35,297)	148,533	0	(36,016)	112,517	148,534	0	(36,015)	112,519
130 - TWIS Distribution Pipes		128,740	0	(17,593)	111,147	0	(17,853)	93,294	111,147	0	(17,850)	93,297
132 - Staff Housing		476,766	0	(24,957)	451,809	0	(17,658)	434,151	451,809	0	(17,660)	434,149
133 - Accommodation Units NCP		431,953	0	(56,624)	375,329	0	(39,914)	335,415	375,328	0	(39,915)	335,413
134 - Accommodation Units NCP		0	1,500,000	0	1,500,000	0	(122,468)	1,377,532	1,500,000	0	(122,465)	1,377,535
136 - NRLC Energy Efficiency		0	0	0	0	535,000	0	535,000	0	1,937,860	0	1,937,860
Housing Project		0	0	0	0	0	0	0	0	7,500,000	(105,235)	7,394,765
Hawks Football Pavilion		0	0	0	0	0	0	0	0	1,333,335	0	1,333,335
135 - 27 Egerton Street purchase		0	0	0	0	265,000	(10,373)	254,627	0	265,000	(24,000)	241,000
Total		1,380,444	1,500,000	(197,589)	2,682,855	800,000	(309,362)	3,173,493	2,682,856	11,036,195	(428,220)	13,290,831
Self-supporting loans												
SES & BFB Facilities		0	0	0	0	0	0	0	0	3,087,000	(242,915)	2,844,085
Total self-supporting loans		0	0	0	0	0	0	0	0	3,087,000	(242,915)	2,844,085
Total borrowings	14	1,380,444	1,500,000	(197,589)	2,682,855	800,000	(309,362)	3,173,493	2,682,856	14,123,195	(671,135)	16,134,916

Self-supporting loans are financed by payments from third parties. These would be shown in Note 4 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

26. BORROWING AND LEASE LIABILITIES (Continued)

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2026	Budget for year ending 30 June 2026	Actual for year ending 30 June 2025
					$	$	$
127 - Industrial Land	127	WATC	4.48%	26/06/2028	(2,218)	(2,285)	(2,930)
128 - Administration Building	128	WATC	2.69%	31/05/2026	(1,146)	(1,525)	(2,832)
129 - Accommodation Units NCP	129	WATC	5.51%	28/05/2029	(3,720)	(3,965)	(4,690)
130 - TWIS Distribution Pipes	130	WATC	1.47%	25/06/2031	(2,310)	(2,400)	(2,693)
132 - Staff Housing	132	WATC	4.83%	30/06/2042	(24,733)	(24,805)	(25,675)
133 - Accommodation Units NCP	133	WATC	4.52%	29/06/2033	(19,062)	(19,255)	(21,077)
134 - Accommodation Units NCP	134	WATC	4.38%	16/06/2035	(74,432)	(74,060)	(3,125)
136 - NRLC Energy Efficiency	136	WATC	5.21%	25/06/2036	(518)	0	0
Housing Project	NEW	WATC	4.90%		0	(206,250)	0
Hawks Football Pavilion	NEW	WATC	4.90%		0	0	0
135 - 27 Egerton Street purchase	135	WATC	5.00%	16/12/2035	(8,148)	(5,300)	0
Total					(136,287)	(339,845)	(63,022)
Self-supporting loans finance cost payments							
SES & BFB Facilities	SSL				0	(151,265)	0
Total self-supporting loans finance cost payments					0	(151,265)	0
Total finance cost payments					(136,287)	(491,110)	(63,022)

* WA Treasury Corporation

26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New borrowings for the year

Particulars/purpose	Institution	Loan type	Term years	Interest rate	Amount borrowed 2026 Actual	Amount borrowed 2026 Budget	Amount (used) 2026 Actual	Amount (used) 2026 Budget	Total interest and charges	Actual balance unspent
				%	$	$	$	$	$	$
Housing Project	WATC	Debenture	20	4.90%	0	7,500,000	0	(7,500,000)	0	0
136 - NRLC Energy Efficiency	WATC	Debenture	10	5.21%	535,000	1,937,860	(535,000)	(1,937,860)	158,321	0
SES & BFB Facilities	WATC	SSL	10	4.90%	0	3,087,000	0	(3,087,000)	0	0
Hawks Football Pavilion	WATC	Debenture	10	4.90%	0	1,333,335	0	(1,333,335)	0	0
135 - 27 Egerton Street purchase	WATC	Debenture	10	5.00%	265,000	265,000	(265,000)	(265,000)	75,010	0
					800,000	14,123,195	(800,000)	(14,123,195)	233,331	0

* WA Treasury Corporation

(c) Unspent borrowings

Particulars	Institution	Date Borrowed	Unspent balance 1 July 2025	Borrowed during 2025-26	Expended during 2025-26	Unspent balance 30 June 2026
			$	$	$	$
134 - Accommodation Units NCP	WATC	16/06/2025	1,500,000	0	(1,500,000)	0
			1,500,000	0	(1,500,000)	0

* WA Treasury Corporation

(d) Lease liabilities

		Actual							Budget			
Purpose	Note	Principal at 1 July 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	New leases during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026	Principal at 1 July 2025	New leases during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026
		$	$	$	$	$	$	$	$	$	$	$
8 Parry Court Narrogin		12,120	0	(3,420)	8,700	40,205	(17,771)	31,134	3,765	0	(3,765)	0
66 Williams Road Narrogin		27,458	0	(2,774)	24,684	0	(24,684)	0	29,617	0	(18,565)	11,052
14 McCormick Way		0	0	0	0	69,129	(20,960)	48,169	0	0	0	0
Total lease liabilities	11(b)	39,578	0	(6,194)	33,384	109,334	(63,415)	79,303	33,382	0	(22,330)	11,052

Lease finance cost payments

Purpose	Lease number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2026	Budget for year ending 30 June 2026	Actual for year ending 30 June 2025	Lease term
					$	$	$	
8 Parry Court Narrogin	2	Elders	5.00%	18/02/2028	(1,989)	(20)	(40)	36 months
66 Williams Road Narrogin	3	Private	1.30%	1/02/2026	(37)	(250)	(236)	60 months
14 McCormick Way	4	Zefari Limited	5.00%	20/07/2028	(2,790)	0	0	36 months
Total finance cost payments					(4,816)	(270)	(276)	

27. RESERVE ACCOUNTS

	2026 Actual opening balance	2026 Actual transfer to	2026 Actual transfer (from)	2026 Actual closing balance	2026 Budget opening balance	2026 Budget transfer to	2026 Budget transfer (from)	2026 Budget closing balance	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Refuse Reserve	951,455	85,937	(85,000)	952,392	951,455	94,165	(85,000)	960,620	861,363	110,092	(20,000)	951,455
(b) Community Assisted Transport (CAT) Vehicle Reserve	15,258	5,656	(15,000)	5,914	15,258	5,790	(15,000)	6,048	14,492	766	0	15,258
(c) Building Reserve	167,636	7,213	0	174,849	167,636	8,665	0	176,301	159,315	8,321	0	167,636
(d) Regional Recreational Leisure Centre Reserve	596,596	75,669	(400,000)	272,265	596,596	80,830	(150,000)	527,426	375,998	220,598	0	596,596
(e) Employee Entitlement Reserve	403,736	17,372	0	421,108	403,736	20,870	0	424,606	383,679	20,057	0	403,736
(f) Plant, Vehicle & Equipment Reserve	181,280	527,800	(319,408)	389,672	181,280	529,370	(445,500)	265,150	423,281	650,958	(892,959)	181,280
(g) Unspent Grants and Contribution Reserve	0	0	0	0	0	0	0	0	140	0	(140)	0
(h) Economic Development Reserve	833,597	35,867	(455,000)	414,464	833,597	43,075	(565,000)	311,672	82,218	751,379	0	833,597
(i) IT & Office Equipment Reserve	29,558	1,271	(14,000)	16,829	29,558	1,525	0	31,083	28,094	1,464	0	29,558
(j) Tourism & Area Promotion Reserve	88,061	3,789	0	91,850	88,061	4,550	0	92,611	83,549	4,512	0	88,061
(k) HACC Reserve	0	0	0	0	0	0	0	0	475,068	22,635	(497,703)	0
(l) CHCP Reserve	723,623	31,135	0	754,758	723,623	37,390	(300,130)	460,883	800,416	41,316	(118,109)	723,623
(m) Road Works Reserve	375,098	16,139	0	391,237	375,098	19,380	0	394,478	356,468	18,630	0	375,098
(n) Asset Valuation Reserve	35,651	1,534	0	37,185	35,651	1,840	0	37,491	33,883	1,768	0	35,651
(o) CHSP Reserve	215,904	9,290	(225,194)	0	215,904	11,155	(227,030)	29	479,965	23,948	(288,009)	215,904
(p) Landcare Reserve	92,541	3,982	(7,560)	88,963	92,541	4,780	0	97,321	92,969	4,837	(5,265)	92,541
(q) Narrogin Airport Reserve	153,602	31,609	0	185,211	153,602	32,935	0	186,537	122,115	31,487	0	153,602
(r) Bridges Reserve	95,980	44,129	(27,000)	113,109	95,980	44,960	(31,700)	109,240	63,519	51,451	(18,990)	95,980
(s) Water Reuse Scheme Reserve	32,750	61,409	0	94,159	32,750	16,690	0	49,440	59,758	8,990	(35,998)	32,750
(t) Disaster Recovery Reserve	15,000	15,645	0	30,645	15,000	15,780	0	30,780	0	15,000	0	15,000
	5,007,326	975,446	(1,548,162)	4,434,610	5,007,326	973,750	(1,819,360)	4,161,716	4,896,290	1,988,209	(1,877,173)	5,007,326

27. RESERVE ACCOUNTS (Continued)

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.
In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

	Name of reserve account	Purpose of the reserve account
	Restricted by council	
(a)	Refuse Reserve	To fund infrastructure development and rehabilitation costs associated with the Shire's tip site as well as the purchase and development of a regional waste facility.
(b)	Community Assisted Transport (CAT) Vehicle Reserve	To fund the replacement/change over of the CAT vehicle.
(c)	Building Reserve	To support the acquisition, upgrade or enhancements of buildings within the district.
(d)	Regional Recreational Leisure Centre Reserve	To fund RRLC (NRLC) additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
(e)	Employee Entitlement Reserve	To fund current and past employees' leave entitlements and redundancy payouts.
(f)	Plant, Vehicle & Equipment Reserve	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
(g)	Unspent Grants and Contribution Reserve	To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement/funding body.
(h)	Economic Development Reserve	To fund economic development projects that will benefit the district.
(i)	IT & Office Equipment Reserve	To fund the purchase and upgrade of computer equipment, software and office equipment.
(j)	Tourism & Area Promotion Reserve	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
(k)	HACC Reserve	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	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)	Road Works Reserve	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for roads within the Shire.
(n)	Asset Valuation Reserve	To fund asset valuations.
(o)	CHSP Reserve	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.
(p)	Landcare Reserve	To fund future natural resource management activities aligned with the principles established in the former NLCDC letter dated 6/6/17 (ICR1712270).
(q)	Narrogin Airport Reserve	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narrogin Airport.
(r)	Bridges Reserve	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	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.
(t)	Disaster Recovery Reserve	For the purpose of considering declared natural disaster relief efforts affecting communities within either the State of WA or interstate through the City of Perth's Lord Mayor's Distress Relief.

Attachment 4 - INTERIM AUDIT YEAR ENDING 30 JUNE 2026

RECOMMENDATIONS & RESPONSIBLE OFFICER ACTION LIST

RECOMMENDATION	RESP. OFFICER	ACTION	DUE DATE	STATUS
1. Implement procedures to ensure asset additions are recorded in the asset module when they become ready for use	AR	Develop Asset Addition/Disposal Form and update Corporate Services Finance Procedure Manual	30/9/2026 Revised to 30/11/2026	In progress
2. Ensure reconciliations are prepared and independently reviewed by separate officers	MCS	Advise finance staff of the requirements and monitor.	30/09/2026	Completed

Regulation 5 (2) (c) – Financial Management Review completed 13 May 2026

RECOMMENDATIONS & RESPONSIBLE OFFICER ACTION LIST

RECOMMENDATION	RESP. OFFICER	ACTION	DUE DATE	STATUS
1. Supplier over $50k Report	AR	Develop report. Commence distribution to relevant officers.	30/9/2026	In progress
2. Purchasing procedure and supporting documentation improvements	MCS	Review purchasing procedure and include requirements for supporting documentation. Advise all relevant staff of updated processes.	30/11/2026	In progress
3. Contract management processes guidelines	EMCCS	Review and update processes. Advise all relevant staff of updated processes.	31/12/2026	Not commenced
4a. Improve A/R and Debt Recovery resourcing	MCS	AR Officer recruited, commenced 1 July 2026	31/07/2026	Completed
4b. Review A/R and Debt Recovery procedures	MCS	Review and update processes. Advise all relevant staff of updated processes.	30/11/2026	In progress
5. Verification of Rates Exemption status	CSC	Review and update processes. Advise all relevant staff of updated processes.	31/12/2026	Not commenced
6. Review of Asset Management Procedure and Policy	MCS	Review and update processes. Advise all relevant staff of updated processes.	31/03/2027	Not commenced
7. Review SynergySoft user access levels	EMCCS	Review user access levels. Update as required.	31/12/2026	In progress

Regulation 17 Review completed 13 May 2026

RECOMMENDATIONS & RESPONSIBLE OFFICER ACTION LIST

RECOMMENDATION	RESP. OFFICER	ACTION	DUE DATE	STATUS
1. Risk Register	CGRO	Revise the Risk Register.	31/12/2026	Not commenced
2. Business Continuity Plan	EMCCS	Test the BCP Plan.	31/12/2026	Not commenced
3. Induction Program for ARIC Members	CGRO	Develop Induction Program for ARIC Members.	31/12/2026	Not commenced
4. ICT Strategic Plan	EMMCS	Develop an ICT Strategic Plan.	31/12/2026	In progress
5. Disaster Recovery Plan	CGRO	Develop a Disaster Recovery Plan.	31/03/2027	Not commenced
6. Back-Up Procedure	EMCCS	Review Back-Up Procedure.	31/10/2026	In progress
7. Gift Register Guidelines	CGRO	Review/develop Gift Register Guidelines.	31/12/2026	Not commenced
8. Fraud and Corruption Prevention Plan	EMCCS	Review the Fraud and Corruption Prevention Plan.	31/03/2027	Not commenced
9. PID Internal Guidelines and Procedures	EMCCS	Review the PID Internal Guidelines and Procedures.	31/03/2027	Not commenced
10. Access logins for terminated staff, duplicated user ID's and generic user ID's	EMCCS	Remove access logins for all terminated employees, remove duplicated and generic user ID's.	30/11/2026	In progress