



Town of Narrogin

MINUTES

ORDINARY COUNCIL MEETING

11 NOVEMBER 2014

COMMENCING AT 7:30 PM

COUNCIL CHAMBERS
THE TOWN OF NARROGIN
89 EARL STREET
NARROGIN, WA 6312

Meaning of and CAUTION concerning Council's "In Principle" support:

When Council uses this expression it means that: (a) Council is generally in favour of the proposal BUT is not yet willing to give its consent; and (b) Importantly, Council reserves the right to (and may well) either decide against the proposal or to formally support it but with restrictive conditions or modifications.

Therefore, whilst you can take some comfort from Council's "support" you are clearly at risk if you act upon it before Council makes its actual (and binding) decision and communicates that to you in writing.

Disclaimer:

"Warning - Verbal Information & Advice: Given the inherent unreliability and uncertainty that surrounds verbal communication, the Town strongly recommends that, if a matter is of importance to you, then you should NOT act upon or otherwise rely upon any VERBAL information or advice you receive from the Town unless it is first confirmed in writing."

These minutes were confirmed at the Ordinary Council meeting held on
25 November 2014

Signed  Date 25/11/14
(Presiding Member at the meeting at which minutes were confirmed)

ORDINARY COUNCIL MEETING MINUTES

11 NOVEMBER 2014

1. OFFICIAL OPENING/ANNOUNCEMENT OF VISITORS

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

Mayor Leigh Ballard

Cr Arthur Paternoster – Deputy Mayor

Cr David Russell

Cr Michael Kain

Cr Jan McKenzie

Cr Paul Schutz

Mr Aaron Cook – Chief Executive Officer

Mr Brian Robinson – Director of Technical and Environmental Services

Mr Colin Bastow - Director Corporate and Community Services

Ms Carolyn Thompson – Executive Assistant

Apologies/Leave of Absence

Cr Clive Bartron – Apologies

Cr Colin Ward Apologies

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

Cr Leigh Ballard 10.1.357 potential financial interest.

4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5. PUBLIC QUESTION TIME

Nil

6. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Council Resolution: 1114.156

Moved: Cr Paul Schutz

Seconded: Cr Arthur Paternoster

That Council:

Accept the minutes of the Ordinary Council Meeting held on 28th October, 2014 and be confirmed as an accurate record of proceedings.

CARRIED 6/0

8. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION

Nil

9. PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS

Nil

10. MATTERS WHICH REQUIRE DECISIONS

Table of Contents

10.1	DEVELOPMENT AND TECHNICAL SERVICES	4
10.1.357	Tender No 1-14/15 Disposal Of Excess Plant, Equipment And Materials	4
10.2	CORPORATE AND COMMUNITY SERVICES	9
10.2.358	Membership Nominations For Townscape Advisory Committee	9
10.2.359	Nomination of Elected Member Representatives for role as Commissioners	16
10.2.360	2013/14 Financial Year Independent Audit Report, Management Letter & Financial Report	18
10.2.361	Annual Report	86

11. ELECTED MEMBER'S MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

- 12. NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PERSON PRESIDING OR BY DECISION OF THE MEETING**
- 13. CLOSURE OF MEETING**

10.1 DEVELOPMENT AND TECHNICAL SERVICES

Note: Mayor Leigh Ballard departed the meeting at 7:35pm. Deputy Mayor Arthur Paternoster took the Chair.

Note: Cr Paul Schutz questioned if he had a Conflict of Interest as one of the tenderers is his client. The Councillors agreed that the conflict was minor and Cr Paul Schutz was allowed to remain.

Council Resolution: 1114.157

Moved: Cr Michael Kain

Seconded: Cr Jan McKenzie

That Council:

Accepts that Cr Paul Schutz's interest is of minor significance and he be allowed to remain within the meeting, debate and vote on the item.

CARRIED 4/0

10.1.357 TENDER NO 1-14/15 DISPOSAL OF EXCESS PLANT, EQUIPMENT AND MATERIALS

File Reference:	1.2.1 – Tender 1/14-15
Disclosure of Interest:	Nil
Applicant:	N/A
Previous Item Nos:	Item 10.2.339 – 9th September 2014
Date:	6th November 2014
Author:	Brian Robinson, Director Technical & Environmental Services

Attachments:

Copies of the two tenders received.

Summary:

Council is requested is consider the awarding of tenders for the purchase of unwanted and excess items held at the Town of Narrogin Depot.

Background:

At its ordinary meeting held on the 9th September 2014, Council resolved to delegate the Chief Executive Officer delegated authority to call for tenders to dispose of excess plant, equipment and materials held at the Town of Narrogin Depot.

Subsequently Tender 1 of 2014/15 was advertised for public comment over a 21 day period, inviting tenders for the purchase of the following:

- 500 (600mm x 600mm) concrete slabs;
- An impounded 1991 Ford Laser Sedan;

- A near new custom made self-propelled bitumen spreader with 190cc Briggs and Stratton Motor
- A Backhoe Attachment (including bucket) for a bobcat.

The advertising period closed on the 31st October 2014, with two tenders being received. A copy of each of the two tenders is shown attached.

Council is now requested to consider the acceptance of the tenders.

Comment:

To assist Council in determining whether to accept the tenders for purchase, the following comments are offered in respect of the items to be disposed of:

Concrete Slabs

The two tenders received both offer to purchase the excess concrete slabs. The first of these tenders, being from Ballard Seeds offers to acquire all 500 (or part thereof) slabs at an amount of \$3 each. Awarding the tender to Ballard Seeds would therefore result in an income of \$1,500.00.

The second tender (Stephen Madson) offers to purchase 150 concrete slabs at a cost of \$2.00 each.

The Tender from Ballard Seeds clearly states that they are willing to acquire a lesser amount of slabs. Accordingly it is possible for Council to accept both tenders (ie 150 to Stephen Madson and the balance to Ballard Seeds).

It is however noted that this would result in \$150.00 less income from the disposal. For this reason it is recommended that Council accept the tender from Ballard Seeds.

Ford Laser

No Tenders were received offering to acquire this vehicle. Given this it is considered that Council has two options:

- a) Dispose of the vehicle at the Narrogin Refuse Site; or
- b) Offer the vehicle to the Narrogin Fire Brigade and/or State Emergency Services for use in a training exercise prior to the vehicle being disposed at the refuse site.

Given the potential benefits associated with the vehicle being used for a training exercise, it is recommended that it be offered to the Narrogin Fire Brigade/State Emergency Service. It is furthermore recommended that Council advise the brigade's that the applicable charges for disposing of the vehicle at the refuse site will be waived.

Self-Propelled Bitumen Spreader

A single tender was received from Ballard Seeds, offering to acquire the spreader at a price of \$150.00.

As this minor plant/equipment is not utilised or required by the Town, it is recommended that this tender be accepted.

Backhoe Attachment for Bobcat

A single Tender was received from Ballard Seeds offering to acquire the attachment for a price of \$200.00.

This attachment is not utilised or required by the Town of Narrogin, particularly given Council's recent acquisition of a replacement backhoe. It is therefore recommended that this tender be accepted.

Consultation:

The Tender was advertised twice within the local paper, allowing a submission period of more than 21 days.

The Tenders received have been discussed with the Chief Executive Officer.

Statutory Environment:

In accordance with section 3.58 of the Local Government Act 1995, local government may dispose of property and/or assets, by one of the following means:

- a) The highest bidder at public auction;
- b) The most acceptable tender following a formal tender process; or
- c) By private treaty provided that the intent to do so is advertised in accordance 3.58(3) and 3.58 (4) of the Act.

Acceptance of the Tender from Ballard Seeds is recommended in accordance with section 3.58 of the Local Government Act 1995.

Policy Implications: Nil

Financial Implications:

Acceptance of the Tender from Ballard Seeds will result in a total income of \$1,850.00. This income is in addition to income sources identified within the adopted budget for the 2014/15 financial year.

Strategic Implications: Nil

Voting Requirements: Absolute majority

Council Resolution: 1114.158

Moved: Cr Michael Kain

Seconded: Cr Jan McKenzie

That Council, with respect to Tender1-14/15:

- 1) Accept the Tender from Ballard Seeds for the following items:
 - 500 concrete slabs;
 - The self-propelled bitumen spreader; and
 - The Backhoe attachment for a bobcat.
- 2) Advise those persons who lodged tenders accordingly;
- 3) Offer the Ford Laser Sedan to the Narrogin Fire Brigade and/or State Emergency for the purposes of training, given that no tenders were received for its purchase; and
- 4) Waive the 2014/15 adopted schedule of fees associated with Narrogin Fire Brigade/State Emergency Services disposal of the Ford Laser Sedan at the Narrogin Refuse Site once it is no longer required for training purposes.

**CARRIED: 4/0
Absolute Majority**

Town of Narrogin
Tender 01/14-15
**Disposal of Excess Plant, Equipment and
Materials**

To whom it may concern,

I would like to submit a tender for the following items.

Part parcel of the concrete pavers

150 Concrete pavers (600mm by 600mm) for \$300

Thank you.

Stephen Madson



98 Forrest Street
Narrogin W.A 6312.
0409080243



10 October 2014

To Whom It May Concern:

Tender application 1/14-15

500 (or part thereof) of 600mm x 600mm cement slabs Tender amount \$3each (inc GST)

1 of Custom made, Self-propelled bitumen spreader Tender amount \$150 (inc GST)

1 of Backhoe attachment for Bobcat Tender amount \$200 (inc GST)

Kind regards,

A handwritten signature in black ink, appearing to read 'Sara Ballard', with a large, stylized flourish at the end.

Sara Ballard
Owner
Ballards Of Narrogin

10.2 CORPORATE AND COMMUNITY SERVICES

10.2.358 MEMBERSHIP NOMINATIONS FOR TOWNSCAPE ADVISORY COMMITTEE

File Reference: 26.3.8
Disclosure of Interest: Nil
Applicant: Ms Michelle Wnuk, Mr Grant Chapman
Previous Item Nos: 10.2.318 10.2.334
Date: 6 November 2014
Author: Susan Guy Manager Leisure and Culture

Attachments:

- Correspondence to CBD Proprietors/Property Owners
- Mr Grant Chapman Townscape Advisory Committee Membership Nomination Form
- Ms Michelle Wnuk Townscape Advisory Committee Membership Nomination Form

Summary:

Council is requested to:

1. Endorse Ms Michelle Wnuk as a member of the Town of Narrogin's Townscape Advisory Committee; and
2. Endorse Mr Grant Chapman as a member of the Town of Narrogin's Townscape Advisory Committee.

Background:

Following Council's endorsement of the Townscape Advisory Committee's new Terms of Reference (TOR) at the Ordinary Council meeting of 8 July 2014, the Town called for nominations for Committee membership by advertising in the Narrogin Observer and placing nomination forms and notices at the Library, various retail outlets including the Narrogin Nursery and Café and on Community Notice Boards. The closing date for nominations was 11 August 2014. The Town received two completed nomination forms; one from Mrs Lee Thomson and the other from Mr Peter White. Both had served for a number of years on the Townscape Advisory Committee and Council endorsed their nominations.

As the Town received two nominations only, it was considered that the call for nominations should be readvertised and that the CEO also invite community members and representatives from government and non-government organisations to join as Committee members.

A letter signed by the CEO was circulated to CBD proprietors and property owners (see attached) and notices placed on notice boards and distributed to various retail outlets in the CBD. As a result of this process, the Town received an additional two nominations, one from Ms Michelle Wnuk and the other from Mr Grant Chapman. (See attached nomination forms).

Comment:

The newly adopted TOR states that the Townscape Advisory Committee shall be constituted by the Town of Narrogin in accordance with Section 5.8 of the Local Government Act 1995. All members of the Committee shall be appointed by Council in accordance with Section 5.10 of the Act. The TOR states the Committee shall include up to six members of the community/government and non-government organisations having specialised knowledge or interest in townscape issues. The Town has now received four nominations. The call for nominations commenced in August this year and it is considered that adequate time has been given to the community to express an interest in Townscape issues and the call for nominations should now be closed. It is intended that a Townscape Advisory Committee meeting be convened in early December 2014.

Consultation:

Mr Aaron Cook, CEO Town of Narrogin

Statutory Environment: Nil

Policy Implications: Nil

Financial Implications: Nil

Strategic Implications:

The Town's Strategic Plan 2012 – 22 Strategy 6.5 states:
Develop a Town Site revitalisation plan focusing on the central business district and additional generic streetscape design for residential areas.

Voting Requirements: Simple Majority

Council Resolution: 1114.159

Moved: Cr David Russell

Seconded: Cr Paul Schutz

That Council:

1. Endorse Ms Michelle Wnuk as a member of the Town of Narrogin's Townscape Advisory Committee; and
2. Endorse Mr Grant Chapman as a member of the Town of Narrogin's Townscape Advisory Committee.

CARRIED: 6/0

10 October 2014

To the Proprietor/Property Owner

The Town of Narrogin is wanting to refine an overall blueprint for the Town's CBD; namely Fortune, Federal, Egerton, Earl and Smith Street. This includes streetscape planning decisions relating to the maintenance of existing architectural styles, street lighting, street furnishing elements (e.g. seating, bollards, drinking fountains and rubbish bins), pedestrian pavement, public art work and landscaping.

The Town extends an invitation to five individuals being CBD business proprietors/property owners to join its Townscape Advisory Committee, within a temporary CBD Working Group, to provide input into its decision making process about these matters which ultimately shape the social and commercial heart of Narrogin.

The format for Townscape Committee meetings is yet to be determined; however, it is considered interactive meetings of approximately two hours in duration would encourage robust discussion and provide opportunity for an exchange of ideas before decisions are taken.

It is expected the Committee will commence meeting by early December this year and following the Christmas break meet every two months in 2015. Once the CBD project is completed the temporary Working Group positions will be removed from the Townscape Advisory Committee to allow for the next project.

Should you be interested in participating please contact Susan Guy Manager of Leisure and Culture by emailing susan@narrogin.wa.gov.au or phone 9881 1944 by Friday 24 October 2014.

Yours sincerely

Aaron Cook

CHIEF EXECUTIVE OFFICER

NARROGIN TOWNSCAPE ADVISORY COMMITTEE

MEMBERSHIP NOMINATION

The Town of Narrogin's Townscape Advisory Committee works with the Council to:

- Ensure Townscape issues are given due consideration and value by Council in its planning, design, implementation and maintenance of the built and natural environment;
- Develop and promote the town's identity;
- Promote townscape issues within the wider community;
- Promote the conservation and retention of places of heritage value;
- Enhance the quality of life in Narrogin by providing safe, comfortable, environmentally sustainable and aesthetically pleasing public spaces; and
- Provide an avenue of communication and consultation between Council and community.

Surname CHAPMAN Given Names GRANT

Address

21 PLEAS RD
NARROGIN 6312

Postal Address (if different from above)

P.O. Box 464
NARROGIN 6312

Telephone: Home: 98811033 Mobile: 0429 814433

Email: granteingreys.com.au

Please provide a brief outline of your interest, knowledge, experience and skills in relation to Townscape issues:

I HAVE NO KNOWLEDGE, EXPERIENCE OR TOWNSCAPE SKILLS, I ONLY HAVE AN INTEREST, AS A OWNER OF A BUSINESS WHICH IS LOCATED ON ONE OF THE MAJOR ARTERIAL ROADS IN NARROGIN.

I CAN SEE WHO IS COMING IN + OUT OF NARROGIN (MAINLY CARAVAN TRAVELLERS) THEY CROSS THE RAILWAY LINE + GO THROUGH ROADS ABOUT AND GET A SIGHT OF THE TOWN WHICH WOULD BE FULL OF PEES / WEEDS / RUBBISH. (THAT WOULD NOT BE INVITING)

I BELIEVE THAT WE NEED SOMETHING THAT IS ATTRACTIVE AND WOULD WANT THEM TO STOP / PULL UP GO SHOPPING ETC.

Please return this form by email to susan@narrogin.wa.gov.au or post/hand deliver to the Town Administration building at 89 Earl Street Narrogin.

Enquiries to Susan Guy, Manager of Leisure and Culture, Phone 9881 1944
Email: susan@narrogin.wa.gov.au



Town of **Narrogin**
love the life

NARROGIN TOWNSCAPE ADVISORY COMMITTEE

MEMBERSHIP NOMINATION

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- Ensure Townscape issues are given due consideration and value by Council in its planning, design, implementation and maintenance of the built and natural environment;
- Develop and promote the town's identity;
- Promote townscape issues within the wider community;
- Promote the conservation and retention of places of heritage value;
- Enhance the quality of life in Narrogin by providing safe, comfortable, environmentally sustainable and aesthetically pleasing public spaces; and
- Provide an avenue of communication and consultation between Council and community.

Surname **WNUK** Given Names **Michelle**

Address

56 Ensign Street, Narrogin WA 6312

Postal Address (if different from above)

PO Box 72, Narrogin WA 6312

Telephone: Home: **9881 6045** Mobile: **0400 078 668**

Email: **mishwnuk@westnet.com.au**

Please provide a brief outline of your interest, knowledge, experience and skills in relation to Townscape issues:

Having seen the Narrogin townscape and surrounds change over the years since 1977 and general love/pride in the town I would like to be considered for a position on the Townscape Advisory Committee.

My knowledge, skills and experience have developed over time during my career particularly in Local Government. The Town of Claremont, City of Nedlands and City of Canning.

I was responsible for Council's leased facilities and risk management, which included community events, upgrades of facilities and heritage listings.

I have been involved in the initial stage of the Claremont Quarter development consultation, Claremont's heritage trail, the TOC Municipal Inventory, the annual Claremont turning on of the Christmas lights parade, the Tresillian Arts Centre, the redevelopment of Whaleback Golf Course and the initial stages of City of Canning main administration building & Chambers.

Should a position on the Townscape Committee become available I would also like to put forward nomination.

Please return this form by email to susan@narrogin.wa.gov.au or post/hand deliver to the Town Administration building at 89 Earl Street Narrogin.

Enquiries to Susan Guy, Manager of Leisure and Culture, Phone 9881 1944
Email: susan@narrogin.wa.gov.au

10.2.359 NOMINATION OF ELECTED MEMBER REPRESENTATIVES FOR ROLE AS COMMISSIONERS

File Reference: 14.8.1
Disclosure of Interest: Nil
Applicant: Chief Executive Officer
Previous Item Nos: Nil
Date: 5 November 2014
Author: Mr Aaron Cook – Chief Executive Officer

Attachments: Nil

Summary:

With Council set to make a decision regarding its final approval for the endorsement for the merger to continue and for the letter to the Local Government Advisory Board to be prepared and presented for action it is proposed that Council consider the nominating of the proposed two Commissioners from its existing elected members.

Background:

As all Councillors would be well aware the Town has been progressing forward with the merger proposal in earnest over the last 12 months since the removal of the Shire of Cuballing.

The Merger Report and its contents have been negotiated between the two Councils and will be presented to the Local Government Advisory Board for endorsement.

One of the negotiated points was that each Council are to nominate two Elected Members for the Role of Commissioner for the new entity with the Minister recommending the fifth Commissioner being an independent person.

Comment:

It may be presumptuous of the author to present this item now; however, the intent is to resolve the Town's nominations of two Elected Members for the position of Commissioner so that in the instance that both Councils agree to proceed and the letter to the Local Government Advisory Board and Minister is prepared that the Town can have the nominated Elected Members listed for the Minister to progress his consideration.

Should Council feel that this item is too early to debate then deferral is recommended; however, at the minimum it would instigate discussion between the members for the item to be considered at a later meeting. It must be noted that there is not a limited time frame as to the finalisation of the nominations; however, the author is providing the Elected Members as much time as possible to be prepared and not have the decision rushed.

Consultation: Nil

Statutory Environment: Nil

Policy Implications: Nil

Financial Implications: Nil

Strategic Implications:

The decision of the nomination of two proposed Commissioners for the interim of the new entity is a decision that should not be taken lightly. Although a short period of time, potentially 3 – 5 months the Commissioners will be making key strategic and long term decisions on behalf of the new entity.

The intent was always for Council to assess who would be available/interested in this position and with consideration as to who was intending to nominate for the new entity as well. The consistency of members continuing during this and the first formative years of the new Council is essential for uniformity of decision making and having a strong understanding as to the backgrounds of the decision making, negotiations required and work that went into achieving the merger.

It would be beneficial to consider also, that although there are not to be any deputy Commissioners within the interim phase of Council, that at least one or two backup Members are nominated should either the Minister reject one proposal or a personal issues changes the nominated Members availability.

Voting Requirements: Simple Majority

OFFICER'S RECOMMENDATION

That Council:

Advise the Local Government Advisory Board and the Minister for Local Government and Communities that the following Elected Members be nominated for the role of Commissioner for the Town and Shire of Narrogin Merger, for the period after all Elected Members are required to relinquish their position until the initial Election held in October of the merging year.

In order of preference:

- 1)
- 2)
- 3)
- 4)

Council Resolution: 1114.160

Moved: Cr David Russell

Seconded: Michael Kain

That Council defer this item until the second meeting in November.

CARRIED: 6/0

10.2.360 2013/14 FINANCIAL YEAR INDEPENDENT AUDIT REPORT, MANAGEMENT LETTER & FINANCIAL REPORT

File Reference: 12.2.1
Disclosure of Interest: Nil
Applicant: Nil
Previous Item Nos: Nil
Date: 3 November 2014
Author: Colin Bastow – Director Corporate and Community Services

Attachments:

- Management Letter
- 2013/14 Financial Report Including the Independent Audit Report

Summary:

The Audit Committee has recommended that Council should accept the 2013/14 Annual Financial Report and the responses by the Town to the issues raised in the Auditor's Management Letter. The Audit Committee is recommending that the Annual Electors' Meeting should be held on Tuesday the 2nd December 2014.

Background:

This report was present to the Town's Audit Committee on the 6th November 2014 for discussion as it is this Committee's role to make recommendations to Council on matter relating to the Town's Financial Management. Please note that this agenda was resolved as presented 4/0 by the committee.

Comment:

The Town has again been issued with an "unqualified audit report" for its 2013/14 financial report. An "unqualified audit report" means the Auditor was unable to identify any significant issues with the Town or its financial records/systems that would justify a qualification of his audit report. Therefore it's the best type of audit report an organisation such as the Town can receive from its Auditor.

The Management Letter is the Auditor's way of communicating any issues that he does not consider to be material/significant in nature but should be communicated to the Town to avoid future problems. There was only two items raised by the Auditor in his Management Letter.

1. Long Outstanding Debtors

The Town has recently restructured the debtors function to allow a much higher level of focus on this important area of the Town's operations. This structure will result in an officer spending around two days per week on the Sundry Debtors related duties.

The Town intends to review its Sundry Debtors to ensure all debts are collectable and appropriately managed. However it is possible that the Town could seek Council's permission to write off specific debts for various reasons from the review.

No provision for Doubtful Debts was included in the 2013/14 financial report as it was determined at the time of preparing the document it was likely only minor debts may be written off, if required. However during the 2014/15 budget process the Town did provide for the possibility of significant Doubtful Debts.

2. Stale Cheques

The Town will be reviewing its outstanding cheques to ensure any stale items are cancelled and reissued. The Town is moving away from paying invoices by cheques and currently pays most of its creditors via Electronic Funds Transfer (EFT).

Summary of Financial Report

An overview of the Town's financial performance is as follows:

Net Result	\$505,280	(Operating Profit)
Total Assets	\$49,551,785	
Total Equity	\$47,125,938	
Unrestricted Cash	\$1,157,057	
Reserve Accounts	\$2,548,050	(Cash Backed)

The Town had budgeted for a \$830,692 loss in the 2013/14 financial years, however due to it receiving more income, particularly grant funding, than was anticipated and saving in areas such as employee costs, there was an actual \$505,280 net surplus.

Other Comments

It is pleasing to see that the Auditor could only find two minor items to raise in his Management Letter this year. This fact does indicate that the Town continues to improve its financial management systems. This successful outcome is the direct result of the hard work of a number of dedicated officers.

The Auditor, Mr Billy-Joe Thomas, is currently away on leave and will not be back at work until Monday the 10th November 2014. Therefore the Town will organise a phone meeting between the Town's Auditor and Audit Committee at another time.

Annual Electors Meeting

To assist the Town in setting an early December Annual Electors Meeting (AEM) it is prudent for the Town's Audit Committee to make a recommendation to Council of an appropriate date for the AEM. The Town is required to advertise its AEM for at least 14 days and it is also must hold its AEM within 56 days of the acceptance of the Annual Report.

Possible dates for the Town's 2013/14 AEM are as follows:

- Tuesday 2nd December 2014, or
- Wednesday 3rd December 2014

Consultation:

Aaron Cook – CEO
Rhona Hawkins – Manager Finance
Leigh Ballard – Mayor
Michael St. John - Audit Staff

Statutory Environment:

Local Government Act 1995
Local Government Financial Regulations 1996

Policy Implications: Nil

Financial Implications: Nil

Strategic Implications: Nil

Voting Requirements: Simple Majority

Council Resolution: 1114.161

Moved: Cr Paul Schutz

Seconded: Cr Jan McKenzie

That Council:

1. Endorses the 2013/14 Annual Financial Report,
2. Notes the comments of the Billy-Joe Thomas (Auditor) in his Management Letter and approves the Town's proposed actions to address the issues raised in the Management Letter, and
3. Holds the Town's Annual Electors Meeting at 7.00pm on Tuesday the 2nd December 2014.

CARRIED: 6/0

Note: The Mayor requested that congratulations be passed on to the full Finance team in regards to their hard work to achieve this very positive outcome.



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Street Address:

Unit 8
210 Winton Road
JOONDALUP WA 6027

Postal Address:

PO Box 229
JOONDALUP DC WA 6919

By Appointment:

Level 28, AMP Tower
140 St Georges Terrace
PERTH WA 6000

T: (08) 9300 0400 E: reception@amwaudit.com.au

W: www.amwaudit.com.au ABN 59 125 425 274

Liability limited by a scheme approved under Professional Standards Legislation

31 October 2014

Mr Aaron Cook
The Chief Executive Officer
Town of Narrogin
PO Box 188
Narrogin WA 6312

Dear Aaron

MANAGEMENT LETTER

We have completed our final audit for the year ended 30 June 2014 and report on matters which came to our notice during the audit.

It must be appreciated that the matters dealt with in this letter came to our notice during the conduct of our normal audit procedures which are designed primarily with a view to the expression of our opinion on the accounts of the company. Our comments cannot be expected to include all possible improvements in internal control which a more extensive special examination might develop.

During this audit, we noted the following matter which we believe needs to be brought to your attention.

Long Outstanding Debtors

We noted during our audit that there appeared to be numerous debtors balances that are very long overdue, some being outstanding for nearly two years. The total balance of very old debtors was not considered to be material to the financial report so no adjustment was considered necessary. These long outstanding debtors have an impact on the cash-flow of the Town, as well as impacting the budget.

As the Town has not made any provision for bad and doubtful debts we recommend that a responsible employee actively follow up and resolve these long overdue amounts.



Stale Cheques

We noted during our audit eleven stale cheques older than six months totalling \$3,743.38 in the 30 June 2014 Municipal bank reconciliation. Furthermore, five of these cheques have been outstanding since our prior year audit.

We recommend that these cheques should be cancelled and reissued, if the payees cannot be found the monies should be forwarded to the 'Unclaimed Monies' section of the State Treasury.

We would like to take this opportunity to thank Colin and your staff for the assistance provided during the course of the audit.

Should you have any queries regarding any of the above, please do not hesitate to contact our office.

Yours faithfully

ANDERSON MUNRO & WYLLIE

BILLY-JOE THOMAS
Director



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Street Address:

Unit 8
210 Winton Road
JOONDALUP WA 6027

Postal Address:

PO Box 229
JOONDALUP DC WA 6919

By Appointment:

Level 28, AMP Tower
140 St Georges Terrace
PERTH WA 6000

T: (08) 9300 0400 E: reception@amwaudit.com.au

W: www.amwaudit.com.au ABN 59 125 425 274

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29 October 2014

Mr Don Ennis
The Mayor
Town of Narrogin
PO Box 188
Narrogin WA 6312

Dear Sir

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As the Town has not made any provision for bad and doubtful debts we recommend that a responsible employee actively follow up and resolve these long overdue amounts.



Stale Cheques

We noted during our audit eleven stale cheques older than six months totalling \$3,743.38 in the 30 June 2014 Municipal bank reconciliation. Furthermore, five of these cheques have been outstanding since our prior year audit.

We recommend that these cheques should be cancelled and reissued, if the payees cannot be found the monies should be forwarded to the 'Unclaimed Monies' section of the State Treasury.

We would like to take this opportunity to thank Colin and your staff for the assistance provided during the course of the audit.

Should you have any queries regarding any of the above, please do not hesitate to contact our office.

Yours faithfully

ANDERSON MUNRO & WYLLIE

BILLY-JOE THOMAS
Director



Anderson Munro & Wyllie

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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE TOWN OF NARROGIN

Scope

We have audited the financial report of Town of Narrogin for the year ended 30 June 2014. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Town of Narrogin. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



Independence

Anderson Munro & Wyllie are independent of the Town of Narrogin, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of the Town of Narrogin are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2014 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

- a) We did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ration Information presented at page 58 of this report, we have reviewed the calculations as presented and in our opinion these are:
 - i) Based on verifiable information, and
 - ii) Reasonable assumptions.

Dated the 31st day of October 2014 in Perth, Western Australia

BILLY-JOE THOMAS
Director

Anderson Munro & Wyllie
ANDERSON MUNRO & WYLLIE
Chartered Accountants

TOWN OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4 - 5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Rate Setting Statement	9
Notes to and Forming Part of the Financial Report	10 - 57
Supplementary Ratio Information	58
Independent Audit Report	59 - 60
Principal place of business: Address 89 Earl Street. NARROGIN WA 6312	

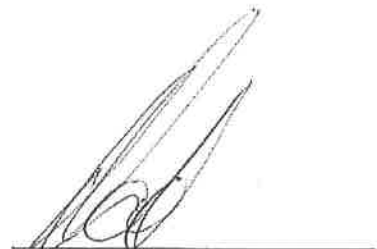
**TOWN OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Narrogin being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Town of Narrogin at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 22 day of October 2014

A handwritten signature in black ink, appearing to read 'Aaron Cook', is written over a horizontal line. The signature is stylized and cursive.

Aaron Cook
Chief Executive Officer

**TOWN OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	3,023,455	3,054,440	2,884,055
Operating Grants, Subsidies and Contributions	28	2,976,532	2,054,045	2,746,416
Fees and Charges	27	2,029,313	1,941,825	2,356,778
Service Charges	24	0	0	0
Interest Earnings	2(a)	97,861	78,750	58,236
Other Revenue		356,907	119,540	184,017
		<u>8,484,068</u>	<u>7,248,600</u>	<u>8,229,502</u>
Expenses				
Employee Costs		(4,007,179)	(4,542,804)	(3,633,610)
Materials and Contracts		(2,015,797)	(1,783,931)	(1,776,737)
Utility Charges		(696,925)	(621,650)	(596,466)
Depreciation on Non-Current Assets	2(a)	(1,162,431)	(922,995)	(990,611)
Interest Expenses	2(a)	(62,923)	(58,329)	(31,654)
Insurance Expenses		(195,654)	(194,495)	(251,696)
Other Expenditure		(229,240)	(252,295)	(176,661)
		<u>(8,370,149)</u>	<u>(8,376,499)</u>	<u>(7,457,435)</u>
		113,919	(1,127,899)	772,067
Non-Operating Grants, Subsidies and Contributions				
	28	469,901	317,353	1,882,941
Loss on Revaluation of Fixed Assets	2(a)	0	0	0
Profit on Asset Disposals	20	6,570	845	0
Loss on Asset Disposals	20	(102,610)	(20,991)	(40,941)
NET RESULT		487,780	(830,692)	2,614,067
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	17,500	0	24,807,778
Total Other Comprehensive Income		<u>17,500</u>	<u>0</u>	<u>24,807,778</u>
Total Comprehensive Income		<u><u>505,280</u></u>	<u><u>(830,692)</u></u>	<u><u>27,421,845</u></u>

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

TOWN OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		212,216	5,100	44,643
General Purpose Funding		3,762,890	3,758,597	4,172,855
Law, Order, Public Safety		15,205	28,340	34,952
Health		4,389	6,000	4,653
Education and Welfare		1,347,772	1,339,250	1,363,732
Housing		7,091	10	4,527
Community Amenities		724,957	783,640	991,916
Recreation and Culture		1,063,926	787,478	920,620
Transport		56,556	33,645	24,476
Economic Services		1,194,563	455,190	507,159
Other Property and Services		94,502	51,350	159,969
	2(a)	8,484,067	7,248,600	8,229,502
Expenses				
Governance		(894,244)	(905,916)	(739,109)
General Purpose Funding		(182,996)	(203,530)	(134,196)
Law, Order, Public Safety		(257,353)	(258,349)	(213,698)
Health		(97,878)	(94,072)	(120,834)
Education and Welfare		(1,379,859)	(1,448,481)	(1,272,155)
Housing		(27,812)	0	(21,783)
Community Amenities		(879,551)	(932,532)	(800,644)
Recreation & Culture		(2,885,052)	(2,783,126)	(2,453,811)
Transport		(1,019,774)	(1,072,034)	(980,519)
Economic Services		(614,805)	(564,050)	(519,512)
Other Property and Services		(67,901)	(56,080)	(169,520)
	2(a)	(8,307,225)	(8,318,170)	(7,425,781)
Financial Costs				
Governance		(7,491)	(7,610)	0
General Purpose Funding		0	0	0
Law, Order, Public Safety		0	0	0
Health		0	0	0
Education and Welfare		0	0	0
Housing		0	0	0
Community Amenities		0	0	0
Recreation & Culture		(37,696)	(36,466)	(27,182)
Transport		0	0	0
Economic Services		(17,736)	(14,253)	(4,472)
Other Property and Services		0	0	0
	2(a)	(62,923)	(58,329)	(31,654)
Non-Operating Grants, Subsidies and Contributions				
Governance		0	0	628,395
General Purpose Funding		0	0	0
Law, Order, Public Safety		0	0	60,000
Health		0	0	0
Education and Welfare		0	19,054	0
Housing		0	0	0
Community Amenities		0	60,000	0
Recreation & Culture		100,000	100,000	1,194,546
Transport		369,901	138,299	0
Economic Services		0	0	0
Other Property and Services		0	0	0
		469,901	317,353	1,882,941

**TOWN OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014**

Profit/(Loss) on Disposal of Assets				
Governance		(39,474)	(10,227)	(12,289)
General Purpose Funding		0	0	0
Law, Order, Public Safety		0	0	(192)
Health		0	0	0
Education and Welfare		(8,665)	845	(880)
Housing		0	0	0
Community Amenities		0	0	0
Recreation & Culture		(38,834)	(880)	(5,906)
Transport		1,155	(7,710)	(12,079)
Economic Services		(10,222)	(2,174)	(9,595)
Other Property and Services		0	0	0
		<u>(96,040)</u>	<u>(20,146)</u>	<u>(40,941)</u>
Net Result		487,780	(830,692)	2,614,067
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	17,500	0	24,807,778
		<u>17,500</u>	<u>0</u>	<u>24,807,778</u>
Total Other Comprehensive Income		17,500	0	24,807,778
Total Comprehensive Income		<u>505,280</u>	<u>(830,692)</u>	<u>27,421,845</u>

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

**TOWN OF NARROGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,705,107	4,484,357
Trade and Other Receivables	4	939,580	951,182
Inventories	5	0	0
TOTAL CURRENT ASSETS		<u>4,644,687</u>	<u>5,435,539</u>
NON-CURRENT ASSETS			
Other Receivables	4	86,714	82,189
Inventories	5	177,273	177,273
Property, Plant and Equipment	6	37,454,120	37,196,554
Infrastructure	7	7,188,991	6,956,814
TOTAL NON-CURRENT ASSETS		<u>44,907,098</u>	<u>44,412,830</u>
TOTAL ASSETS		<u>49,551,785</u>	<u>49,848,369</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	810,993	1,554,303
Current Portion of Long Term Borrowings	9	138,357	131,564
Provisions	10	425,540	350,149
TOTAL CURRENT LIABILITIES		<u>1,374,890</u>	<u>2,036,016</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	993,465	1,143,091
Provisions	10	57,492	48,604
TOTAL NON-CURRENT LIABILITIES		<u>1,050,957</u>	<u>1,191,695</u>
TOTAL LIABILITIES		<u>2,425,847</u>	<u>3,227,711</u>
EQUITY			
Retained Surplus		16,166,840	15,524,094
Reserves - Cash Backed	11	2,548,050	2,703,016
Revaluation Surplus	12	28,411,048	28,393,548
TOTAL EQUITY		<u>47,125,938</u>	<u>46,620,658</u>

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

**TOWN OF NARROGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		14,701,412	911,631	3,585,770	19,198,813
Comprehensive Income		2,614,067	0	0	2,614,067
Net Result		<u>2,614,067</u>	<u>0</u>	<u>24,807,778</u>	<u>24,807,778</u>
Changes on Revaluation of Non-Current Assets	12	0	0	24,807,778	24,807,778
Total Comprehensive Income		<u>(1,791,385)</u>	<u>1,791,385</u>	<u>0</u>	<u>0</u>
Transfers from/(to) Reserves					
Balance as at 30 June 2013		15,524,094	2,703,016	28,393,548	46,620,658
Comprehensive Income		487,780	0	0	487,780
Net Result		<u>0</u>	<u>0</u>	<u>17,500</u>	<u>17,500</u>
Changes on Revaluation of Non-Current Assets	12	487,780	0	17,500	505,280
Total Comprehensive Income		<u>154,966</u>	<u>(154,966)</u>	<u>0</u>	<u>0</u>
Transfers from/(to) Reserves					
Balance as at 30 June 2014		16,166,840	2,548,050	28,411,048	47,125,938

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

**TOWN OF NARROGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,049,433	3,054,440	2,884,055
Operating Grants, Subsidies and Contributions		2,957,631	2,486,692	2,771,049
Fees and Charges		2,029,313	2,267,963	2,187,228
Service Charges		0	0	0
Interest Earnings		97,861	78,750	58,236
Goods and Services Tax		0	0	451,612
Other Revenue		356,907	120,385	184,019
		<u>8,491,145</u>	<u>8,008,230</u>	<u>8,536,199</u>
Payments				
Employee Costs		(3,782,265)	(4,792,804)	(3,662,620)
Materials and Contracts		(2,902,117)	(3,179,431)	(850,713)
Utility Charges		(696,925)	(671,650)	(504,606)
Interest Expenses		(60,548)	(194,495)	(251,696)
Insurance Expenses		(195,654)	(58,329)	(31,654)
Goods and Services Tax		0	0	(560,016)
Other Expenditure		(229,239)	(302,295)	(226,499)
		<u>(7,866,748)</u>	<u>(9,199,004)</u>	<u>(6,087,804)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>624,397</u>	<u>(1,190,774)</u>	<u>2,448,395</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(177,273)
Payments for Purchase of Property, Plant & Equipment		(1,194,496)	(1,907,153)	(1,404,718)
Payments for Construction of Infrastructure		(715,402)	(568,578)	(404,844)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions		469,901	317,353	1,882,941
Proceeds from Sale of Fixed Assets		179,184	139,500	165,858
Proceeds from Advances		0	0	0
Net Cash Provided by (Used in) Investment Activities		<u>(1,260,813)</u>	<u>(2,018,878)</u>	<u>61,964</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(142,833)	(132,209)	(45,112)
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures		0	0	678,629
Net Cash Provided By (Used In) Financing Activities		<u>(142,833)</u>	<u>(132,209)</u>	<u>633,517</u>
Net Increase (Decrease) in Cash Held		<u>(779,249)</u>	<u>(3,341,861)</u>	<u>3,143,876</u>
Cash at Beginning of Year		4,484,357	4,313,032	1,340,481
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>3,705,108</u></u>	<u><u>971,171</u></u>	<u><u>4,484,357</u></u>

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

**TOWN OF NARROGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		212,216	5,100	673,038
General Purpose Funding		739,435	704,157	1,288,800
Law, Order, Public Safety		15,205	28,340	94,952
Health		4,389	6,000	4,653
Education and Welfare		1,349,195	1,340,095	1,363,732
Housing		7,091	10	4,527
Community Amenities		724,957	783,640	991,916
Recreation and Culture		1,163,926	787,478	2,115,166
Transport		431,604	33,645	24,476
Economic Services		1,194,563	455,190	507,159
Other Property and Services		94,502	51,350	159,969
		<u>5,937,083</u>	<u>4,195,005</u>	<u>7,228,388</u>
Expenses				
Governance		(941,209)	(923,753)	(751,398)
General Purpose Funding		(182,996)	(203,530)	(134,196)
Law, Order, Public Safety		(257,353)	(258,349)	(213,890)
Health		(97,878)	(94,072)	(120,834)
Education and Welfare		(1,389,947)	(1,448,481)	(1,273,035)
Housing		(27,812)	0	(21,783)
Community Amenities		(879,551)	(932,532)	(800,644)
Recreation and Culture		(2,961,582)	(2,820,472)	(2,486,899)
Transport		(1,023,766)	(1,079,744)	(992,598)
Economic Services		(642,763)	(580,477)	(533,579)
Other Property and Services		(67,901)	(56,080)	(169,520)
		<u>(8,472,758)</u>	<u>(8,397,490)</u>	<u>(7,498,376)</u>
Net Result Excluding Rates		(2,535,675)	(4,202,485)	(269,988)
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	20	96,040	20,146	40,941
Movement in Deferred Pensioner Rates (Non-Current)		(4,525)	0	(11,839)
Movement in Employee Benefit Provisions (Non-current)		8,888	0	(25,634)
Depreciation and Amortisation on Assets	2(a)	1,162,431	922,995	990,611
Movement in Accrued Expenses		0	0	(6,822)
Asset Valuation Adjustments		0	0	24,625
Movement in employee Entitlement Reserve		159,808	0	0
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	(177,273)
Purchase Land and Buildings	6(a)	(823,029)	(1,236,859)	(507,370)
Purchase Furniture and Equipment	6(a)	(22,514)	(112,121)	(251,825)
Purchase Plant and Equipment	6(a)	(348,953)	(558,173)	(645,522)
Purchase Roads	7(a)	(410,522)	(387,161)	(315,341)
Purchase Footpaths	7(a)	(53,600)	(52,917)	(47,083)
Purchase Drainage	7(a)	(53,707)	0	(28,717)
Purchase Other Infrastructure	7(a)	(197,573)	(128,500)	(13,703)
Proceeds from Disposal of Fixed Assets	20	179,184	139,500	165,858
Repayment of Debentures	21(a)	(142,833)	(132,209)	(45,112)
Proceeds from New Debentures	21(a)	0	0	678,629
Adjustment to restricted Cash		0	0	13,000
Transfers to Reserves (Restricted Assets)	11	(714,174)	(111,026)	(2,140,549)
Transfers from Reserves (Restricted Assets)	11	869,140	1,842,870	349,164
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	878,071	941,500	503,425
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,069,912	0	1,163,530
Total Amount Raised from General Rate	22(a)	<u>(3,023,455)</u>	<u>(3,054,440)</u>	<u>(2,884,055)</u>

This statement is to be read in conjunction with the accompanying notes.
Ordinary Council Meeting Minutes November 2014

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19. to these financial statements.

(b) 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.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

(d) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(e) Inventories

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.

Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	50 to 100 years
Furniture and Equipment	10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Plant, Property and Equipment (excluding Buildings) items to \$5,000 or greater, and Building and Infrastructure items to \$10,000 or greater.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Council 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 Council 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.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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 Council 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 and 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

(i) Impairment of Assets

In accordance with Australian Accounting Standards the Council'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.

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

(l) Borrowing Costs

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

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(o) Investment in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to 'those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, 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.

(v) 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.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2017	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council's financial statements.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council. This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.

Notes:

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

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Significant Expense			
General Purpose Funding	<u>0</u>	<u>0</u>	
Auditors Remuneration			
- Audit of the annual financial report	18,614	24,137	
- Financial Management Review	0	0	
- Assistance with the finalisation of the annual financial report	5,060	1,265	
Depreciation			
Non-Specialised Buildings	490,632	357,586	
Specialised Buildings	0	0	
Furniture and Equipment	57,768	35,775	
Plant and Equipment	119,625	108,677	
Roads	346,357	342,313	
Footpaths	36,182	63,423	
Drainage	63,997	35,241	
Parks & Ovals	29,674	29,674	
Townscape	1,680	1,680	
Other Infrastructure	16,516	16,242	
	<u>1,162,431</u>	<u>990,611</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21.(a)</i>)	<u>62,923</u>	<u>31,654</u>	
	<u>62,923</u>	<u>31,654</u>	
(ii) Crediting as Revenue:			
Other Revenue			
Other	<u>356,907</u>	<u>184,017</u>	
	<u>356,907</u>	<u>184,017</u>	
	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Self Supporting Loans	0	0	0
- Reserve Funds	0	0	0
- Other Funds	52,466	43,750	28,468
Other Interest Revenue (<i>refer note 26</i>)	45,395	35,000	29,768
	<u>97,861</u>	<u>78,750</u>	<u>58,236</u>

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

COMMUNITY VISION

The Town to provide leadership, direction and opportunities for the community.

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (1) 1/07/12 \$	Received (2) 2012/13 \$	Expended (3) 2012/13 \$	Closing Balance (1) 30/06/13 \$	Received (2) 2013/14 \$	Expended (3) 2013/14 \$	Closing Balance 30/06/14 \$
Grant/Contribution	Function/ Activity							
AED1 Seed (Holding - SW Primary	Edu & Welf	2,727	0	(2,727)	0	0	0	0
WDC Grant for Regional Tafé	Edu & Welf	30,000	0	0	30,000	0	0	30,000
DIA RAP sponsorship grant	Rec & Cult	3,000	0	(3,000)	0	0	0	0
RCLIP Round 3	Rec & Cult	11,364	0	(11,364)	0	0	0	0
CCTV	Law, Order	83,920	0	(83,920)	0	0	0	0
Kids Sports	Rec & Cult	21,078	0	(21,078)	0	0	0	0
Healthy Lifestyles	Rec & Cult	51,451	202,519	(51,451)	202,519	0	(168,987)	33,532
Finding My Place	Rec & Cult	5,500	0	(5,500)	0	0	0	0
Finding My Careers	Rec & Cult	574	0	0	574	0	(574)	0
CLGF R4R (2010/11) Local	General Pur.	0	628,395	(143,459)	484,936	0	(357,253)	127,683
GLGF R4R Regional NLRC1	Rec & Cult	0	420,000	(209,742)	210,258	0	(203,653)	6,605
GLGF R4R Regional NLRC2	Rec & Cult	0	140,702	(91,803)	48,899	0	(48,899)	0
CLGF R4R Regional Town Hall	Rec & Cult	0	350,000	(10,696)	339,304	0	(219,690)	119,614
Aged Care Hino Bus	Edu & Welf	0	118,802	0	118,802	0	(106,052)	118,802
Roads to Recovery	Transport	106,052	0	0	106,052	0	0	0
Kidsports	Rec & Cult	0	0	0	0	50,000	0	50,000
Regional Talent	Rec & Cult	0	0	0	0	18,405	0	18,405
Community Gardens	Rec & Cult	0	0	0	0	3,408	0	3,408
CLGF Interest	Rec & Cult	0	0	0	0	5,000	0	5,000
WDC TAFE Management	Econ Serv	0	0	0	0	21,695	0	21,695
WDC TAFE Land Assembly	Econ Serv	0	0	0	0	242,847	0	242,847
Community Garden Volunteer	Rec & Cult	0	0	0	0	2,639	0	2,639
Total		315,666	1,860,418	(634,740)	1,541,344	343,994	(1,105,108)	780,230

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,157,057	1,766,651
Restricted		2,548,050	2,717,706
		<u>3,705,107</u>	<u>4,484,357</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Refuse Reserve	11	320,663	240,663
Emergency Service Reserve	11	12,590	12,590
Aged Care Reserve	11	708,326	571,670
J Hogg Memorial Reserve	11	80,530	80,530
Community Assisted Transport (CAT) Reserve	11	8,299	8,615
Building Reserve	11	139,750	10,724
Narrogin Regional Recreation Centre Reserve	11	50,000	0
Employee Entitlement Reserve	11	209,808	50,000
Plant, Vehicle & Equipment Reserve	11	150,854	78,854
Unspent Grants & Contribution Reserve	11 & 2(c)	780,230	1,541,344
Economic Development Reserve	11	87,000	0
Property Development Reserve	11	0	108,026
		<u>2,548,050</u>	<u>2,703,016</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		142,749	173,252
Sundry Debtors		796,831	777,930
		<u>939,580</u>	<u>951,182</u>
Non-Current			
Rates Outstanding - Pensioners		86,714	82,189
		<u>86,714</u>	<u>82,189</u>
5. INVENTORIES			
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		177,273	177,273
Development Costs		0	0
		<u>177,273</u>	<u>177,273</u>

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2013	2,200,000	2,200,000
- Cost	0	0
Total Land	<u>2,200,000</u>	<u>2,200,000</u>
Non-Specialised Buildings at:		
- Independent Valuation 2013	33,634,500	33,634,500
- Cost	823,029	0
Less: Accumulated Depreciation	<u>(490,632)</u>	<u>0</u>
	<u>33,966,897</u>	<u>33,634,500</u>
Total Buildings	<u><u>33,966,897</u></u>	<u><u>33,634,500</u></u>
Total Land and Buildings	<u><u>36,166,897</u></u>	<u><u>35,834,500</u></u>
Furniture and Equipment at:		
- Cost	289,736	911,523
Less Accumulated Depreciation	<u>(32,684)</u>	<u>(548,274)</u>
	257,052	363,249
Plant and Equipment at:		
- Management Valuation 2013	620,984	620,984
- Cost	529,533	378,489
Less Accumulated Depreciation	<u>(120,346)</u>	<u>(668)</u>
	<u>1,030,171</u>	<u>998,805</u>
	<u><u>37,454,120</u></u>	<u><u>37,196,554</u></u>

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2013	2,200,000	2,200,000
- Cost	0	0
- User Defined	0	0
Total Land	<u>2,200,000</u>	<u>2,200,000</u>
Non-Specialised Buildings at:		
- Independent Valuation 2013	33,634,500	33,634,500
- Cost	823,029	0
- User Defined	0	0
Less: Accumulated Depreciation	<u>(490,632)</u>	<u>0</u>
	<u>33,966,897</u>	<u>33,634,500</u>
Total Buildings	<u>33,966,897</u>	<u>33,634,500</u>
Total Land and Buildings	<u>36,166,897</u>	<u>35,834,500</u>
Furniture and Equipment at:		
- Management Valuation 2014	17,500	0
- Cost	272,236	911,523
Less Accumulated Depreciation	<u>(32,684)</u>	<u>(548,274)</u>
	257,052	363,249
Plant and Equipment at:		
- Management Valuation 2013	620,984	620,984
- Cost	529,533	378,489
Less Accumulated Depreciation	<u>(120,346)</u>	<u>(668)</u>
	1,030,171	998,805
	<u>37,454,120</u>	<u>37,196,554</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Adjustment \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads (Level 1)	3,392,324	410,522	0	0	0	(346,357)	3,456,489
Footpaths (Level 1)	955,166	53,600	0	0	0	(36,182)	972,584
Drainage (Level 1)	867,503	53,707	0	0	0	(63,997)	857,213
Parks & Ovals (Level 1)	1,157,258	0	0	0	0	(29,674)	1,127,584
Townscape (Level 1)	63,642	0	0	0	0	(1,680)	61,962
Other Infrastructure (Level 1)	520,921	197,573	0	0	11,181	(16,516)	713,159
Total	6,956,814	715,402	0	0	11,181	(494,406)	7,188,991

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	614,590	945,212
Accrued Interest on Debentures	2,375	0
Accrued Salaries and Wages	108,306	53,393
ATO Liabilities	85,722	0
Other Creditors	0	516,379
Retention Bonds	0	39,319
	810,993	1,554,303

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	138,357	131,564
	138,357	131,564
Non-Current		
Secured by Floating Charge Debentures	993,465	1,143,091
	993,465	1,143,091

Additional detail on borrowings is provided in Note 21.

The Town did not have any long term borrowings at the reporting date.

10. PROVISIONS

Analysis of Total Provisions

Current	425,540	350,149
Non-Current	57,492	48,604
	483,032	398,753

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	234,293	164,460	398,753
Additional provision	270,356	82,705	353,061
Amounts used	(234,412)	(34,608)	(269,020)
Used amount reserved	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2014	270,237	212,557	482,794

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Refuse Reserve			
Opening Balance	240,663	240,663	199,250
Amount Set Aside / Transfer to Reserve	80,000	0	41,413
Amount Used / Transfer from Reserve	0	0	0
	<u>320,663</u>	<u>240,663</u>	<u>240,663</u>
(b) Emergency Service Reserve			
Opening Balance	12,590	12,590	12,590
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>12,590</u>	<u>12,590</u>	<u>12,590</u>
(c) Aged Care Reserve			
Opening Balance	571,670	571,669	219,371
Amount Set Aside / Transfer to Reserve	136,656	0	352,299
Amount Used / Transfer from Reserve	0	(150,000)	0
	<u>708,326</u>	<u>421,669</u>	<u>571,670</u>
(d) J Hogg Memorial Reserve			
Opening Balance	80,530	80,530	80,530
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(35,000)	0
	<u>80,530</u>	<u>45,530</u>	<u>80,530</u>
(e) Community Assisted Transport (CAT) Reserve			
Opening Balance	8,615	8,615	2,000
Amount Set Aside / Transfer to Reserve	(316)	3,000	20,615
Amount Used / Transfer from Reserve	0	(8,500)	(14,000)
	<u>8,299</u>	<u>3,115</u>	<u>8,615</u>
(f) Building Reserve			
Opening Balance	10,724	10,724	0
Amount Set Aside / Transfer to Reserve	129,026	58,026	10,724
Amount Used / Transfer from Reserve	0	0	0
	<u>139,750</u>	<u>68,750</u>	<u>10,724</u>
(g) Narrogin Regional Recreation Centre Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	50,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>50,000</u>	<u>0</u>	<u>0</u>
(h) Employee Entitlement Reserve			
Opening Balance	50,000	50,000	0
Amount Set Aside / Transfer to Reserve	159,808	0	50,000
Amount Used / Transfer from Reserve	0	0	0
	<u>209,808</u>	<u>50,000</u>	<u>50,000</u>
(i) Plant, Vehicle & Equipment Reserve			
Opening Balance	78,854	78,854	0
Amount Set Aside / Transfer to Reserve	72,000	0	124,154
Amount Used / Transfer from Reserve	0	0	(45,300)
	<u>150,854</u>	<u>78,854</u>	<u>78,854</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (CONT.)			
(j) Unspent Grants & Contribution Reserve			
Opening Balance	1,541,344	1,541,344	209,614
Amount Set Aside / Transfer to Reserve	0	0	1,541,344
Amount Used / Transfer from Reserve	<u>(761,114)</u>	<u>(1,541,344)</u>	<u>(209,614)</u>
	<u>780,230</u>	<u>0</u>	<u>1,541,344</u>
(k) Economic Development Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	87,000	50,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>87,000</u>	<u>50,000</u>	<u>0</u>
(l) Property Development Reserve			
Opening Balance	108,026	108,026	108,026
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>(108,026)</u>	<u>(108,026)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>108,026</u>
(m) Narrogin Promotion			
Opening Balance	0	0	17,200
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	<u>(17,200)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
(n) Plant & Depot Reserve			
Opening Balance	0	0	59,600
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	<u>(59,600)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
(o) Fleet Replacement Reserve			
Opening Balance	0	0	3,450
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	<u>(3,450)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	<u>2,548,050</u>	<u>971,171</u>	<u>2,703,016</u>
Total Opening Balance	2,703,016	2,703,015	911,631
Total Amount Set Aside / Transfer to Reserve	714,174	111,026	2,140,549
Total Amount Used / Transfer from Reserve	<u>(869,140)</u>	<u>(1,842,870)</u>	<u>(349,164)</u>
TOTAL RESERVES	<u>2,548,050</u>	<u>971,171</u>	<u>2,703,016</u>

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

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

11. RESERVES - CASH BACKED (continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

- (a) Refuse Reserve**
 - to be used for the purpose of the of funding the Town's tip Site .
- (b) Emergency Service Reserve**
 - to be used for the replacement or purchase of emergency service plant, property and equipment
- (c) Aged Care Reserve**
 - to retain unspent grant funds (Homecare) for future use.
- (d) J Hogg Memorial Reserve**
 - This reserve was established from funds bequeathed to the Town by the Late Jessie Hogg. These funds are for community and infruscture development and enhancement.
- (e) Community Assisted Transport (CAT) Reserve**
 - for the purpose of funding the replacement of the CAT's vehicle.
- (f) Building Reserve**
 - for the purpose of funding the acqasition of new buildings and/por major maintenance/upgrades of exisiting buildings that the Town ownes or has control over.
- (g) Narrogin Regional Recreation Centre Reserve**
 - for the purpose of funding the acquisition or mainteance of plant and equipment and/or building maintenance/upgrades.
- (h) Employee Entitlement Reserve**
 - for the purpose of funding Annual Leave, Long Service Leave or Redundancy Payments to current or past employees.
- (i) Plant, Vehicle & Equipment Reserve**
 - To fund the purchase of motor vehicles and heavy planr and equipment.
- (j) Unspent Grants & Contribution Reserve**
 - to place unspent grants and contributions. Funds are to be used for the purpose the funding was given to the Town.
- (k) Economic Development Reserve**
 - for the purpose of funding project of Economic Development within the Region.
- (l) Property Development Reserve**
 - Reserve to be closed in 2013/14 and it funds distibuted to the Economic Development Reserve (\$50,000) and the Building Reserve (\$58,026).
- (m) Narrogin Promotion**
 - to be used for the purchase of tourism assets
- (n) Plant & Depot Reserve**
 - to be used for the purchase of building infrastructures
- (o) Fleet Replacement Reserve**
 - to be used for the purchase motor vehicles

All Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

12. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	28,377,225	0
Revaluation Increment	0	28,377,225
Revaluation Decrement	0	0
	<u>28,377,225</u>	<u>28,377,225</u>
(b) Plant & Equipment		
Opening Balance	16,323	0
Revaluation Increment	0	16,323
Revaluation Decrement	0	0
	<u>16,323</u>	<u>16,323</u>
(c) Furniture & Equipment		
Opening Balance	0	0
Revaluation Increment	17,500	0
Revaluation Decrement	0	0
	<u>17,500</u>	<u>0</u>
(c) Other Infrastructure		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>0</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>28,411,048</u></u>	<u><u>28,393,548</u></u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>3,705,107</u>	<u>971,171</u>	<u>4,484,357</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	487,780	(830,692)	2,614,067
Depreciation	1,162,431	922,995	990,611
Asset Written Off	0	0	24,633
Asset Rounding/Revaluation Reserve Adj.	1	0	(7)
(Profit)/Loss on Sale of Asset	96,040	20,146	40,941
(Increase)/Decrease in Receivables	7,077	759,630	(169,550)
(Increase)/Decrease in Inventories	0	0	0
Increase/(Decrease) in Payables	(743,310)	(1,745,500)	856,275
Increase/(Decrease) in Employee Provisions	84,279	0	(25,634)
Grants Contributions for the Development of Assets	(469,901)	(317,353)	(1,882,941)
Loss on Revaluation of Fixed Assets	0	0	0
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
Net Cash from Operating Activities	<u>624,397</u>	<u>(1,190,774)</u>	<u>2,448,395</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	400,000	400,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	15,000
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>415,000</u>	<u>415,000</u>
Loan Facilities		
Loan Facilities - Current	138,357	131,564
Loan Facilities - Non-Current	993,465	1,143,091
Total Facilities in Use at Balance Date	<u>1,131,822</u>	<u>1,274,655</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

14. CONTINGENT LIABILITIES

The Town does not have any contingent liabilities at the 30 June 2014.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Town did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Town did not have any future capital expenditure commitments at the reporting date.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

16. JOINT VENTURE ARRANGEMENTS

The Town has a half share of the Narrogin Airstrip with the Shire of Narrogin. The activities of the Narrogin Airstrip is considered to be minor as the Town has not been required to contribute to the operating expenses for a number of years.

The Town has purchased a half share in land with the Shire of Narrogin. At the time the land was purchased it was intended that the land be used as future industrial site. However the land would require a rezoning to be able to use it for industrial purposes and at this time it is not certain the land can be used for industrial purposes.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014 \$	2013 \$
Governance	407,840	319,516
General Purpose Funding	754,380	842,896
Law, Order, Public Safety	195,660	180,339
Health	9,000	0
Education and Welfare	2,290,706	2,369,850
Housing	0	0
Community Amenities	781,353	845,636
Recreation and Culture	30,241,252	30,196,644
Transport	5,453,127	5,495,018
Economic Services	3,522,780	3,027,171
Other Property and Services	2,190,580	2,083,488
Unallocated	3,705,107	4,487,811
	<u>49,551,785</u>	<u>49,848,369</u>

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	1.99	1.51	1.71
Asset Sustainability Ratio	1.61	1.84	0.55
Debt Service Cover Ratio	6.11	22.82	91.25
Operating Surplus Ratio	0.00	0.14	1.78
Own Source Revenue Coverage Ratio	0.61	0.71	0.56

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 56 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue totalling \$1,235,000 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), and 2(a)(ii) for further details).

These items form part of operating revenue and have been included in the calculations above.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Musical Society	300			300
Narrogin Abattoir	480			480
Meat Inspection	1,990			1,990
Cultural Development	4,320	500		4,820
Public Open Space	49,560	0	0	49,560
Cross Over Bond	0	7,100	(50)	7,050
Town Hall Bond	0	3,166	(1,091)	2,075
Other	250			250
	<u>56,900</u>			<u>66,525</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
- DCCS Vehicle	30,375	43,591	26,637	35,000	(3,738)	(8,591)
- CEO Vehicle	43,621	28,636	36,364	27,000	(7,257)	(1,636)
- Authority Software	18,851	0	0	0	(18,851)	0
- Office Furniture	2,984	0	0	0	(2,984)	0
- Admin Front Counter	6,645	0	0	0	(6,645)	0
Education and Welfare						
- Homecare Vehicle (CACP)	15,392	0	13,636	0	(1,756)	0
- Homecare Ute	6,812	0	7,273	0	461	0
- CAT (1) Vehicle	17,947	16,155	18,909	17,000	962	845
- CAT (2) Vehicle	22,878	0	14,545	0	(8,333)	0
Recreation and Culture						
- Venue AC Almond Frame	11,381	0	0	0	(11,381)	0
- Gym Cross Trainers	3,455	0	0	0	(3,455)	0
- Grey Romance Chairs	5,287	0	0	0	(5,287)	0
- BBQ	10,404	0	0	0	(10,404)	0
- Manager Finance Vehicle	10,088	0	9,092	0	(996)	0
- SBS Reboardcasting Equipm	7,310	0	0	0	(7,310)	0
- MLIS Manager	0	11,880	0	11,000	0	(880)
Transport						
- DTES Vehicle	24,446	23,870	20,455	20,000	(3,991)	(3,870)
- Works Ute	2,859	7,000	7,273	4,500	4,414	(2,500)
- Gardeners Ute	5,631	8,340	6,364	7,000	733	(1,340)
Economic Services						
- Building Surveyor Vehicle	28,858	20,174	18,636	18,000	(10,222)	(2,174)
	<u>275,224</u>	<u>159,646</u>	<u>179,184</u>	<u>139,500</u>	<u>(96,040)</u>	<u>(20,146)</u>

Profit	6,570	845
Loss	(102,610)	(20,991)
	<u>(96,040)</u>	<u>(20,146)</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
125 Corporate Software & Server Recreation and Culture	220,000	0	41,143	41,143	178,857	178,857	6,986	7,110
121B NRLC (Sports Complex)	474,312	0	36,798	36,798	437,514	474,312	25,142	25,672
126 Town Hall Renovations Economic Services	281,386	0	23,549	23,549	257,837	257,837	10,636	10,793
124 Commercial Property	121,714	0	32,835	22,210	88,879	8,880	9,938	6,305
127 Industrial Land	177,243	0	8,508	8,509	168,735	168,734	7,846	7,948
	1,274,655	0	142,833	132,209	1,131,822	1,088,620	60,548	57,828
Acc. Accrued Interest							2,375	
Total Interest Paid plus Accrued							62,923	

(*) Self supporting loan financed by payments from third parties.
 All other loan repayments were financed by general purpose revenue.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

The Town did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

The Town did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

The Town established an overdraft facility of \$400,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2013 and 30 June 2014 was \$nil.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
General Rate	0.1129	2,108	24,602,078	2,777,575	(5,935)	0	2,771,640	2,777,575	25,000	0	2,802,575
Gross Rental Valuation (GRV)											
Sub-Totals		2,108	24,602,078	2,777,575	(5,935)	0	2,771,640	2,777,575	25,000	0	2,802,575
Minimum Payment	\$										
Minimum Payment	935	269	1,402,418	251,515	0	0	251,515	251,515	0	0	251,515
Gross Rental Valuation (GRV)											
Sub-Totals		269	1,402,418	251,515	0	0	251,515	251,515	0	0	251,515
Ex-Gratia Rates							3,023,155				3,054,090
Discounts (refer note 25.)							300				350
Total Amount Raised From General Rate											3,054,440
Specified Area Rate (refer note 23.)											0
Totals							3,023,455				3,054,440

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>1,069,912</u>	<u>878,071</u>	<u>1,163,530</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	1,157,057	1,766,651	1,766,651
Restricted	2,548,050	2,717,706	2,717,706
Receivables			
Rates Outstanding	142,749	173,252	173,252
Sundry Debtors	796,831	777,930	777,930
Less:			
Trade and other Payables			
Sundry Creditors	(614,590)	(945,212)	(945,212)
Accrued Interest on Debentures	(2,375)	0	0
Accrued Salaries and Wages	(108,306)	(53,393)	(53,393)
ATO Liabilities	(85,722)	0	0
Other Creditors	0	(516,379)	(516,379)
Retention Bonds	0	(39,319)	(39,319)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(138,357)	(131,564)	(131,564)
Provisions			
Provision for Annual Leave	(270,475)	(234,293)	(234,293)
Provision for Long Service Leave	(155,065)	(115,856)	(115,856)
Net Current Assets	<u>3,269,797</u>	<u>3,399,523</u>	<u>3,399,523</u>
Less:			
Reserves - Restricted Cash	(2,548,050)	(2,703,016)	(2,703,016)
Add:			
Secured by Floating Charge Debentures	138,357	131,564	131,564
Employee Entitlement Reserve	209,808	50,000	50,000
Other restricted Items	0	0	285,459
Surplus/(Deficit)	<u>1,069,912</u>	<u>878,071</u>	<u>1,163,530</u>

Difference

There Town had adjusted the opening Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The specified area rate for the recreation centre is for a designated area surrounding the townsite and is used to contribute to the loan raised to pay for the construction.

The proceeds of the rate are applied in full to the costs of the loan and no transfer to or from reserve accounts has occurred.

The Town did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The service charge is for the provision of television re-broadcasting. The charge is applicable to all owners and occupiers within a designated area surrounding the townsite.

The proceeds of the service charge are applied in full to the costs of maintenance and operation.

No transfer to or from reserve accounts has occurred.

The Town did not impose any service charges.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

The Town had operated an early rate payment incentive prizes of \$2,000 .

No discount on rates is available.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%	29,736	25,000
Interest on Instalments Plan	5.50%	14,868	10,000
Pensioner Deferred Rate Interest	0	791	0
		45,395	35,000

	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Instalments Plan Fee	24	11,624	9,500
		11,624	9,500

25 September 2013, 25 November 2013, 28 January 2014 and 31 March 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	5,985	0
General Purpose Funding	26,446	22,875
Law, Order, Public Safety	18,607	29,855
Health	4,599	5,987
Education and Welfare	119,888	97,449
Housing	0	0
Community Amenities	719,257	998,919
Recreation and Culture	580,580	551,550
Transport	0	0
Economic Services	476,664	650,141
Other Property and Services	77,287	2
	2,029,313	2,356,778

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

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

28. GRANT REVENUE

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

	2014	2013
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	2,976,532	2,746,416
Non-Operating Grants, Subsidies and Contributions	469,901	1,882,941
	<u>3,446,433</u>	<u>4,629,357</u>
By Program:		
Governance	49,325	0
General Purpose Funding	615,128	1,827,071
Law, Order, Public Safety	0	76,231
Health	0	0
Education and Welfare	1,215,399	1,122,887
Housing	7,091	0
Community Amenities	3,850	0
Recreation and Culture	534,931	1,578,692
Transport	426,457	24,476
Economic Services	577,037	0
Other Property and Services	17,215	0
	<u>3,446,433</u>	<u>4,629,357</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>54</u>	<u>56</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	82,182	88,000	69,690
Mayor's Allowance	19,208	18,500	13,250
Deputy Mayor's Allowance	4,625	4,625	2,250
Travelling Expenses	1,367	5,000	2,506
Telecommunications Allowance	5,017	5,600	1,600
	<u>112,399</u>	<u>121,725</u>	<u>89,296</u>

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

31. MAJOR LAND TRANSACTIONS

The net cash flows to 30 June 2014 in relation to this subdivision is an outflow (or cost) of \$84,425. The net cash flows of the entire land transaction is expected to result in an inflow/income of \$30,100.

The Town did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If Council did participate in any trading undertakings or major trading undertakings during the 2013/14 financial year, insert details here. Otherwise delete text.

The Town did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets				
Cash and cash equivalents	3,705,107	4,484,357	3,705,107	4,484,357
Receivables	1,026,294	1,033,371	1,026,294	1,033,371
	<u>4,731,401</u>	<u>5,517,728</u>	<u>4,731,401</u>	<u>5,517,728</u>
Financial Liabilities				
Payables	810,993	1,554,303	810,993	1,554,303
Borrowings	1,131,822	1,274,655	113,822	1,274,655
	<u>1,942,815</u>	<u>2,828,958</u>	<u>924,815</u>	<u>2,828,958</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	15,840	18,255
- Statement of Comprehensive Income	15,840	18,255

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	38%	32%
- Overdue	62%	68%
Percentage of Other Receivables		
- Current	79%	13%
- Overdue	21%	87%

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings**

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

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

	<u>2014</u>	<u>2013</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	810,993	0	0	810,993	810,993
Borrowings	190,037	745,888	535,353	1,471,278	1,131,822
	<u>1,001,030</u>	<u>745,888</u>	<u>535,353</u>	<u>2,282,271</u>	<u>1,942,815</u>
Payables	1,554,303	0	0	1,554,303	1,554,303
Borrowings	131,564	440,671	369,617	941,852	1,274,655
	<u>1,685,867</u>	<u>440,671</u>	<u>369,617</u>	<u>2,496,155</u>	<u>2,828,958</u>

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate Debentures	993,465	848,657	697,377	552,651	464,841	372,638	3,929,629	4.78%
Weighted Average Effective Interest Rate	4.73%	4.75%	4.78%	4.85%	4.85%	4.83%		
Year Ended 30 June 2013								
Borrowings								
Fixed Rate Debentures	1,131,821	993,465	848,657	697,377	552,651	464,841	4,688,812	4.76%
Weighted Average Effective Interest Rate	4.71%	4.73%	4.75%	4.78%	4.85%	4.85%		

**TOWN OF NARROGIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2014	2013	2012
Asset Consumption Ratio	0.95	0.50	N/A
Asset Renewal Funding Ratio	0.72	3.15	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio
$$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$$

Asset Renewal Funding Ratio
$$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the 2012 year have not been reported as financial information is not available.

10.2.361

ANNUAL REPORT

File Reference: 12.2.1
Disclosure of Interest: Nil
Applicant: Nil
Previous Item Nos: Nil
Date: 7 November 2014
Author: Aaron Cook – CEO & Colin Bastow - DCCS

Attachments:

Annual Report (less the 2013/14 financial report).

Summary:

Council is to consider the Town 2013/14 Annual Report.

Background:

The Town is required to prepare an Annual Report which must include statutory required information and the annual financial report.

Annual Reports are required to be accepted by the Local Government no later the 31 December after that financial year unless the auditor's report is not available at that time.

Comment:

The Town's 2013/14 annual financial report has been presented to the Audit Committee for its review and is now the subject of a separate Council report in this agenda.

The CEO is currently reviewing the 2013/14 Annual Report and this review may identify that minor changes are needed to the document. As part of this review the CEO invites all elected members to participate in this review process. This approach is taken to assist the Town in holding the Annual Electors Meeting in early December 2014.

Consultation:

Aaron Cook - CEO
Colin Bastow - DCCS

Statutory Environment:

Local Government Act 1995

Policy Implications: Nil

Financial Implications: Nil

Strategic Implications: Nil

Voting Requirements: Absolute Majority

Council Resolution: 1114.162

Moved: Cr David Russell

Seconded: Cr Michael Kain

That Council:

Endorses the Town 2013/14 Annual Report subject to any minor clerical changes that may be identified by the CEO and/or elected members review.

**CARRIED: 6/0
Absolute Majority**

Annual Report



Town of **Narrogin**
love the life

2013 - 2014



TABLE OF CONTENTS

INTRODUCTION

- About the Town of Narrogin 3
- Elected Members 5
- Mayor's Report 6
- Chief Executive Officer's Report 7
- Community Strategic Plan/ Plan for the Future Overview 8 - 23
- Statutory Reports 24 - 28

FINANCIAL REPORT

29 - onwards

ABOUT THE TOWN OF NARROGIN

Narrogin is a progressing thriving rural community found in the Wheatbelt South Region of Western Australia, 192.30km (2 hrs) South East of Perth.

Narrogin has a high standard of transport infrastructure including rail, highway access and a two strip Airport with the main strip sealed. Narrogin has excellent public utilities access of water supply, power and telecommunications connection to the optical cable network and Narrogin is awaiting the NBN roll out.

Excellent Community Services are provided through the highly recognised Narrogin Regional Hospital and pro-active Aged Care Services, a fully equipped Recreation Complex with heated indoor pool, well maintained sports grounds and sports clubs, an active Regional Library and Heritage Museum. Narrogin Arts are strong through the Arts Narrogin and Nexus Committee's facilitation of events, classes and community interaction.

Education is well provided for through the three Independent Primary Schools, a Senior High School and Agricultural College, a Residential College and TAFE College.

In addition to all of the facilities and services that are provided within the town there is also the Narrogin Regional Child Care Centre, Kindergartens, various Professional Services, all Major Banks, Farm Advisors, Accountancy and Legal Firms, Bakeries, Butchers, Fast Food Outlets, Venues for hire, Supermarkets, many Specialty Shops, Cafes, Pubs and Restaurants and many Service Organisations, Sporting Groups and many Personal Interest and Hobby groups.



Town Statistics

Population	est. 4,219 - ABS Data
Distance from Perth (km)	193
Area (sq km)	12.6
Length of Sealed Roads (km)	61.3
Length of Unsealed Roads (km)	13.1
Number of Electors	2,660
Number of Dwellings	1,949 - ABS Data
Total Rates Levied	\$3,184,313
Total Revenue	\$8,595,898
Number of Employees	109 (52 FTE/PTE, 57 Casual)

Tourist Attractions

The Town of Narrogin heartily welcomes all tourists to the area. The Town has many interesting attractions that range from a wide variety of activities to scenic destinations. You can visit Dryandra Country Visitors Centre, Gnarojin Park, Railway Dam, Dryandra Woodlans, Barna Mia, Foxes Lair, Lions Lookout, Heritage Walk, Old Courthouse Museum, Skate Park, Narrogin Leisure Centre - 25m indoor heated Swimming Pool and a 50m outdoor swimming pool, Wet Synthetic Hockey Stadium, Three Basketball / Netball Stadiums, and many more. Perhaps you would prefer a leisurely stroll and take in the scenic beauty.

Significant Local Events

Significant local events include the Narrogin Show, Spring Festival and Open Gardens, Art Wine and Food Trail, Central South Eisteddfod, and the annual RevHeads Weekend.

Local Industries

Local Industry is based on Agricultural Services, Education, Health and Aged Care Services, Brick Making, Concrete, Light Engineering, Cabinet Making and a host of professional services including all the major Banks, Financial and Legal Services and many more.

ELECTED MEMBERS

The Town of Narrogin is a corporate body consisting of nine Elected Members, and a publicly elected Mayor.

The Elected Members for the Town of Narrogin, during the period of this report being the Financial Year 2013/2014 are listed below. Please be advised that should you require a comprehensive list of the Committees that each Elected Member is appointed to please contact the Administration Centre.

2013/14 Elected Members (October 2013 Election Onwards)

Mayor Leigh Ballard
Deputy Mayor - Cr Arthur Paternoster
Cr Paul Schutz
Cr David Russell
Cr Jan McKenzie
Cr Colin Ward
Cr Clive Bartron
Cr Michael Kain

Meeting Dates: The Town of Narrogin facilitated in the previous financial year, and has committed to moving forward with, holding meetings on the Second and Fourth Tuesday in each month other than January where no meeting is held and December, where due to Christmas, one meeting is held on the Third Tuesday.



MAYOR'S REPORT

The major focus for Council and the Chief Executive Officer for the last year has been the progression of the Town and Shire of Narrogin Merger. This has significantly progressed but it must be recognised that this has taken substantial resources and time to ensure progression.

From October 2013 you would be aware that several new Councillors were elected onto Council. These Councillors have now become experienced within the Local Government Industry and how the Town of Narrogin operates and are looking forward to continuing to progress the organisation.

Council provided the mandate early to the Executive Staff that the Annual Financial Statements and the annual Electors Meeting are to be held early this year. As such due to the large efforts of staff placed into the financial accounts and standards over the previous 12 months and earlier the Budget was adopted early which has enabled the Financial Statements to be prepared and presented to the Auditors much earlier than previous years.

The continued progression of the organisation as a whole has progressed well and it is felt that the leadership and direction is enabling the Town to regain its positive standing within the Local Government Industry and with Key Stakeholders.

During this period Council finalised the upgrade of the Narrogin Leisure Centre with the installation of the Solar Hot Water for the Pool and Showers, Solar Power, Replaced Indoor Court, Pool Liner, CCTV, Painting, Carpeting and other upgrades. The Town Hall Stage three has also progressed with the additional work being undertaken within the Mayors Parlour, CCTV in the full facility, Air-conditioning in the Lesser Hall and Supper Room, Painting, Carpets plus other upgrades. In addition to the above the Narrogin Caravan Park has received substantial upgrades, a roofing program has been completed, Library Upgrades, Solar Power on the administration Centre, Drainage upgrade, Railway Hall upgrade and other works.

The Footpath and Road Upgrade maintenance programs were also funded to ensure that these integral assets continued to grow and be kept in good condition. The large scale building and infrastructure upgrades have placed the Town on a solid standing moving forward and is a credit to the Executive Team to facilitate and coordinate this expenditure on top of their normal duties.

Should you have any queries or comments on the Town's progress please contact myself directly or one of the Councillors, as everyone's contribution is valued and considered.

Thank you to all volunteers, staff and Councillors for their input and help to make our community what it is - a great place to live.

Leigh Ballard

Mayor

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present to elected members, residents and rate payers the 2013/14 Annual Report.

The Town of Narrogin has been delayed in preparing the Annual Financial Statements in the previous years and it is with much pleasure to present this Annual Report as the finalisation of this process well within the required time frames. It has again required a large amount of work from the Financial and Executive Team to facilitate the preparation of the change of Chart of Accounts and financial operating system backbone to have the excellent financial outcomes that have been achieved during this period.

The key result to this work is that the Town of Narrogin rates were able to be left to a 4% rate increase. This achievement was somewhat diminished through the Valuer Generals Office revaluation of the Gross Rental Values which created high increases for some ratepayers.

As the Mayor has stated a large amount of time has been allocated to the Town and Shire of Narrogin Merger to progress this matter onwards. The Local Emergency Management Committee was also reinstated during the period with the bulk of the documentation being re-worked after the Shires of Cuballing and Wickepin withdrew from the Committee. The Committee has met and set a structure and meeting format. These will continue to be facilitated into the future.

Significant work was facilitated through the year to enable the Tender to be advertised for the Contract Management of the Narrogin Regional Leisure Centre which resulted with the YMCA taking over in late August of 2014.

I am pleased to advise that the Town of Narrogin completed the 13/14 financial year with an operating uncommitted surplus of approximately \$390,000 that is a significant step forward on previous years.

I look forward to working with Council to continue to progress the Organisation and the Community Assets, Facilities and Services in the following period. Thank you must be provided to the Elected Members and current Mayor for their ongoing support and to the Executive Team and all staff for their ongoing commitment and energy to strive forward for the benefit of the Narrogin Ratepayers and Residents.

Aaron Cook

Chief Executive Officer

COMMUNITY STRATEGIC PLAN / CORPORATE BUSINESS PLAN OVERVIEW

Section 5.53 (e) of the Local Government Act (1995) states that in relation to the Annual Report “an overview of the Plan for the Future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or continue in the next financial year.”

Achievement Score Table

1	No Action taken.
2	Further investigation some work undertaken.
3	Ongoing action and communication with relevant parties.
4	Item has progressed substantially
5	Item has progressed to completion or no further action required.

Economic Development

	Strategy	Task Allocation	Timeline	Achievement Score
1.1	Further develop the Narrogin Business Prospectus to provide a comprehensive and informative tool that will assist in the attraction and promotion of Narrogin to new Industry and Business.	CEO	2014	5
<p><i>The prospectus has been finished and is now an internal working document ready for review and reprint as required. The document has been distributed to several business and stakeholders and is utilised when promoting Narrogin and the Region.</i></p>				
1.2	Investigate developing major events for the Town.	CEO	2014	3
<p><i>During the period consideration was provided as to how better allocate funding and support to events to assist and encourage new events to be facilitated and to provide assistance to new event organisers. This has been facilitated through the allocation of funding and in-</i></p>				

kind support within the budget. However, no new major events have been proposed within the Town during the period and as such focus was placed into existing events.

1.3	Lobby the State Government and private enterprise to utilise and potentially expand the Research Power Generation Plant.	CEO	2018	3
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The Research Power Station is not in a position to be reinstated due to the amount of infrastructure that has been removed. However there have been other investigations for new technology to be utilised on this site and this will continue to be worked through to its eventual outcome.

1.4	Promote Narrogin to the Business Community, State Government and the general public as a strong and positive economic entity.	CEO	Ongoing	3
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The Town continued during the period to promote itself within Government Departments and the Private Sector to raise the awareness of Narrogin and its surrounding area in regards to the positive potential of business and service provision.

1.5	Support Tourism, Arts and sport initiatives, recognising the economic impact that they provide to the businesses and general community.	DCCS/MLC	Ongoing	4
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The Town has supported the Arts through an MOU with ARTS Narrogin and the NEXIS Gallery Committee to support and encourage an annual program of exhibitions in exchange for Town facilities at no cost. The Town's Community Chest funding has supported two separate cultural events as well as annual events and the Town auspiced two Gnarrojin Community Garden successful grant applications.

The Town negotiated with the YMCA to assume management of the NRLC, has administered the Talent Development Squad funding and negotiated funding for the appointment of a part time Club Development Officer with DSR in 2014/15. The Town also continued to be the administration hub for KidSport.

1.6	Investigate the refurbishment of the Narrogin Railway Station and the development of a short stay parking site for self-contained RV's.	DCCS/DTES	2017	3
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Heritage issues with this property and the liabilities of public access indicate this is a difficult site to progress. A RV site has been established at the Narrogin Caravan Park and discussions are being held regarding a more formal permanent site.

1.7	Investigate the refurbishment and long term development of long and short term accommodation through the development of the Narrogin Caravan Park.	DCCS/CEO	2017	3
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The redevelopment of the Narrogin Caravan Park has progressed strongly many upgrades occurring during the period. The additional development of the Caravan Park has not progressed as a focus until the level of quality of the overall park was raised. The New Managers are now in place and as such focus is planned to be placed on developing the plans for the future upgrades of the park in the following period.

1.8	Further investigate the development of a Crematorium based in Narrogin.	CEO	2016	3
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Further investigation is planned to be entered into this item through the contact to the WA Cemeteries Board as this item is recognised as being a potential strong economic driver within Narrogin and deserves additional investigation.

1.9	Further investigate the development potential of the Industrial Area	CEO	2017	3
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During this period Council were advised that Landcorp we unable to continue with the development of the Industrial land due to the reduction in development funding across the State and also the continued issues of Native Title resolution. Further discussions are being held with Landcorp to establish if a greater priority can be established over this land. Council can continue to and are entertaining larger businesses within the new parcel of land that Council have purchased with the Shire of Narrogin.

Average Score for Economic Development

$$= \underline{3.33 / 5 \text{ or } 66.6\%}$$

Community Development Services

	Strategy	Task Allocation	Timeline	Achievement Score
2.1	Continue to expand the Town's capacity and reputation as a venue for events, sports and seminars of local and regional significance.	DCCS	2015	4
<p><i>The Town has been supportive of all events and activities and through this has created a positive image. Promotion will continue to occur within the State Government and private sector to increase the awareness of Narrogin and the opportunities that exist. One of the areas that the Town has been focused on is to promote Narrogin as a place to hold seminars and facilitate large scale meetings. It is hoped that the Town Hall facilities and John Higgins will be utilised more in this fashion in the following period.</i></p>				
2.2	Continue to develop and facilitate activities, engaging all age demographics, at the Narrogin Regional Leisure Centre that are sustainable and beneficial to the Community and the Centre.	MLC	Ongoing	4
<p><i>The Narrogin Healthy Lifestyles Project funded by a \$500,000 Federal Grant for two financial years to June 2014, delivered a range of fitness and lifestyle projects to the Town and neighbouring localities. These programs however were heavily subsidised and targeted the predominantly unemployed adults and their sustainability is questionable progressing forward.</i></p> <p><i>The YMCA have in the period after this report taken over the facilitation of the Leisure Centre and the level of programs engaging a wide variety of demographics is to be implemented. During the period the large amount of background works were required to enable the Contract to be established and facilitate the successful YMCA to take over.</i></p>				
2.3	Continue to support the development of the Aged Care industry, services and support in Narrogin to assist in retaining aged residents within the community.	DCCS	Ongoing	4
<p><i>The further development of the Aged Care industry has been advanced through the involvement of the Town is a Regional Report prepared by the WDC and changes have been made to the proposed Town Planning Scheme 3 and Strategy update. The Town is also</i></p>				

continuing to deliver services through Narrogin Home Care and provide support to Narrogin Cottage Homes when required.

2.4	Provide ongoing proactive support, where possible, to the Local Indigenous Noongar Community towards positive actions within the community.	MLC	Ongoing	3
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The MLC works closely with the Community Arts Network WA (CANWA) to support indigenous cultural and arts projects where possible. Council allocates funds to support NAIDOC and other indigenous events. Council needs to consider the establishment of a renewed RAP Committee and to identify the resources required to successfully administer and manage this into the future or clearly articulate boundaries/levels of assistance.

2.5	Further develop, encourage and support youth activities and initiatives within Narrogin.	MLC	Ongoing	3
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During this period continued support has been provided to Youth Activities; however, due to the lack of available staff this item has not been further progressed.

Council has; however during the following period established the relationship with the YMCA with the Leisure Centre and the YMCA will be facilitating activities during the school holidays which will work effectively with other coordinated youth activities.

2.6	Encourage and assist local Arts Groups to facilitate the development of the arts culture in Narrogin.	MLC	Ongoing	4
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During the Period Arts Narrogin and the Nexis Committee have established themselves within the leased art space and have begun in earnest hosting exhibitions and art and cultural events which have been aimed at a wide spectrum of the community including the indigenous population.

This has had a very positive effect within the community with many more cultural activities planned for the following period. It should be noted that Arts Narrogin are also involved in facilitating large scale events within Narrogin and the greater area.

2.7	Assist the local sporting groups to strategically develop their clubs and facilities within Narrogin.	DCCS	Ongoing	3
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The Club Development Officer position was successful in funding and during the period the ground work was prepared for a July commencement date. Also during the period, but

concluding within the next period, assistance was provided to the Upper Great Southern Hockey Association regarding their Department of Sport and Recreation grant application. The facilitation of the YMCA to administer the Leisure Centre will also greatly assist the Clubs in developing and growing through the increased professional nature of the Centre being managed and facilities being managed.

2.8 Support the expansion of Educational Facilities to enhance opportunities for value adding to industry, employment and health care within the region.

Council

Ongoing

4

The Town has been proactive in advancing the Narrogin TAFE Facility relocation and development on the Reserve located within the Educational Precinct. This project has advanced substantially during the period with remediation works being provided on site, surveying, and flora and fauna surveys and reports being prepared that has allowed the officer to progress with the permits required and commence pricing the installation of key headworks.

2.9 Council will continue to support and develop the services and facilities provided at the Narrogin Regional Library to support community literacy and learning strategies for people of all ages; encourage community engagement, facilitate opportunities for lifelong learning, and support literacy initiatives in the Narrogin Community and the wider regional community.

MLS

Ongoing

4

The Narrogin Library is an important service provided by the Town and will continue to be supported financially and also administratively. With the stabilisation of the staffing through the appointment of the new Manager, the Library has again redeveloping itself within the community again and is being well utilised by persons of varying culture and demographic.

2.10 Provide support and encouragement for volunteers and local service groups.

MLC

Ongoing

4

Volunteers are a very important resource within the Narrogin Community. The Town will continue to facilitate funding through FESA and politically work towards promoting and recognising the efforts of all volunteers, especially the emergency services volunteers.

The Town has also re invigorated the Local Emergency Management Committee which involves a large section of the volunteers from emergency services.

Applications have been made of a grant to host a thank the volunteer event within the next period.

Average Score for Community Development Services

= 3.7 / 5 or 74%

Parks Gardens and Natural Environment

	Strategy	Task Allocation	Timeline	Achievement Score
3.1	Develop a Water Management Strategy for Narrogin that includes the reuse of harvested/reclaimed water and drainage flows.	DTES	2014	4

A water management plan has not been commenced; however, discussions have been held with the Water Corporation and the Minister for Water to expand the Narrogin Treated Waste Water Irrigation System to other parks. This would increase the level of water utilised and reduce the waste water being fed into the Narrogin Creek Line.

If additional funding was to be received Council would be able to utilise the water 12 months a year rather than the summer months only further reducing the need for the Water Corp to discharge excesses.

Further remediation works were completed during the period in regards to the Town Drainage system and its network, increasing the Towns ability to deal with high/peak rainfall events.

3.2	Investigate options to enhance and redevelop the Railway dam precinct for recreation and tourism.	DTES	2015	2
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This matter has not been progressed; however, the diversion to the Railway dam has been re-established to increase water volume and quality in the Dam. The re-diversion has not resulted in the increased flows expected to the dam; however has greatly reduced the risk to flooding of the Narrogin Business District.

Additional works are planned that will establish flows into the dam that is currently entering the swamp area bypassing the dam during the following period.

3.3	Consolidate and identify purposes for all of Councils Reserves and properties for ongoing and future use.	DTES	2016	2
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No specific action has taken place other than requesting to the State to transfer to Council the freehold of several reserves as part of the previous amalgamation process.

3.4	Investigate options for Council to reduce its environmental impact within its operations and facilities where economical to do so.	CEO	Ongoing	5
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Council has progressed this matter through installing solar power on the Council administration building and the Leisure Centre which has greatly reduced the number of electricity units used. The Administration Centre has produced a total of 41,386 kWh and the Leisure Centre has produced 74,789. This amount of power is equal to CO2 production of a Small Car travelling 573,388 Km's. The Solar Hot Water unit for the Pool and Shower's has effectively saved Council in excess of \$30,000 per annum which is an excellent outcome.

3.5	Develop management plans for Council's reserves identifying their future and long term use and management.	DTES	2015	4
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Foxes Lair Management Plan has been completed during the period which involved consultation with key stakeholders and the public and has resulted in strong outcomes being formed and endorsed by Council. With that project being completed another similar project will be undertaken.

Average Score for Parks Gardens and Natural Environment

$$= \underline{3.4 / 5 \text{ or } 68\%}$$

Governance and Corporate Services

	Strategy	Task Allocation	Timeline	Achievement Score
4.1	Ensure that the Local Laws are reviewed on a regular basis as per the requirements and that the Laws are relevant to the Narrogin community.	CEO	2013/ Ongoing	3
<p>The completion of the Local Law project continues due to time constraints. At the time of writing this update with the impending merger of the Town and Shire it is likely that little additional work will be conducted prior to the merger as all Local Laws will be reviewed as part of this process.</p>				
4.2	Ensure that the Town is proactive in the seeking of grant funding from external sources to reduce the requirement of the Town and community seeking funding from within.	CEO/DCCS	Ongoing	4
<p>Several grants were received by Council during the period along with the Healthy Lifestyles Grant being finalised and acquitted. One larger grant received was the Club development Officer grant that employs an officer for a period of two years.</p> <p>The preparation of Grants is a time consuming and complicated task. With the employment of the replacement Community Development Officer a realignment of duties has seen more time set for actively seeking and preparing grant applications for proactive activities within Narrogin.</p>				
4.3	Ensure that all Town Planning and Building applications are dealt with in a timely and appropriate manner and that the strategic direction of the Town Planning Scheme is prominent and under review.	DTES	Ongoing	4
<p>This objective has in the most part been achieved however due to lack of resources and additional pressures within the area some applications in the Town Planning area have been delayed. This is hoped to be addressed as a replacement officer has been reappointed within the period to assist in managing the incoming and outgoing correspondence which will also allow for a renewed focus to be set into the Town Planning Scheme 3 to be finalised.</p>				
4.4	The Strategic Community Plan and Council's other strategic integrated	CEO	2014/16/ 18/20/22	4

	corporate documents are to be reviewed on a biennial basis.			
Council are reviewing each of its strategic document on a yearly basis and performing a full review every two years as per the objective.				
4.5	Develop a survey that is to be conducted at a minimum of every two years to gauge the Narrogin Ratepayers and Residents identified strategic direction and the level of service provision being made by the Town of Narrogin.	CEO	2013	2
This item has been delayed due to the impending constant looming merger. With the merger now being very close to finalisation the conducting of a survey, without the ability to react to its findings closes this opportunity until the new organisation is formed and a survey can be prepared and implemented.				
4.6	Prepare a marketing plan for the Town of Narrogin to increase the exposure and perception of Narrogin to the greater community, State Government and Local Councils.	CEO	2014	3
Council finalised the Narrogin Prospectus and this document has been provided too many businesses and external stakeholders that have potential involvement in the Narrogin area. The Mayor and CEO have also been heavily involved in several key document preparations with key stakeholders that has greatly assisted in the development of Narrogin's external perception and provided a positive exposure to the organisation.				

Average Score for Governance and Corporate Services

= 3.33 / 5 or 66%

Waste Management

	Strategy	Task Allocation	Timeline	Achievement Score
5.1	Investigate and developing, in partnership with neighbouring Councils, a regional waste facility.	CEO/DTES	2018	4
<p>The regional Waste Group has seen two Councils withdraw during the period; however, the remaining Councils were committed to progressing the project. The preferred site has been located and negotiated with the land owners; however, the approvals and permits are being worked through by the consultant within a dedicated time frame.</p> <p>It is expected, as per the required time frames, that the project will advance during the next period.</p>				
5.2	Investigate, develop a viable waste recycling program for the Town.	CEO/DTES	2015	5
<p>Within the period the Town of Narrogin negotiated a full recycling program that was implemented in the next period. The programme was initiated through a full tender process and resulted in a local supplier being successful in providing the service a rate that was well under normal regional costing.</p>				
5.3	Redevelop the Waste Management Plan for the White Rd Refuse Site and investigate better methods of handling the current waste to maximise the life span and reduce the ongoing cost of facilitation of the Refuse site.	DTES	2014	4
<p>Council have further improved the operations of the refuse site and officers have commenced works on a Waste Management Plan; however, this has not been completed at this time. Plans have been prepared for the conversion of the site to a more transfer station style model that will remove tip face accessibility to members of the public making the site more safe and effective in operating.</p>				
5.4	Investigate the potential reuse of refuse to generate power and other uses.	CEO/DTES	2018	3
<p>This potential has been investigated through the Regional Refuse Site Committee and it is not feasible to progress this matter any further.</p>				

5.5	Investigate the future conversion of the White Road refuse site to a transfer station.	CEO/DTES	2015	4
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Council through its involvement in the Regional Waste Group have access to prepared designs for a Regional Waste Site Infrastructure. Much of the pre planning works for this advancement has already been designed and is ready for action once funding is obtained.

Average Score for Waste Management

$$= \underline{3.8 / 5 \text{ or } 76\%}$$

Infrastructure and Asset Management

	Strategy	Task Allocation	Timeline	Achievement Score
6.1	Create a facility and development plan for the Narrogin Cemetery and Crematorium.	DTES	2015	4

The Niche Wall planning had progressed during the period with a revised plan being drawn and approved. This was instigated mainly due to the Builders advising that the original building material would not be able to be utilised for the placement of ashes. With this late change a new design was instigated which also saw the area of location being set for the wall to be erected. In addition to this investigative work had been conducted into the areas for expansion to occur within the Cemetery boundaries. Clearing permits and preliminary works will be conducted in the next period along with the niche wall being constructed.

6.2	Investigate the potential development of Water Harvesting Holding Dams to reduce the impact of heavy rains and provide a source of water for sporting groups and or potential industry.	DTES	2016	3
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Potential sites have been discussed and identified and the plan has been commenced internally "Water Management Plan".

6.3	Redevelop and identify the Town's Footpath Program.	DTES and Council	2014	4
<p>Council have adopted a five year footpath program that is dependent on funding and resources. This plan during the period was utilised for the identifying of the paths that were installed during the period. Continued works are identified for the following period.</p>				
6.4	Continue to lobby State Government for the completion of the Narrogin Heavy Haulage Bypass Link Road and the construction of the East/West Bypass Road in its entirety.	CEO and Mayor	Ongoing	4
<p>During the period the Bypass Link Road \$7+ Million of works were announced. The Town has worked closely with Main Roads in regards to the overall design allocation of the works to ensure that the outcomes suit the intended results and also the local residents. The Southern section will commence construction within the following period.</p>				
6.5	Develop a Town Site revitalisation plan focusing on the central business district and additional generic street scape design for residential areas.	DTES/CEO	2018	3
<p>The works have been set for the Fortune St and Federal street works scope; however, the Townscape Committee has been progressed to re-instigation to facilitate input into some of the variables of the works being the cosmetic infrastructure. It is hoped that in the new period that the Committee will be able to provide guidance to Council and will set a CBD cosmetic infrastructure plan that will dictate the looks of the CBD into the future.</p>				
6.6	Create a development plan for Council to meet its ongoing future infrastructure requirements regarding all road and associated infrastructure.	DTES/MWS	2015	4
<p>Council have implemented a Five year Significant and Local Road Capitalisation Program, Footpath Program and identified its Building maintenance and upgrade requirements. The planning set in place requires to be updated and renewed into the future for the Town to continue meeting its obligations, requirements and to be prepared for future new grants and funding.</p>				

6.7	Create a development, heritage and maintenance plan for all of Councils current and future building asset requirements.	DTES/CEO	2016	3
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Council has received the Building and Asset Management Plan from Consultants that have identified Councils asset requirements for the next 20 years. Council also has its building maintenance plan that was produced some 18 months ago.

A Development, heritage and Maintenance plan has not been prepared although most of the information exists within other separate documents.

6.8	Develop the Towns Building infrastructure to ensure that they are economically and sustainably viable into the future and provide for the needs of the Community.	DTES	2016	4
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The Building infrastructure has been greatly advanced during the period with more Country Local Government funding being allocated to maintenance and upgrades. Much of this work is listed within the Mayor and CEO report at the beginning of this document.

6.9	To investigate the construction or acquisition of Executive Housing within Narrogin.	CEO	2015	4
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This item has not advanced during the period due to the Executive Staff being housed within stable rental accommodation. The intent of Council to have Executive housing will increase after the merger when the existing staff depart the organisation and a new requirement will be facilitated.

The required land has been identified within the Town; however, accessing the funding has not been available and would result in a large loan being facilitated which at the current time is not supported.

Average Score for Infrastructure and Asset Management

$$= \underline{3.6 / 5 \text{ or } 73\%}$$

Longer Term Strategies

	Strategy	Task Allocation	Timeline	Achievement Score
7.1	Continue to lobby for the development of a University Campus in Narrogin.	CEO / Mayor	2022	3
<p>Council have continued to proactively lobby for the development of a Narrogin University; however, in a differing format to the previous University Committee format proposed. CY O'Connor TAFE currently offer some university courses in Narrogin and it is hoped that this will be greatly expanded in the near future. Council will continue to lobby for this outcome and support Cy O'Connor in this outcome.</p>				
7.2	Development of a Tourism icon within Narrogin that will assist in drawing additional tourists into Narrogin and distinguish Narrogin from surrounding Councils.	CEO	2022	2
<p>Currently Council is unable to afford to spend time developing this objective of a Tourist Icon. Support has continued to be provided to the Dryandra Country Visitors Centre and more focus has been placed on existing events to increase tourist attraction and population retention. The Townscape Committee will be looking into a tourism icon; however, as stated this will be a long term development but other more immediate large scale Townscape activities may eventuate.</p>				
7.3	Continue to support and investigate development options for the Narrogin Airport and facilities.	CEO	2022	3
<p>The Town have worked in partnership with the Shire of Narrogin regarding the development of the Narrogin Airstrip and facilities. The negotiation for the purchase of the additional portion of land has occurred and been finalised and the transfer will occur in the next period. Interest was also presented by an external agency in regards to establishing a training centre at the Airport. This is being progressed within the following period.</p>				
7.4	Support the regional development of a Agri Business Precinct	Council	Ongoing	3

Council have identified that this is a future development potential for the Narrogin Area and focus has been placed on this potential development. Meetings have been held with various Departmental representatives and the Wheatbelt Development Commission.

7.5	Promote Narrogin as a potential location for large to major Industry to establish or relocate and develop their business.	Council	Ongoing	3
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The Town and Shire have both been actively promoting the remaining industrial blocks and the Landcorp expansion area that will be due for release in 2014. The future Industrial area was jointly purchased by both Councils to ensure that the future industrial expansion is protected and provide an area for larger industry. Additional works to establish Narrogin as a centre to relocate to or establish within has been progressed with the WDC documentation and Growth Plans etc.

7.6	Promote the long term development of existing and future businesses within the CBD.	Council	Ongoing	3
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The Town of Narrogin has limited ability to support existing and future businesses within the CBD due to the commercial nature of the industry. However, changes to the Town Planning Scheme and Strategy have been implemented to try to assist further development. Council have also taken a stance on Home based businesses and Council are also seeking to actively promote the development industrial area. With the Industrial development brings more employment, more housing requirements and more economic generation through local businesses.

Council has also commenced the engagement with large Commercial entities regarding CBD development and rationalisation and we have also worked with trying to assist businesses looking to establish in Narrogin.

Average Score for Longer Term Strategies

$$= \underline{2.83 / 5 \text{ or } 56.66\%}$$

Total Average Score for the Town of Narrogin overall Strategic Key Performance Indicators:

$$= \underline{3.43 / 5 \text{ or } 68.54\%}$$

STATUTORY STATEMENTS

National Competition Policy

Local Governments are required to report their progress in implementing National competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest.

A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

There were no significant changes to business operations or additional services in 2012/13, operated by the Town of Narrogin that would fall into the above categories.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed the conclusions of those reviews and a forward strategy for all local laws still to be reviewed.

All of the Town Local Laws were reviewed within this period and Council adopted an action plan on progressing these matters.



Structural Reform

The Town and Shire of Narrogin significantly advanced the merger, by boundary change, during the period after the Shire of Narrogin Poll that saw them be removed from the process.

Several key, long standing points were required to be negotiated to finalise the process and advance into the following period with purpose and commitment to the final resolution. The following period has resulted in the Councils performing public consultation prior to making their final consideration to write to the Local Government Advisory Board.

Disability Services Report

Section 29(2) of the Disabilities Services Act 1993 requires Local Governments to report on the implementation of its Disability Services Plan being the Disability Access and Inclusion Plan 2012-17.

The Town of Narrogin's Disability Services Plan has five outcomes in its approach to improve disabled access with the Town.

Outcome 1: People with disabilities have the same opportunities as other people to access Council services and any events organised or sponsored by Council.

The Town has ensured that all of Councils public buildings have disabled access. Council continued to provide adapted programs at the Narrogin Leisure Centre. Additional improvements have been made to the Town Hall toilets and walkway making this facility far more accessible.

A significant amount of the Town's community sponsorship is provided to community groups supporting the disadvantaged and is provided at a heavily discounted hire fee to enable expanded use of its buildings and facilities.

Outcome 2: People with disabilities have the same opportunities as other people to access Council buildings and any other Council facilities.

The Town has continued the upgrading of its footpath network to allow better access around Narrogin and this includes to upgrades to its buildings and facilities. Also the Town has undertaken capital works to improve road curbing, pedestrian islands on Clayton Road which is a Heavy Haulage route.

The major upgrade that was finalised in the period was the Town Hall improvements where the Public Toilets and Walkway are now on one level with a dedicated Disabled Toilet. Also

Council has ensured there are more toilets and accessible basins within this facility for the public's use.

Outcome 3: People with disabilities receive information from Council in a format that will enable them to access the information, as readily as other people are able to access it.

The Town has the ability to provide access to information in differing formats if requested to ensure that persons with disabilities have the ability to access information that they require or request.

Outcome 4: People with disabilities receive the same level and quality of service from the staff of the Council as other people receive from the staff of Council.

Disability awareness training has been implemented to staff at the Leisure Centre and Home Care and Administrative Customer Service Staff. Staff have the tools to be able to provide information in other methods or formats as persons with disabilities may require.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to Council.

The Town continue to make several options available to the community to make complaints and these options accommodate persons with disabilities. For example a person can phone in a complaint, email, write in, present at the front counter or have another person present their complaint on their behalf.

Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation held by Council.

The Town continues to advertise and promote its Public Consultation sessions within the Community through the normal methods of Print Media and Notice Boards but also sends out email notifications to persons who request and in required formats if requested. The consultation if in person is held in Buildings with good access so as to not alienate any community members and in many instances during the day and night.

Outcome 7: People with disabilities have the same opportunities as other people to be employed at the Town of Narrogin.

The Town of Narrogin employs staff on the persons working skill, knowledge, and training and, as such, employs the best person for the job. If modifications were required to be made to the workplace to enable a person with disabilities to work with Council this would be undertaken where possible.

State Records Act 2000

The State Records Act 2000 requires that the Town maintains and disposes of all records in the prescribed manner. The State Records Act 2000 also required all local authorities to produce a Recordkeeping Plan to be endorsed by the State Records Commission.

Principle 6 - Compliance of the State Records Commission Standard 2 requires that government organisations ensure their employees comply with the Recordkeeping Plan and include within its Annual Report a section that addresses points 1-4 of the Principle.

Specifically the Recordkeeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated not less than once in every 5 years. *Currently the Town is reviewing its records keeping methods on a continual basis after implementing new procedures.*
2. The organisation conducts a recordkeeping training program. *The Town has performed this on several occasions for Management staff and staff who deal with records.*
3. The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time. *The record keeping procedures are under constant review after new procedures have been implemented.*
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan. The induction program for new staff includes an overview of the responsibilities regarding records management.

Employees of Remuneration

Set out below, in bands of \$10,000, is the number of employees of the Town entitled to an annual salary of \$100,000 or more,

Salary Range	2013/14	2012/13
\$110,001 - \$120,000	1	2
\$120,001 - \$130,000	1	0
\$150,001 - \$160,000	0	1
\$160,001 - \$170,000	1	0

Register of Complaints

There were no complaints that resulted in action against Councillors under section 5.121 of the Local Government Act 1995.

11. ELECTED MEMBER'S MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

12. NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PERSON PRESIDING OR BY DECISION OF THE MEETING

Please be advised that Cr McKenzie cannot attend the Dryandra country Visitors Centre Committee any more due to her increased commitments and as such Council need to nominate another representative to attend the meetings.

Note: Discussion deferred to next meeting of 25th November.

13. CLOSURE OF MEETING

The Mayor closed the meeting at 8:04pm.