

ANNUAL REPORT 2014/15



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Cover Image: © Rebecca Cool - from the Mural on the Piazza of the Narrogin Town Hall.



ABOUT THE TOWN OF NARROGIN

The progressive and thriving rural community of Narrogin is located in the Wheatbelt South Region of Western Australia 192 km (2 hours) south east of Perth. The picturesque township is set in the Narrogin Valley on the traditional land of the Noongar people of the Gnaala Karla Booja region.

Narrogin is very accessible through its high standard of transport infrastructure including rail, sealed highway access and a two-strip airport of which the main strip is sealed. Residents are serviced with excellent public utilities access: an abundant quality water supply; reliable power and telecommunications connection to the optical cable network and now awaits the NBN roll out.

Narrogin offers extensive community services provided through the highly-regarded Narrogin Regional Hospital and pro-active aged care services. The sporting fraternity is well catered for with the Town's fully-equipped recreation complex with heated indoor pool, well maintained sports grounds, numerous 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 personal interest and hobby groups.

TOWN STATISTICS

Population	est. 4,430 - ABS Data 2013
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	2,611
Rateable Assessments	2,131
Total Rates Levied	\$3,232,547
Total Revenue	\$10,385,529
Number of Employees	86 (29 FTE, PTE and Casual 57)

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 Woodlands, Barna Mia, Foxes Lair, Lions Lookout, Heritage Walk, Old Courthouse Museum, Skate Park, Narrogin Leisure Centre - 25m indoor heated swimming pool, wet synthetic hockey stadium, three basketball / netball stadiums, and many more.

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, car and machinery dealerships, cabinet-making and a host of professional services including all the major banks, financial and legal services and many more commercial entities.



MAYOR'S REPORT

The Town of Narrogin has progressed strongly through this financial period after completing many varied works and outstanding projects.

However, as has been over the last few years, the major focus of the organisation was the finalisation of the merger of the Town and Shire of Narrogin. This part of the process was completed late in the term with the Minister making his confirmed announcement on 29 July 2015. The following two financial year periods will now be focused on delivering this merger for the two communities.

In addition to the merger the Town has continued to develop its relationship with the Vietnamese Consular General with the prospective outcome of joint economic development for both the Narrogin Region and Vietnam. The Town is now a member of the Vietnamese Business Council and the CEO and I have attended several functions where contacts have been developed. It is hoped that in the near future mutual benefit will be achieved.

The Narrogin Link Road has progressed strongly during the period and it is expected that once completed the extension, in conjunction with the Waneri Road upgrade, the change in the heavy vehicle movements will greatly increase the safety on Clayton Road outside the Leisure Centre and the Federal and Forrest Street intersection. Although this project is not to be completed within the financial year of this report, it is expected to be completed in the 2015/16 financial year.

During the period, the Elected Members placed a continued focus on improving effective communications and the turnover of correspondence and this has been a positive result with more information being disseminated to community members. In addition to this with the launch of the Town of Narrogin Facebook page and a constantly updated Website, the Town has greatly improved its communication reach and depth. Council also commenced providing free WiFi from the Town Hall to the Mackie Park

The finalisation of the 2014/15 financial year has resulted in another strong financial result for the organisation and the Community. It is recognised that a large amount of effort by all staff

is required to facilitate a strong outcome like this and I wish to express my thanks to the Chief Executive Officer, Executive Team and all Town of Narrogin employees for their efforts through this period.

I would also like to congratulate the Elected Members for working as a very effective team with a wide range of views from the residents and ratepayers being considered whilst discussing agenda items and their implications.

We look forward to the next financial year period for the merger to occur and to continue facilitating important projects and services to the Narrogin community.

A handwritten signature in dark ink, appearing to read 'Leigh Ballard', written in a cursive style.

Leigh Ballard
Mayor



CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present to elected members, residents and rate payers the 2014/15 Annual Report.

The Annual Financial Report shows that Council finished the financial year with surplus of \$2,121,685 which was achieved through the hard work and committed efforts of all staff. It is also very pleasing to note that the Reserves also received a strong cash contribution prior to the calculation of the surplus which has made the organisation much more financially stable. The rate increase for the 2014/15 period was kept to a minimum, below the Local Government Average and due to the strong position of Council the 2015/16 adopted rate was also kept down below the Local Government Average.

This financial year period has, as the Mayor has stated, been focused on the merger as one of the major key outcomes for both the Town and Shire of Narrogin. This project has absorbed a large amount of attention and effort and, as such, has impacted on other projects throughout the year.

The Town facilitated the transfer of the facilitation of the Narrogin Regional Leisure Centre to the YMCA early in the period and the YMCA has run the Centre successfully since. The Centre Manager employment changed during the period with the appointment of the new Manager being made in April 2015. There have been many positive outcomes with the YMCA having taken over the Centre. This has mostly been seen with the increase in fitness activities and school holidays programs and has resulted in increased memberships and usage of the Centre. The Centre financially finished with a surplus and these funds have been utilised to upgrade critical infrastructure and, in addition, Council's monthly subsidy payment has also been reduced by approximately 5%.

Major works were undertaken during the period on Federal Street and Fortune Street which resulted in these streets receiving a much needed upgrade not only on the road surface but also in the streetscape design, especially Fortune Street. In addition to these works there were other numerous road works performed including drainage, kerbing and extensions to the footpath network.

All business units of the Town of Narrogin have provided excellent services to the Narrogin residents and community. This includes the Narrogin Home Care, Narrogin library service, and Regulatory services including Ranger.

The Town's staffing levels have been quite strong during the period with only a normal amount of changeover occurring.

I would like to thank the Elected Members especially the Mayor for their support during the period and all staff within the organisation, particularly the Management Team who have worked diligently to bring the organisation for another excellent outcome for the Narrogin residents and ratepayers.

Aaron Cook
Chief Executive Officer

YOUR ELECTED MEMBERS

The Town of Narrogin is a corporate body consists of nine Elected Members including a publicly elected Mayor, one seat is vacant.

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.



*Mayor Leigh Ballard
(Term expires 10/17)*



*Deputy Mayor
Cr Arthur Paternoster
(Term expires 10/15)*



*Cr Michael Kain
(Term expires 10/15)*



*Cr Jan McKenzie
(Term expires 10/17)*



*Cr David Russell JP
(Term expires 10/15)*



*Cr Clive Bartron
(Term expires 10/17)*



*Cr Paul Schutz
(Term expires 10/17)*



*Cr Colin Ward
(Term expires 10/17)*

Meeting Dates: The Town of Narrogin holds its 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.

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. (Status Quo)
4	Item has progressed substantially.
5	Item has progressed to completion or no further action required.

ECONOMIC DEVELOPMENT

	Strategy	Task Allocation	Timeline	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	2013	5

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. The document is ready for updating once the merger has been performed.

1.2	Investigate developing major events for the Town.	CEO	2014	3
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During the period consideration was provided as to how to 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-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 and this will continue to be worked through to its eventual outcome. Additional meetings have been held and Narrogin is still held strongly as the preferred site for a trial plant.

1.4	Promote Narrogin to the Business Community, State Government and the general public as a strong and positive economic entity.	CEO	Ongoing	4
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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. Again positive outcomes from focus has been seen with the Department Of Local Government requesting that the Town participate in the Pilot Program for Better Practice in Local Government and being requesting external agencies to auspice funding for grants outside of the Town's control to facilitate the projects.

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. The Town also auspiced two Gnarojin Community Garden grant applications during the period.

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. Contact has been made with Main Roads to investigate the vehicle access of the Link Road.

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/DTES	2015	4
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The redevelopment of the Narrogin Caravan Park has progressed strongly with 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	2015	5
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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.

Contact has been made with distributors of Cremation Equipment and the WA Cemeteries Board. However, the cost of purchasing the equipment needed and constructing a building to house them with the additional operational costs makes this project very prohibitive for the number of cremations performed within a year.

1.9	Further investigate the development potential of the Industrial Area	CEO/DTES	2015	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 were held with Landcorp to establish if a greater development priority can be established over this land; however, this was not possible.

Council can continue to discuss development with larger businesses within the new parcel of land that Council have purchased with the Shire of Narrogin.

Average Score for Economic Development = $\frac{3.77}{5}$ or 75.5%

COMMUNITY DEVELOPMENT/SERVICES

	Strategy	Task Allocation	Timeline	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

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.

Councils support for the three major events in Narrogin through the Community Chest and supporting events through subsidising hire fees has allowed additional functions to be held. The agreement with Art's Narrogin has also greatly assisted in this item.

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
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The YMCA have in this period have taken over the facilitation of the Leisure Centre and the level of programs engaging a wide variety of demographics has greatly increased the activity at the Centre.

The Centre due to the agreement set in place, has returned a surplus in the first 12 months, which is to be spent on the Centre, and resulted in the subsidy being reduced.

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
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The further development of the Aged Care industry has been advanced through the involvement of the Town in 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 continuing to deliver services through Narrogin Home Care, provide support to Narrogin Cottage Homes when required and providing administrative assistance to the CAT's vehicle service.

2.4	Provide ongoing proactive support, where possible, to the Local Indigenous Noongar Community towards positive actions within the community.	MLC	Ongoing	2
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The MLC has continued to work 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 has been contacted by a representative Indigenous group to establish connections. This falls in line with the desire to consider the establishment of a renewed RAP Committee. Council needs to identify and consider the resources required for this relationship to be successful to successfully administer and manage this by both groups into the future and clearly articulate boundaries/levels of assistance.

2.5	Further develop, encourage and support youth activities and initiatives within Narrogin.	MLC	Ongoing	4
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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, established the relationship with the YMCA with the Leisure Centre and the YMCA has been facilitating activities during the school holidays which has been well attended and work effectively with other coordinated youth activities at the Library and facilitating coordinated Indigenous sports activities.

Council continues to lease the Railway Hall to the PCYC to facilitate disenfranchised youth training and Council also rent a room at the Town Hall to Avon Youth and provide a subsidised rental for the hall for their 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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Arts Narrogin and the Nexis Committee continued their leased space and have been hosting many 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	4
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The Club Development Officer position was filled and commenced work during the period and has established good networks and provided training and workshops for the clubs. Assistance was provided to the Upper Great Southern Hockey Association regarding their Department of Sport and Recreation grant application that was successful. 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
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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	3
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The Narrogin Library is an important service provided by the Town and will continue to be supported financially and also administratively. The Library is again redeveloping itself within the community and is being well utilised by persons of varying culture and ages. Significant progression towards the redevelopment of

the Library has occurred and a major review by the Manager has occurred to enable rationalisation of the resources and space.

2.10	Provide support and encouragement for volunteers and local service groups.	MLC	Ongoing	4
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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 and aged care volunteers.

Average Score for Community Development Services = 3.7 / 5 or 74%

PARKS GARDENS AND NATURAL ENVIRONMENT

	Strategy	Task Allocation	Timeline	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 by the Department of Water.

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	3
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This matter has not been progressed; however, the diversion to the Railway dam, from Mokine Road 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 within the railway dam precinct 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 in this period has produced a total of 34,486 kWh, the Leisure Centre producing in excess of 68,972kWh. This amount of power produced from the two sites is equal to CO2 production of a Small Car travelling 1,023,849 Km's or 7,506 trees planted. The Solar Hot Water unit for the Pool and Shower's continued to work effectively and 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.

During the period actions have been taken that were identified within the report and have significantly improved the restriction to vehicles and access points and installed infrastructure including bins and seats.

Average Score for Parks Gardens and Natural Environment = 3.6 / 5 or 72%

GOVERNANCE AND CORPORATE SERVICES

	Strategy	Task Allocation	Timeline	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

The completion of the Local Law project continues due to time constraints; however, all local laws were reviewed and the Town is compliant in this matter.

With the merger date impending work has commenced on several Local Laws.

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
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Several grants were received by Council during the period with one of the larger grants being the finalisation of the Country Local Government Grant spending for the period and having these acquitted to allow for the last portion of funding to be released.

Another grant received was the Club development Officer grant that employs an officer for a period of two years.

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.

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	3
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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 scheme 3 finalisation has been delayed.

The building and town planning applications and processing has been performed in a timely manner and meets Council and regulatory requirements.

4.4	The Strategic Community Plan and Council's other strategic integrated corporate documents are to be reviewed on a biennial basis.	CEO	2014/16/18/ 20/22	4
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Council are reviewing each of its strategic documents 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
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This item has been delayed due to the impending 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	4
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Council finalised the Narrogin Prospectus and this document has been provided to businesses and external stakeholders that have potential involvement in the Narrogin area. Council has greatly improved its website and prepared and implemented the Town of Narrogin Facebook page. This has been very well received and is providing information out to wide sections of the community.

Average Score for Governance and Corporate Services = 3.33 / 5 or 66%

WASTE MANAGEMENT

	Strategy	Task Allocation	Timeline	Score
5.1	Investigate and developing, in partnership with neighbouring Councils, a regional waste facility.	CEO/DTES	2018	3

The remaining Councils were committed to progressing the project with the preferred site being located and negotiated with the land owners; however, the approvals and permits are being worked through by the consultant within a dedicated time frame. This is still continuing and as has been the case differing options are being constantly being investigated. It is expected, as per the required time frames, that the project will advance to a conclusion during the next period.

5.2	Investigate, develop a viable waste recycling program for the Town.	CEO/DTES	2015	5
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Within the period the Town of Narrogin negotiated a full domestic recycling program that was implemented in the period. The programme was initiated through a full tender process and resulted in a local supplier being successful in providing the service. This service has now been set in place for the long term provision of recycling to the Narrogin residents.

5.3	Redevelop the Waste Management Plan for the White Rd Refuse Site and investigate better	DTES	2014	4
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	methods of handling the current waste to maximise the life span and reduce the ongoing cost of facilitation of the Refuse site.			
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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.

5.4	Investigate the potential reuse of refuse to generate power and other uses.	CEO/DTES	2018	3
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This potential has been investigated through the Regional Refuse Site Committee and it is not feasible to progress this matter at this time; however, the technology is getting closer to the scale that could be used in our circumstances.

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 = 3.8 / 5 or 76%

INFRASTRUCTURE AND ASSET MANAGEMENT

	Strategy	Task Allocation	Timeline	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. The footings have been installed with progressive works also occurring to construct the toilets.

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 Retention Dams to reduce the impact of heavy rains and provide a source of water for sporting groups and or potential industry.	DTES	2016	2
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Potential sites have been discussed and identified and the plan has been commenced internally to develop a “Water Management Plan”.

6.3	Redevelop and identify the Town’s Footpath Program.	DTES and Council	2014	4
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Council have adopted a five year footpath program that is dependent on funding and resources. This plan was utilised for the identification of the paths that were installed during the period. Continued works have been identified for the following period. Council is currently well in front of the Footpath program due to the utilisation of CLGF monies.

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
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During the previous 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 has commenced construction however delays in the finalisation of the design have pushed the completion date of this section back to the next period.

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	4
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Works have been set for the Fortune St and Federal St renewal; however, the Townscape Committee has been progressed to provide input into some of the variables of the works within the cosmetic infrastructure required. 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.

A Grant has been prepared which, has been successful and will enable the engagement of a Landscape Architect to prepare a revised CBD Townscape Plan within the next period.

6.6	Create a development plan for Council to meet its ongoing future infrastructure requirements regarding all road and associated infrastructure.	DTES/MWS	2015	3
-----	--	----------	------	---

Council implemented a Five year Significant and Local Road Capitalisation Program, Footpath Program and identified its Building maintenance and upgrade requirements with the previous period.

The planning set in place is required to be updated and renewed in the future for the Town to continue meeting its obligations, requirements and to be prepared for future new grants and funding.

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.

Staff are also working through an Asbestos Plan for the systematic removal of asbestos where possible and the clear identification of other known locations.

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 continued to be improved during the period with more Country Local Government funding being allocated to maintenance and upgrades.

6.9	To investigate the construction or acquisition of Executive Housing within Narrogin.	CEO	2015	3
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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. Council have partly resolved the matter through the long term rental of several properties.

Average Score for Infrastructure and Asset Management = 3.4 / 5 or 69%

LONGER TERM STRATEGIES

	Strategy	Task Allocation	Timeline	Score
7.1	Continue to lobby for the development of a University Campus in Narrogin.	CEO / Mayor	2022	3

Council have continued to proactively lobby for the development of a Narrogin University; however, in a differing arrangement 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 with a partnership that is about to commence. Council will continue to lobby for this outcome and support Cy O'Connor in this outcome.

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	3
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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, have progressed the return of the PM 706 Steam Train and the Mural Art Project.

7.3	Continue to support and investigate development options for the Narrogin Airport and facilities.	CEO/DTES	2022	3
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The Town have worked in partnership with the Shire of Narrogin regarding the development of the Narrogin Airstrip Master Plan and facilities. The negotiation for the purchase of the additional portion of land has occurred and has been finalised. Interest was also presented by an external agency in regards to establishing a training centre at the Airport. This is continuing to be progressed.

7.4	Support the regional development of a Agri Business Precinct	Council	Ongoing	3
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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
-----	---	---------	---------	---

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.

The potential Mallee Power Plant, as discussed previously, has the potential to provide the power for the industry promoted in this item and is seen as being a potential instigator for this development.

7.6	Promote the long term development of existing and future businesses within the CBD.	Council	Ongoing	4
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Council recognises that with industrial and commercial development brings more employment, more housing requirements and more economic generation through local businesses. 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.

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 = 3.16/ 5 or 63.33%

Total Average Score for the Town of Narrogin overall Strategic Key Performance Indicators:
= 3.53/ 5 or 70.74%

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 2014/15, 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 Cuballing 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 advising of the Council's final decisions.

DISABILITY ACCESS AND INCLUSION PLAN (DAIP) REPORT

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

Council venues are accessible for people with disabilities and Council encourages access and inclusion for community/commercial events.

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 upgrading of its footpath network to allow better access in the Narrogin CBD and undertaken capital works to improve road curbing and also pedestrian islands on Clayton Road which is a Heavy Haulage route. The Town Hall upgrade was finalised in the period with the public toilets and walkway now on one level with a dedicated Disabled Toilet. The 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 should it be requested.

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 continues 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 initiatives within the community through the print media, its Website, Facebook page and notice boards but will send email notifications to persons who request it and in required formats if requested. Accessible venues are chosen for consultations.

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

The Town of Narrogin recruits staff according to specified selection criteria to appoint persons with appropriate skills, knowledge, and experience. If modifications were required to make its workplace more accessible to a person with a disability who demonstrated the appropriate skills and knowledge set, Council would undertake office modifications where possible to employ that job candidate.

FREEDOM OF INFORMATION ACT 1992

This information statement is published in accordance with section 96 of the *Freedom of Information Act 1992*.

1. Structure and Functions of Council

Establishment

The Town of Narrogin is established under the *Local Government Act 1995*, and has the responsibility for the administration of this Act with the District. Other major legislation which creates a duty or an authority for Council to act includes but is not limited to:

- *Health Act 1911*
- *Town Planning & Development Act 1928*
- *Bush Fires Act 1954*
- *Dog Act 1976*
- *Cat Act 2011*
- *Cemeteries Act 1986*

Council

Council's affairs are managed by eight people with one vacant position elected from and by the community, who act in a voluntary capacity, and represent all sections of the community. The Council acts as a community board, establishing policies and making decisions within the requirements of the Local Government Act on a wide range of issues affecting the community, and in keeping with the legislative requirement to:

- Determine policies to be applied by Council exercising its discretionary powers.
- Determine the type, range and scope of projects to be undertaken by Council.
- Develop comprehensive management plans, budgets, financial controls and performance objectives and indicators for the operations of Council.

The Council makes decisions which direct and/or determine its activities and functions. Such decisions include the approval of works and services to be undertaken, and the allocation of resources to works and services.

Decisions are also made to determine whether or not approvals are to be granted for applications for residential and commercial development.

Ordinary meetings of Council are held on the second and fourth Tuesday of every month excluding in December and January at 7.30pm. All members of the public are welcome to attend.

Personal Involvement

Elected members are involved with many organisations within the community, and are also active in representing The Town of Narrogin at a regional or state level. Council's nominations to other organisations include:

- Central Zone of WALGA
- Airport Committee
- Local Emergency Management Committee
- Safe Town and Roadwise
- Townscape Committee

Standing Committees

At present there is one standing Committee of Council: Audit Committee.

Occasional Committees

Council utilises occasional Committees as and when required.

Agendas

To ensure that all items are included in the Agenda for council meetings, it is requested that items for consideration be submitted to the Chief Executive Officer at least six days prior to Council meeting, as agendas are prepared for members and are distributed 5 days prior to the meeting. This permits each item to be researched if necessary, and be presented to Council with a recommendation for decision, if appropriate.

Copies of the Agenda are available prior to the meeting in accordance with the *Local Government Act 1995*. Please note that all Minutes are subject to confirmation by Council.

Complaints

Complaints received by Council have been recorded and actioned in a timely manner.

Delegated Authority

Under the Local Government Act 1995, Council is able to delegate many powers to either committees or to the Chief Executive Officer. The CEO may then further delegate the duty or responsibility to perform a task. Delegations are recorded in a Register, and are reviewed by Council annually.

2. Services to the Community

Council provides an extensive variety of services for the community under a wide range of legislation. Services provided include:

- | | | |
|--------------------------|-----------------------------|-------------------------------|
| • Building control | • Library services | • Recreation/sport facilities |
| • Cemeteries | • Litter bins | • Recycling |
| • Citizenship ceremonies | • Parks and reserves | • Roads, footpaths and kerbs |
| • Crossovers | • Planning controls | • Rubbish collection |
| • Dog and cat control | • Playground equipment | • Storm water drainage |
| • Drainage | • Public buildings for hire | • Street lighting |
| • Environmental health | • Public toilets | |
| • Fire prevention | | |

- Street sweeping
- Street tree maintenance/planting
- Swimming Pool
- Traffic control works

3. Access to Council Documents

The following documents are available for inspection at the Council Offices free of charge. Copies of the documents can be made available, although some will incur a charge to cover the cost of photocopying. The Local Government Act 1995 does stipulate minimum requirements for documents to be made available for public inspection, and these include:

- Minutes and agendas of Council and Committee meetings
- General Policy Manual
- Annual Budgets
- Annual Report
- Annual Financial Statements
- Monthly Financial Statements
- Council Local Laws (formerly known as by-laws)
- Town Planning Scheme
- Electoral Rolls
- Financial Interest Register- Primary and Annual Returns and Declarations

Requests for other information will be considered in accordance with the requirements of the *Freedom of Information Act 1992* and the *Local Government Act 1995*. Under the *Freedom of Information Act 1992*, an application fee and search fee must be submitted with the completed request form, unless the information is of a personal nature, or an exemption is granted.

Please contact the Town of Narrogin Administration Centre at the following address if you have a query regarding any of the above Freedom of Information Statement or if you would simply like more information:

Town of Narrogin
 89 Earl Street
 (PO Box 188)
 NARROGIN WA 6312
 Tel: (08) 9881 1944
 Fax: (08) 9881 3092
 Email: enquiries@narrogin.wa.gov.au

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 cite that:

1. The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated not less than once in every 5 years.

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 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	2014/15	2013/14
\$110,001 - \$120,000		1
\$120,001 - \$130,000	2	1
\$150,001 - \$160,000	1	
\$160,001 - \$170,000		1

REGISTER OF COMPLAINTS

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

ACRONYMS USED WITHIN THIS DOCUMENT

CBD	Central Business District
CEO	Chief Executive Officer
DCCS	Director of Corporate and Community Services
DSR	Department of Sport and Recreation
DTES	Director of Technical and Environmental Services
MLC	Manager of Leisure and Culture
MLS	Manager of Library Services
MOU	Memorandum of Understanding
MWS	Manager of Works and Services
NRLC	Narrogin Regional Leisure Centre
RAP	Reconciliation Action Plan
WDC	Wheatbelt Development Commission

TOWN OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: 89 Earl Street NARROGIN WA 6312	

**TOWN OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Town at 30th June 2015 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 23 day of September 2015



Aaron Cook
Chief Executive Officer

TOWN OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	3,232,547	3,184,313	3,023,455
Operating grants, subsidies and contributions	28	4,435,908	2,861,468	2,976,532
Fees and charges	27	1,672,461	1,380,518	2,029,313
Service charges	24	0	0	0
Interest earnings	2(a)	158,578	96,300	97,861
Other revenue		<u>141,824</u>	<u>105,000</u>	<u>356,907</u>
		9,641,318	7,627,599	8,484,068
Expenses				
Employee costs		(3,656,327)	(3,724,891)	(4,007,179)
Materials and contracts		(2,128,793)	(3,115,875)	(2,015,797)
Utility charges		(655,568)	(738,110)	(696,925)
Depreciation on non-current assets	2(a)	(1,220,768)	(1,324,892)	(1,162,431)
Interest expenses	2(a)	(53,766)	(50,796)	(62,923)
Insurance expenses		(196,956)	(194,494)	(195,654)
Other expenditure		<u>(291,326)</u>	<u>(267,030)</u>	<u>(229,240)</u>
		(8,203,504)	(9,416,088)	(8,370,149)
		1,437,814	(1,788,489)	113,919
Non-operating grants, subsidies and contributions	28	743,119	217,194	469,901
Profit on asset disposals	20	1,092	19,340	6,570
Loss on asset disposals	20	<u>(60,340)</u>	<u>(40,686)</u>	<u>(102,610)</u>
Net result		2,121,685	(1,592,641)	487,780
Other comprehensive income				
Changes on revaluation of non-current assets	12	17,420,698	0	17,500
Total other comprehensive income		<u>17,420,698</u>	<u>0</u>	<u>17,500</u>
Total comprehensive income		<u><u>19,542,383</u></u>	<u><u>(1,592,641)</u></u>	<u><u>505,280</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 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		737,569	6,200	212,216
General purpose funding		5,357,860	4,571,126	3,762,890
Law, order, public safety		27,076	30,700	15,205
Health		6,645	8,750	4,389
Education and welfare		1,496,330	1,447,107	1,347,772
Housing		7,700	7,800	7,091
Community amenities		946,835	878,745	724,957
Recreation and culture		416,399	300,253	1,063,926
Transport		173,506	100,000	56,556
Economic services		271,064	210,277	1,194,563
Other property and services		200,333	66,641	94,502
		<u>9,641,317</u>	<u>7,627,599</u>	<u>8,484,067</u>
Expenses	2(a)			
Governance		(936,116)	(957,343)	(894,244)
General purpose funding		(168,080)	(167,592)	(182,996)
Law, order, public safety		(261,858)	(228,378)	(257,353)
Health		(89,452)	(97,655)	(97,878)
Education and welfare		(1,244,604)	(1,527,205)	(1,379,859)
Housing		0	0	(27,812)
Community amenities		(1,048,454)	(1,083,881)	(879,551)
Recreation and culture		(2,400,728)	(2,751,784)	(2,885,052)
Transport		(1,222,826)	(1,443,417)	(1,019,774)
Economic services		(596,442)	(1,064,510)	(614,805)
Other property and services		(181,177)	(43,527)	(67,901)
		<u>(8,149,737)</u>	<u>(9,365,292)</u>	<u>(8,307,225)</u>
Finance costs	2(a)			
Governance		(6,123)	(5,605)	(7,491)
Recreation and culture		(35,012)	(32,853)	(37,696)
Economic services		<u>(12,631)</u>	<u>(12,338)</u>	<u>(17,736)</u>
		<u>(53,766)</u>	<u>(50,796)</u>	<u>(62,923)</u>
Non-operating grants, subsidies and contributions				
Governance		552,391	0	0
Recreation and culture		0	0	100,000
Transport		190,728	217,194	369,901
	28	<u>743,119</u>	<u>217,194</u>	<u>469,901</u>
Profit/(Loss) on disposal of assets				
Governance		(11,396)	(4,434)	(39,474)
Law, order, public safety		(12,637)	(10,110)	0
Education and welfare		(11,367)	(12,793)	(8,665)
Recreation and culture		0	0	(38,834)
Transport		(16,668)	14,978	1,155
Economic services		0	4,340	(10,222)
Other property and services		<u>(7,180)</u>	<u>(13,327)</u>	<u>0</u>
	20	<u>(59,248)</u>	<u>(21,346)</u>	<u>(96,040)</u>
Net result		<u>2,121,685</u>	<u>(1,592,641)</u>	<u>487,780</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	17,420,698	0	17,500
Total other comprehensive income		<u>17,420,698</u>	<u>0</u>	<u>17,500</u>
Total comprehensive income		<u>19,542,383</u>	<u>(1,592,641)</u>	<u>505,280</u>

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

TOWN OF NARROGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,835,513	3,705,107
Trade and other receivables	4	970,955	939,580
TOTAL CURRENT ASSETS		6,806,468	4,644,687
NON-CURRENT ASSETS			
Other receivables	4	106,165	86,714
Inventories	5	177,273	177,273
Property, plant and equipment	6	37,304,222	37,454,120
Infrastructure	7	24,657,401	7,188,991
TOTAL NON-CURRENT ASSETS		62,245,061	44,907,098
TOTAL ASSETS		69,051,529	49,551,785
CURRENT LIABILITIES			
Trade and other payables	8	866,164	810,993
Current portion of long term borrowings	9	144,809	138,357
Provisions	10	448,020	425,540
TOTAL CURRENT LIABILITIES		1,458,993	1,374,890
NON-CURRENT LIABILITIES			
Long term borrowings	9	848,656	993,465
Provisions	10	75,559	57,492
TOTAL NON-CURRENT LIABILITIES		924,215	1,050,957
TOTAL LIABILITIES		2,383,208	2,425,847
NET ASSETS		66,668,321	47,125,938
EQUITY			
Retained surplus		16,668,777	16,166,840
Reserves - cash backed	11	4,167,798	2,548,050
Revaluation surplus	12	45,831,746	28,411,048
TOTAL EQUITY		66,668,321	47,125,938

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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		15,524,094	2,703,016	28,393,548	46,620,658
Comprehensive income					
Net result		487,780	0	0	487,780
Changes on revaluation of non-current assets	12	0	0	17,500	17,500
Total comprehensive income		487,780	0	17,500	505,280
Transfers from/(to) reserves		154,966	(154,966)	0	0
Balance as at 30 June 2014		16,166,840	2,548,050	28,411,048	47,125,938
Comprehensive income					
Net result		2,121,685	0	0	2,121,685
Changes on revaluation of non-current assets	12	0	0	17,420,698	17,420,698
Total comprehensive income		2,121,685	0	17,420,698	19,542,383
Transfers from/(to) reserves		(1,619,748)	1,619,748	0	0
Balance as at 30 June 2015		16,668,777	4,167,798	45,831,746	66,668,321

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,167,738	3,196,318	3,049,433
Operating grants, subsidies and contributions		4,455,102	2,886,668	2,957,631
Fees and charges		1,672,461	1,377,518	2,029,313
Service charges		0	0	0
Interest earnings		158,578	125,254	97,861
Goods and services tax		215,103	452,050	0
Other revenue		141,824	105,000	356,907
		<u>9,810,806</u>	<u>8,142,808</u>	<u>8,491,145</u>
Payments				
Employee costs		(3,609,538)	(3,628,756)	(3,782,265)
Materials and contracts		(2,164,345)	(3,130,290)	(2,902,117)
Utility charges		(655,568)	(726,905)	(696,925)
Interest expenses		(51,680)	(50,796)	(60,548)
Insurance expenses		(196,956)	(194,494)	(195,654)
Goods and services tax		(220,314)	(441,950)	0
Other expenditure		(208,931)	(267,030)	(229,239)
		<u>(7,107,332)</u>	<u>(8,440,221)</u>	<u>(7,866,748)</u>
Net cash provided by (used in) operating activities	13(b)	<u>2,703,474</u>	<u>(297,413)</u>	<u>624,397</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(764,304)	(1,142,002)	(1,194,496)
Payments for construction of infrastructure		(596,910)	(685,239)	(715,402)
Non-operating grants, Subsidies and contributions		743,119	217,194	469,901
Proceeds from sale of fixed assets		183,386	228,600	179,184
Net cash provided by (used in) investment activities		<u>(434,709)</u>	<u>(1,381,447)</u>	<u>(1,260,813)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(138,357)	(138,357)	(142,833)
Net cash provided by (used in) financing activities		<u>(138,357)</u>	<u>(138,357)</u>	<u>(142,833)</u>
Net increase (decrease) in cash held		2,130,408	(1,817,217)	(779,249)
Cash at beginning of year		3,705,107	3,710,676	4,484,356
Cash and cash equivalents at the end of the year	13(a)	<u><u>5,835,515</u></u>	<u><u>1,893,459</u></u>	<u><u>3,705,107</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		1,289,960	6,200	212,216
General purpose funding		2,125,313	1,386,813	739,435
Law, order, public safety		27,076	30,700	15,205
Health		6,645	8,750	4,389
Education and welfare		1,496,330	1,447,107	1,349,195
Housing		7,700	7,800	7,091
Community amenities		946,835	878,745	724,957
Recreation and culture		416,399	300,253	1,163,926
Transport		365,326	332,194	431,604
Economic services		271,064	214,617	1,194,563
Other property and services		200,333	66,641	94,502
		<u>7,152,981</u>	<u>4,679,820</u>	<u>5,937,083</u>
Expenses				
Governance		(953,635)	(967,382)	(941,209)
General purpose funding		(168,080)	(167,592)	(182,996)
Law, order, public safety		(274,495)	(238,488)	(257,353)
Health		(89,452)	(97,655)	(97,878)
Education and welfare		(1,255,971)	(1,539,998)	(1,389,947)
Housing		0	0	(27,812)
Community amenities		(1,048,454)	(1,083,881)	(879,551)
Recreation and culture		(2,435,740)	(2,784,637)	(2,961,582)
Transport		(1,240,586)	(1,443,439)	(1,023,766)
Economic services		(609,073)	(1,076,848)	(642,763)
Other property and services		(188,357)	(56,854)	(67,901)
		<u>(8,263,843)</u>	<u>(9,456,774)</u>	<u>(8,472,758)</u>
Net result excluding rates		(1,110,862)	(4,776,954)	(2,535,675)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	59,248	21,346	96,040
Movement in deferred pensioner rates (non-current)		(19,451)	0	(4,525)
Movement in employee benefit provisions (non-current)		18,067	0	8,888
Depreciation and amortisation on assets	2(a)	1,220,768	1,324,892	1,162,431
Movement in Employee Entitlement Reserve		116,303	0	159,808
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(224,990)	(428,050)	(823,029)
Purchase furniture & equipment	6(b)	(19,408)	(45,650)	(22,514)
Purchase plant & equipment	6(b)	(519,906)	(668,302)	(348,953)
Purchase roads	7(b)	(415,116)	(369,919)	(410,522)
Purchase footpaths	7(b)	(72,811)	(71,790)	(53,600)
Purchase drainage	7(b)	(44,532)	(41,500)	(53,707)
Purchase other infrastructure	7(b)	(64,451)	(202,030)	(197,573)
Proceeds from disposal of fixed assets	20	183,386	228,600	179,184
Repayment of debentures	21(a)	(138,357)	(138,357)	(142,833)
Transfers to reserves (restricted assets)	11	(2,348,590)	(199,221)	(714,174)
Transfers from reserves (restricted assets)	11	728,842	1,132,231	869,140
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	1,069,912	1,055,431	878,071
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	1,650,599	5,040	1,069,912
Total amount raised from general rate	22(a)	<u>(3,232,547)</u>	<u>(3,184,313)</u>	<u>(3,023,455)</u>

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

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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 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 Town 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.

(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.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 the Council's intentions to release for sale.

(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, the Town 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.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Town 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.

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 Town 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.

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 Town.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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	40 to 100 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths	20 to 40 years
Water supply piping and drainage systems	75 to 100 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.

Capitalisation threshold

Expenditure on items of equipment under \$10,000 for Building, Infrastructure and \$5,000 for all other items is not capitalised.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

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 Town 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 Town 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 2015

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

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 Town becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Town 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 2015

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 Town 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 2015

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 Town 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 Town'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 Town prior to the end of the financial year that are unpaid and arise when the Town 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

Provision is made for the Town'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 Town'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 Town'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 of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Town's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Town 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.

(m) Provisions

Provisions are recognised when the Town 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 Town, 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.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Town 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 Town's share of net assets of the associate. In addition, the Town's share of the profit or loss of the associate is included in the Town's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Town'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 Town and the associate are eliminated to the extent of the Town's interest in the associate.

When the Town's share of losses in an associate equals or exceeds its interest in the associate, the Town 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 Town will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(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 Town'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 Town contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Town contributes are defined contribution plans.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Town's operational cycle. In the case of liabilities where the Town 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 Town'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.

(u) Comparative Figures

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

When the Town 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 2015

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 Town.

Management's assessment of the new and amended pronouncements that are relevant to the Town, 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 (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Town, 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)	September 2012	1 January 2018	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 Town (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]			
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Town has with those third parties it has dealings with. It may or may not be significant.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	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. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Town.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Town's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Town currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Town as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

During the current year, the Town 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 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Town 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 2015

2. REVENUE AND EXPENSES

	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the annual financial report	28,437	18,614
- Assistance with the finalisation of the annual financial report	0	5,060
Depreciation		
Non-specialised buildings	525,485	490,632
Furniture & Equipment	32,352	57,768
Plant & Equipment	113,733	119,625
Roads	379,247	346,357
Footpaths	37,254	36,182
Drainage	65,071	63,997
Parks & Ovals	29,674	29,674
Other Infrastructure	37,952	18,196
	<u>1,220,768</u>	<u>1,162,431</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	<u>53,766</u>	<u>62,923</u>
	<u>53,766</u>	<u>62,923</u>
(ii) Crediting as revenue:		
Significant revenue		
Financial Assistance Grants		
Load Roads Grants		
Other revenue		
Reimbursements and recoveries	125,780	115,760
Other	16,044	241,147
	<u>141,824</u>	<u>356,907</u>
	<u>141,824</u>	<u>356,907</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	68,926	40,000
- Other funds	45,563	15,000
Other interest revenue (refer note 26)	44,089	41,300
	<u>158,578</u>	<u>96,300</u>
	<u>158,578</u>	<u>96,300</u>
	2014	Actual
	\$	\$

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Town's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

Prosperity and growth as a regional centre.

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provisions of infrastructure and services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer community.

Activities:

Supervision and enforcement of various local laws, 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:

Inspect food outlets and their control, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Preschool and other education, children and youth services, elderly and disadvantaged, senior citizens services.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HOUSING

Objective:

To provide housing to senior employees.

Activities:

Provision of staff housing.

COMMUNITY AMENITIES

Objective:

To provided services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

The provide recreational and cultural services to the community.

Activities:

Maintain public halls, civic centres, aquatic centre, recreational centre 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:

Construct and maintenance of roads, streets, footpaths, depots parking facilities. Purchase of plant and equipment.

ECONOMIC SERVICES

Objective:

To promote the Town 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, and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control the Town's overheads operation accounts and town planning scheme.

Activities:

Private works operation, plant repair and operation costs, administration overheads, community development overheads and gross salary and wages.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
WDC Grant for Regional Tafe	Edu & Welf	30,000	0	0	30,000	0	0	30,000
Healthy Lifestyles	Rec & Cult	202,519	0	(168,987)	33,532	0	(33,532)	0
Finding My Careers	Rec & Cult	574	0	(574)	0	0	0	0
CLGF R4R (2010/11) Local	General Pur.	484,936	0	(357,253)	127,683	0	(127,683)	0
CLGF R4R Regional NLRC1	Rec & Cult	210,258	0	(203,653)	6,605	0	(6,605)	0
CLGF R4R Regional NLRC2	Rec & Cult	48,899	0	(48,899)	0	0	0	0
CLGF R4R Regional Town Hall	Rec & Cult	339,304	0	(219,690)	119,614	0	(119,614)	0
CLGF R4R (2012/13) Local	General Pur.	0	0	0	0	552,391	0	552,391
Aged Care Hino Bus	Edu & Welf	118,802	0	0	118,802	0	(118,802)	0
Roads to Recovery	Transport	106,052	0	(106,052)	0	0	0	0
Kidsports	Rec & Cult	0	50,000	0	50,000	0	(46,788)	3,212
Regional Talent	Rec & Cult	0	18,405	0	18,405	585	0	18,990
Community Gardens	Rec & Cult	0	3,408	0	3,408	0	(1,886)	1,522
CLGF Interest	Rec & Cult	0	5,000	0	5,000	0	(5,000)	0
WDC TAFE Management	Econ Serv	0	21,695	0	21,695	0	(11,195)	10,500
WDC TAFE Land Assembly	Econ Serv	0	242,847	0	242,847	0	(125,321)	117,526
WDC TAFE Project	Econ Serv	0	0	0	0	267,000	0	267,000
Community Garden Volunteer	Rec & Cult	0	2,639	0	2,639	0	(2,639)	0
Aged Friendly Communities	Edu & Welf	0	0	0	0	10,000	0	10,000
DLG Merger Funding	Goverance	0	0	0	0	675,906	0	675,906
Total		<u>1,541,344</u>	<u>343,994</u>	<u>(1,105,108)</u>	<u>780,230</u>	<u>1,505,882</u>	<u>(599,065)</u>	<u>1,687,047</u>

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 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,667,715	1,157,057
Restricted		<u>4,167,798</u>	<u>2,548,050</u>
		<u><u>5,835,513</u></u>	<u><u>3,705,107</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Refuse Site Reserve	11	329,707	320,663
Emergency Services Reserve	11	12,945	12,590
Aged Care Reserve	11	723,880	708,326
J Hogg Memorial Reserve	11	82,787	80,530
Community Assisted Transport (CAT) Reserve	11	8,842	8,299
Building Reserve	11	281,792	139,750
Narrogin Regional Recreation Centre Reserve	11	109,410	50,000
Employee Entitlement Reserve	11	326,113	209,808
Plant, Vehicle & Equipment Reserve	11	342,821	150,854
Economic Development Reserve	11	142,454	87,000
IT & Office Equipment Reserve	11	20,000	0
Tourism & Area Promotion Reserve	11	100,000	0
Unspent Grants & Contribution Reserve	11	<u>1,687,047</u>	<u>780,230</u>
		<u><u>4,167,798</u></u>	<u><u>2,548,050</u></u>
3. INVESTMENTS			
Financial assets at fair value through profit and loss		<u>0</u>	<u>0</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		188,107	142,749
Sundry debtors		<u>782,848</u>	<u>796,831</u>
		<u><u>970,955</u></u>	<u><u>939,580</u></u>
Non-current			
Rates outstanding - pensioners		106,165	86,714
		<u><u>106,165</u></u>	<u><u>86,714</u></u>
5. INVENTORIES			
Non-current			
Land held for resale - cost			
Cost of acquisition		<u>177,273</u>	<u>177,273</u>
		<u><u>177,273</u></u>	<u><u>177,273</u></u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2013 - level 2	2,200,000	2,200,000
- Additions after valuation - cost	30,473	0
	<u>2,230,473</u>	<u>2,200,000</u>
	<u>2,230,473</u>	<u>2,200,000</u>
Non-specialised buildings at:		
- Management valuation 2013 - level 3	33,634,500	33,634,500
- Additions after valuation - cost	1,017,546	823,029
Less: accumulated depreciation	(1,016,116)	(490,632)
	<u>33,635,930</u>	<u>33,966,897</u>
	<u>33,635,930</u>	<u>33,966,897</u>
Total land and buildings	<u>35,866,403</u>	<u>36,166,897</u>
Furniture & Equipment at:		
- Management valuation 2014 - level 2	17,500	17,500
- Additions after valuation - cost	291,644	272,236
Less accumulated depreciation	(65,036)	(32,684)
	<u>244,108</u>	<u>257,052</u>
Plant & Equipment at:		
- Management valuation 2013 - level 2	620,984	620,984
- Additions after valuation - cost	778,636	529,533
Less accumulated depreciation	(205,909)	(120,346)
	<u>1,193,711</u>	<u>1,030,171</u>
	<u>37,304,222</u>	<u>37,454,120</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	2,200,000	30,473	0	0	0	0	0	2,230,473
Total land	2,200,000	30,473	0	0	0	0	0	2,230,473
Non-specialised buildings	33,966,897	194,517	0	0	0	(525,485)	0	33,635,929
Total buildings	33,966,897	194,517	0	0	0	(525,485)	0	33,635,929
Total land and buildings	36,166,897	224,990	0	0	0	(525,485)	0	35,866,402
Furniture & Equipment	257,052	19,408	0	0	0	(32,352)	0	244,108
Plant & Equipment	1,030,171	519,906	(270,803)	0	0	(113,733)	28,171	1,193,712
Total property, plant and equipment	37,454,120	764,304	(270,803)	0	0	(671,570)	28,171	37,304,222

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent Valuer	June 2013	Price per hectare / market borrowing rate
Land vested in and under the					
Non-specialised buildings	3	Improvements to land valued using cost approach and depreciated repostment cost.	Independent Valuer	June 2013	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Specialised buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent Valuer	June 2013	Price per square metre / market borrowing rates
Furniture & Equipmment					
	2	Market value using recent observable market data for similar properties.	Management Valuation	June 2014	Purchase costs and current conditions (level 2).
Plant & Equipment					
	2	Market value using recent observable market data for similar properties.	Management Valuation	June 2013	Price per item.

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

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

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
7 (a). INFRASTRUCTURE		
Roads		
- Management valuation 2015 - level 2	16,380,980	0
- Management valuation Pre 2010	0	11,287,000
- Cost	415,116	3,684,416
Less accumulated depreciation	0	(11,514,927)
	<u>16,796,096</u>	<u>3,456,489</u>
Footpaths		
- Management valuation 2015 - level 2	1,898,687	0
- Management valuation Pre 2010	0	605,020
- Additions after valuation - cost	0	1,257,715
- Cost	72,811	0
Less accumulated depreciation	0	(890,151)
	<u>1,971,498</u>	<u>972,584</u>
Drainage		
- Management valuation 2015 - level 2	1,773,915	0
- Management valuation Pre 2010	0	2,613,310
- Cost	44,532	640,255
Less accumulated depreciation	0	(2,396,352)
	<u>1,818,447</u>	<u>857,213</u>
Parks & Ovals		
- Management valuation 2015 - level 2	3,036,997	0
- Management valuation Pre 2010	0	1,201,900
- Cost	0	873,212
Less accumulated depreciation	0	(947,528)
	<u>3,036,997</u>	<u>1,127,584</u>
Other Infrastructure		
- Management valuation 2015 - level 2	969,912	0
- Management valuation Pre 2010	0	84,007
- Cost	64,451	915,901
Less accumulated depreciation	0	(224,787)
	<u>1,034,363</u>	<u>775,121</u>
	<u>24,657,401</u>	<u>7,188,991</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(b) 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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	3,456,489	415,116	0	13,303,738	0	(379,247)	0	16,796,096
Footpaths	972,584	72,811	0	963,357	0	(37,254)	0	1,971,498
Drainage	857,213	44,532	0	981,773	0	(65,071)	0	1,818,447
Parks & Ovals	1,127,584	0	0	1,939,087	0	(29,674)	0	3,036,997
Other Infrastructure	775,121	64,451	0	232,743	0	(37,952)	0	1,034,363
Total infrastructure	<u>7,188,991</u>	<u>596,910</u>	<u>0</u>	<u>17,420,698</u>	<u>0</u>	<u>(549,198)</u>	<u>0</u>	<u>24,657,401</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$17,420,698 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the Town's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	2	Cost approach using depreciated replacement cost.	Independent Valuer	June 2015	Construction costs and current condition (level 2).
Footpaths	2	Cost approach using depreciated replacement cost.	Independent Valuer	June 2015	Construction costs and current condition (level 2).
Drainage	2	Cost approach using depreciated replacement cost.	Independent Valuer	June 2015	Construction costs and current condition (level 2).
Parks & Ovals	2	Cost approach using depreciated replacement cost.	Management Valuation	June 2015	Construction costs and current condition (level 2).
Other Infrastructure	2	Cost approach using depreciated replacement cost.	Management Valuation	June 2015	Construction costs and current condition (level 2).

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

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

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	525,630	614,590
Accrued interest on debentures	4,461	2,375
Accrued salaries and wages	114,244	108,306
ATO liabilities	168,421	85,722
Other Creditors	53,408	0
	<u>866,164</u>	<u>810,993</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	144,809	138,357
	<u>144,809</u>	<u>138,357</u>
Non-current		
Secured by floating charge		
Debentures	848,656	993,465
	<u>848,656</u>	<u>993,465</u>

Additional detail on borrowings is provided in Note 21.

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

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	270,475	155,065	425,540
Non-current provisions	<u>0</u>	<u>57,492</u>	<u>57,492</u>
	270,475	212,557	483,032
Additional provision	58,504	48,911	107,415
Amounts used	<u>(38,971)</u>	<u>(27,897)</u>	<u>(66,868)</u>
Balance at 30 June 2015	<u>290,008</u>	<u>233,571</u>	<u>523,579</u>
Comprises			
Current	290,008	158,012	448,020
Non-current	<u>0</u>	<u>75,559</u>	<u>75,559</u>
	<u>290,008</u>	<u>233,571</u>	<u>523,579</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Refuse Site Reserve			
Opening balance	320,663	320,663	240,663
Amount set aside / transfer to reserve	9,044	4,656	80,000
Amount used / transfer from reserve	0	(80,000)	0
	<u>329,707</u>	<u>245,319</u>	<u>320,663</u>
(b) Emergency Services Reserve			
Opening balance	12,590	12,590	12,590
Amount set aside / transfer to reserve	355	183	0
Amount used / transfer from reserve	0	0	0
	<u>12,945</u>	<u>12,773</u>	<u>12,590</u>
(c) Aged Care Reserve			
Opening balance	708,326	708,326	571,670
Amount set aside / transfer to reserve	117,052	10,284	136,656
Amount used / transfer from reserve	(101,498)	(164,000)	0
	<u>723,880</u>	<u>554,610</u>	<u>708,326</u>
(d) J Hogg Memorial Reserve			
Opening balance	80,530	80,530	80,530
Amount set aside / transfer to reserve	2,257	1,169	0
Amount used / transfer from reserve	0	(35,000)	0
	<u>82,787</u>	<u>46,699</u>	<u>80,530</u>
(e) Community Assisted Transport (CAT) Reserve			
Opening balance	8,299	8,299	8,615
Amount set aside / transfer to reserve	6,816	8,120	(316)
Amount used / transfer from reserve	(6,273)	(16,000)	0
	<u>8,842</u>	<u>419</u>	<u>8,299</u>
(f) Building Reserve			
Opening balance	139,750	139,750	10,724
Amount set aside / transfer to reserve	142,042	3,176	129,026
Amount used / transfer from reserve	0	0	0
	<u>281,792</u>	<u>142,926</u>	<u>139,750</u>
(g) Narrogin Regional Recreation Centre Reserve			
Opening balance	50,000	50,000	0
Amount set aside / transfer to reserve	59,410	31,947	50,000
Amount used / transfer from reserve	0	0	0
	<u>109,410</u>	<u>81,947</u>	<u>50,000</u>
(h) Employee Entitlement Reserve			
Opening balance	209,808	209,808	50,000
Amount set aside / transfer to reserve	116,305	3,046	159,808
Amount used / transfer from reserve	0	(32,000)	0
	<u>326,113</u>	<u>180,854</u>	<u>209,808</u>
(i) Plant, Vehicle & Equipment Reserve			
Opening balance	150,854	150,854	78,854
Amount set aside / transfer to reserve	191,967	52,597	72,000
Amount used / transfer from reserve	0	(60,000)	0
	<u>342,821</u>	<u>143,451</u>	<u>150,854</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (Continued)			
(j) Economic Development Reserve			
Opening balance	87,000	87,000	0
Amount set aside / transfer to reserve	55,454	2,715	87,000
Amount used / transfer from reserve	0	0	0
	<u>142,454</u>	<u>89,715</u>	<u>87,000</u>
(k) Property Development Reserve			
Opening balance	0	0	108,026
Amount set aside / transfer to reserve	0	0	0
Amount used / transfer from reserve	0	0	(108,026)
	<u>0</u>	<u>0</u>	<u>0</u>
(l) IT & Office Equipment Reserve			
Opening balance	0	0	0
Amount set aside / transfer to reserve	20,000	20,000	0
Amount used / transfer from reserve	0	0	0
	<u>20,000</u>	<u>20,000</u>	<u>0</u>
(m) Tourism & Area Promotion Reserve			
Opening balance	0	0	0
Amount set aside / transfer to reserve	100,000	50,000	0
Amount used / transfer from reserve	0	0	0
	<u>100,000</u>	<u>50,000</u>	<u>0</u>
(n) Unspent Grants & Contribution Reserve			
Opening balance	780,230	780,230	1,541,344
Amount set aside / transfer to reserve	1,527,888	11,328	0
Amount used / transfer from reserve	(621,071)	(745,231)	(761,114)
	<u>1,687,047</u>	<u>46,327</u>	<u>780,230</u>
 TOTAL RESERVES	 <u>4,167,798</u>	 <u>1,615,040</u>	 <u>2,548,050</u>
 Total Opening balance	 2,548,050	 2,548,050	 2,703,016
Total Amount set aside / transfer to reserve	2,348,590	199,221	714,174
Total Amount used / transfer from reserve	(728,842)	(1,132,231)	(869,140)
TOTAL RESERVES	<u>4,167,798</u>	<u>1,615,040</u>	<u>2,548,050</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 2015

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 Site Reserve

To fund infrastructure development and rehabilitation costs associates with the Town's tip site as well the purchase and development a regional waste facility.

(b) Emergency Services Reserve

To fund the replacement and/or purchase of emergency service plant, property and equipment.

(c) Aged Care Reserve

To support the delivery of home/aged care services within the district including the purchase of plant and equipment and the relocation of Jessie house.

(d) J Hogg Memorial Reserve

This Reserve was established from funds bequeathed to the Town by the Late Jessie Hogg. The purpose of this reserve is to fund community infrastructure development/enhancements.

(e) Community Assisted Transport (CAT) Reserve

To fund the replacement/change over of the CATS vehicle.

(f) Building Reserve

To support the acquisition, upgrade or enhancements of buildings within the district.

(g) Narrogin Regional Recreation Centre Reserve

To fund YMCA additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.

(h) Employee Entitlement Reserve

To fund current and past employee's leave entitlements and redundancy payouts.

(i) Plant, Vehicle & Equipment Reserve

To support the purchase/replacement of motor vehicles, and heavy plant and equipment.

(j) Economic Development Reserve

To fund economic development projects that will benefit the district.

(k) Property Development Reserve

Account was closed during the financial year.

(l) IT & Office Equipment Reserve

To fund the purchase and upgrade of computer equipment, software and office equipment.

(m) Tourism & Area Promotion Reserve

For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.

(n) Unspent Grants & Contribution Reserve

To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement/funding body.

All Reserve accounts, except those listed below are not expected to be used within a set period as further transfers to these reserve accounts are expected as funds are utilised.

Property Development Reserve was closed during the financial year with its remaining funds being transferred to other reserve accounts as per the budget.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS

	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	28,377,225	28,377,225
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>28,377,225</u>	<u>28,377,225</u>
(b) Furniture & Equipmment		
Opening balance	17,500	0
Revaluation increment	0	17,500
Revaluation decrement	0	0
	<u>17,500</u>	<u>17,500</u>
(c) Plant & Equipment		
Opening balance	16,323	16,323
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>16,323</u>	<u>16,323</u>
(d) Roads		
Opening balance	0	0
Revaluation increment	13,303,738	0
Revaluation decrement	0	0
	<u>13,303,738</u>	<u>0</u>
(e) Footpaths		
Opening balance	0	0
Revaluation increment	963,357	0
Revaluation decrement	0	0
	<u>963,357</u>	<u>0</u>
(f) Drainage		
Opening balance	0	0
Revaluation increment	981,773	0
Revaluation decrement	0	0
	<u>981,773</u>	<u>0</u>
(g) Parks & Ovals		
Opening balance	0	0
Revaluation increment	1,939,087	0
Revaluation decrement	0	0
	<u>1,939,087</u>	<u>0</u>
(h) Other Infrastructure		
Opening balance	0	0
Revaluation increment	232,743	0
Revaluation decrement	0	0
	<u>232,743</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>45,831,746</u></u>	<u><u>28,411,048</u></u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>5,835,513</u>	<u>1,893,459</u>	<u>3,705,107</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	2,121,685	(1,592,641)	487,780
Non-cash flows in Net result:			
Depreciation	1,220,768	1,324,892	1,162,431
(Profit)/Loss on sale of asset	59,248	21,346	96,040
Asset Rounding/Revaluation Reserve Adj.	0	0	1
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(50,826)	65,209	7,077
Increase/(Decrease) in payables	55,171	94,975	(743,310)
Increase/(Decrease) in provisions	40,547	6,000	84,279
Grants contributions for the development of assets	<u>(743,119)</u>	<u>(217,194)</u>	<u>(469,901)</u>
Net cash from operating activities	<u>2,703,474</u>	<u>(297,413)</u>	<u>624,397</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements	2015 \$		2014 \$
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	144,809		138,357
Loan facilities - non-current	848,656		993,465
Total facilities in use at balance date	<u>993,465</u>		<u>1,131,822</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 2015

14. CONTINGENT LIABILITIES

The Town is not aware of any contingent liabilities as at 30 June 2015.

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.

16. JOINT VENTURE ARRANGEMENTS

The Town holds an equal share in the ownership of the Narrogin Airstrip with the Shire of Narrogin. The activities of the Narrogin Airstrip is considered by the Town to be minor in nature as there has been no financial consideration paid towards its operating costs for a number of years. Income received from the two leasees is collected by the Shire of Narrogin and is used to fund any maintenance before any additional funding is required from the Town.

The Town has an equal share in two parcels of land with the Shire of Narrogin.

- (1) Proposed industrial land development (\$177,273); and
- (2) Narrogin Airstrip land development (\$30,473).

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	361,443	407,840
General purpose funding	736,826	754,380
Law, order, public safety	165,750	195,660
Health	900	9,000
Education and welfare	2,401,096	2,290,706
Housing	0	0
Community amenities	533,822	781,353
Recreation and culture	31,793,174	30,241,252
Transport	21,686,615	5,453,127
Economic services	3,501,998	3,522,780
Other property and services	1,855,764	2,190,580
Unallocated	6,014,141	3,705,107
	<u>69,051,529</u>	<u>49,551,785</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	2.34	1.99	1.51
Asset sustainability ratio	0.80	1.61	1.84
Debt service cover ratio	13.81	6.11	22.82
Operating surplus ratio	0.27	0.00	0.14
Own source revenue coverage ratio	0.63	0.62	0.71

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 59 of this document.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Music Society	300	0	0	300
Narrogin Abattoir	480	0	0	480
Meat Inspection	1,990	0	0	1,990
Cultural Development	4,820	0	0	4,820
Public Open Space	49,560	0	0	49,560
Cross Over Bond	7,050	2,200	(1,100)	8,150
Town Hall Bond	2,075	1,925	(825)	3,175
Other	250	0	0	250
	<u>66,525</u>			<u>68,725</u>

20. DISPOSALS OF ASSETS - 2014/15 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						
CEO Vehicle	43,351	40,434	37,273	40,000	(6,078)	(434)
DCCS Vehicle	31,829	31,000	26,511	27,000	(5,318)	(4,000)
Law, order, public safety						
RO Vehicle	25,364	25,110	12,727	15,000	(12,637)	(10,110)
Education and welfare						
HACC Vehicle	12,285	10,913	9,091	10,000	(3,194)	(913)
CATS Vehicle (Changeover 1)	21,809	21,028	13,636	16,000	(8,173)	(5,028)
CATS Vehicle (Changeover 2)	0	22,852	0	16,000	0	(6,852)
Transport						
DTES Vehicle	28,465	27,522	24,575	27,500	(3,890)	(22)
WS Vehicle	25,481	0	26,573	0	1,092	0
Side Tipper	0	5,000	0	20,000	0	15,000
JD Front End Loader	31,870	0	18,000	0	(13,870)	0
Economic services						
BS Vehicle	0	22,260	0	26,600	0	4,340
Other property and services						
MF Vehicle	22,180	21,638	15,000	16,500	(7,180)	(5,138)
MLC Vehicle	0	22,189	0	14,000	0	(8,189)
	<u>242,634</u>	<u>249,946</u>	<u>183,386</u>	<u>228,600</u>	<u>(59,248)</u>	<u>(21,346)</u>

Profit	1,092	19,340
Loss	(60,340)	(40,686)
	<u>(59,248)</u>	<u>(21,346)</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
125 Corporate Software & Server	178,857	0	42,524	42,524	136,333	136,333	6,123	5,605
Recreation and culture								
121B NRLC (Sport Complex)	437,514	0	38,916	38,916	398,598	398,598	24,361	23,134
126 Town Hall Renovations	257,837	0	24,467	24,467	233,370	233,370	10,651	9,719
Economic services								
124 Commercial Property	88,879	0	23,556	23,556	65,323	65,323	4,970	4,877
127 Industrial Land	168,735	0	8,894	8,894	159,841	159,841	7,661	7,461
	1,131,822	0	138,357	138,357	993,465	993,465	53,766	50,796

(*) 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 2015

21. INFORMATION ON BORROWINGS (Continued)

(b) New Loans

The Town did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Town did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Town established an overdraft facility of up to \$400,000 to assist with short term liquidity requirements. This facility has not be used during the 2014/15 financial yearand the Town's bank overdraft at 1 July 2013 and the 30 June 2014 was \$nil.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates											
RATE TYPE	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 \$
General rate											
Gross rental value valuations	0.09718	1,682	28,256,918	2,746,007	49,732	0	2,795,739	2,745,950	1,500	0	2,747,450
Unimproved value valuations	0.75301	1	1,328	1,000	0	0	1,000	1,000	0	0	1,000
Sub-Totals		1,683	28,258,246	2,747,007	49,732	0	2,796,739	2,746,950	1,500	0	2,748,450
Minimum payment	Minimum \$										
Gross rental value valuations	972	448	3,282,044	435,456	0	0	435,456	435,456	0	0	435,456
Unimproved value valuations	972	0	0	0	0	0	0	0	0	0	0
Sub-Totals		448	3,282,044	435,456	0	0	435,456	435,456	0	0	435,456
Ex-gratia rates							3,232,195				3,183,906
Discounts/concessions (refer note 25)							352				407
Total amount raised from general rate							3,232,547				3,184,313
Specified Area Rate (refer note 23)							0				0
Totals							3,232,547				3,184,313

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>1,650,599</u>	<u>1,069,912</u>	<u>1,069,912</u>
Comprises:			
Cash and cash equivalents			
Unrestricted	1,667,715	1,157,057	1,157,057
Restricted	4,167,798	2,548,050	2,548,050
Receivables			
Rates outstanding	188,107	142,749	142,749
Sundry debtors	782,848	796,831	796,831
Less:			
Trade and other payables			
Sundry creditors	(525,630)	(614,590)	(614,590)
Accrued interest on debentures	(4,461)	(2,375)	(2,375)
Accrued salaries and wages	(114,244)	(108,306)	(108,306)
ATO liabilities	(168,421)	(85,722)	(85,722)
Other Creditors	(53,408)	0	0
Current portion of long term borrowings			
Secured by floating charge	(144,809)	(138,357)	(138,357)
Provisions			
Provision for annual leave	(290,008)	(270,475)	(270,475)
Provision for long service leave	(158,012)	(155,065)	(155,065)
Net current assets	<u>5,347,475</u>	<u>3,269,797</u>	<u>3,269,797</u>
Less:			
Reserves - restricted cash	(4,167,798)	(2,548,050)	(2,548,050)
Add:			
Secured by floating charge	144,809	138,357	138,357
Employee Entitlement Reserve	326,113	209,808	209,808
Surplus/(deficit)	<u>1,650,599</u>	<u>1,069,912</u>	<u>1,069,912</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Town did not impose any Specified Area Rate.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Town did not impose any Service Charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

The Town had operated an early rate payment incentive scheme with prizes valued at \$2,000.

No rate discount scheme was offered in the 2014/15 financial year.

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00		30,458	27,000
Interest on instalments plan	5.50		13,631	11,800
Charges on instalment plan		30.00	14,010	11,500
Pensioner deferred rate interest	2.85		0	2,500
			58,099	52,800

Statutory instalment Scheme

First Instalment	4 September 2014
Second Instalment	3 November 2014
Third Instalment	5 January 2015
Fourth Instalment	7 April 2015

Ad Hoc Payment Plans

Had been available to any rate payer who can demonstrate genuine financial hardship.

27. FEES & CHARGES	2015 \$	2014 \$
Governance	2,545	5,985
General purpose funding	22,630	26,446
Law, order, public safety	16,146	18,607
Health	6,645	4,599
Education and welfare	129,479	119,888
Housing	7,700	0
Community amenities	921,332	719,257
Recreation and culture	112,307	580,580
Transport	0	0
Economic services	264,558	476,664
Other property and services	189,119	77,287
	<u>1,672,461</u>	<u>2,029,313</u>

The Town implemented a fee for the use of the Community Assisted Transport Service (CATS) vehicle of \$75.00

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	4,435,908	2,976,532
Non-operating grants, subsidies and contributions	743,119	469,901
	<u>5,179,027</u>	<u>3,446,433</u>
By Program:		
Governance	1,287,389	49,325
General purpose funding	1,944,888	615,128
Law, order, public safety	6,145	0
Health	0	0
Education and welfare	1,366,851	1,215,399
Housing	0	7,091
Community amenities	25,503	3,850
Recreation and culture	304,092	534,931
Transport	226,959	426,457
Economic services	5,986	577,037
Other property and services	11,214	17,215
	<u>5,179,027</u>	<u>3,446,433</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>49</u>	<u>54</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	79,500	88,000	82,182
Mayor's allowance	18,500	18,500	19,208
Deputy Mayor's allowance	4,625	4,625	4,625
Travelling expenses	0	5,000	1,367
Telecommunications allowance	5,100	5,600	5,017
	<u>107,725</u>	<u>121,725</u>	<u>112,399</u>

31. MAJOR LAND TRANSACTIONS

The Town did not participate in any major land transactions during the 2014/15.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Town did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT

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

The Town 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 Town held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,835,513	3,705,107	5,835,513	3,705,107
Receivables	1,077,120	1,026,294	1,077,120	1,026,294
	<u>6,912,633</u>	<u>4,731,401</u>	<u>6,912,633</u>	<u>4,731,401</u>
Financial liabilities				
Payables	866,164	810,993	866,164	810,993
Borrowings	993,465	1,131,822	993,465	1,131,822
	<u>1,859,629</u>	<u>1,942,815</u>	<u>1,859,629</u>	<u>1,942,815</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 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Town'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 the Town.

The Town manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	22,343	15,840
- Statement of Comprehensive Income	22,343	15,840

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 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Town'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. The Town manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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

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

The Town 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 Town's credit risk at balance date was:

	2015	2014
Percentage of rates and annual charges		
- Current	36%	38%
- Overdue	64%	62%
Percentage of other receivables		
- Current	79%	79%
- Overdue	21%	21%

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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. The Town 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 the Town's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	866,164	0	0	866,164	866,164
Borrowings	190,037	669,120	422,085	1,281,242	993,465
	<u>1,056,201</u>	<u>669,120</u>	<u>422,085</u>	<u>2,147,406</u>	<u>1,859,629</u>
<u>2014</u>					
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>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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. The Town 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 %
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	848,657	697,377	552,651	464,841	372,638	275,813	3,211,977	4.80%
Weighted average Effective interest rate	4.75%	4.78%	4.85%	4.85%	4.83%	4.80%		
<u>Year ended 30 June 2014</u>								
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	4.71%	4.73%	4.75%	4.78%	4.85%	4.85%		



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 2015. 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 Town as at 30 June 2015 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 23rd day of October 2015 in Perth, Western Australia

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE
Chartered Accountants

**TOWN OF NARROGIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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

	2015	2014	2013
Asset consumption ratio	0.98	0.95	0.5
Asset renewal funding ratio	0.68	0.72	3.15

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