

ANNUAL REPORT 2015/16



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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 by 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 Nexis 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 child care, 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	2,670
Rateable Assessments	2,592
Total Rates Levied	\$3,298,531
Total Revenue	\$13,004,362
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, race/pace course and many more.

SIGNIFICANT LOCAL EVENTS

Significant local events include the Narrogin Show, Spring Festival and Open Gardens, Art Wine and Food Trail 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 developed through this financial period with changes to staff and the structure to the organisation resulting in the completion of many projects and outstanding items.

With the confirmation of the merger of the Town and Shire of Narrogin this has been the major focus of the Council and administration. In reading this report it should be known that the merger has occurred, putting to bed this long term issue and project. The amount of effort that was placed into the merger from the Administration was far in excess of what was expected by both organisations, however, the results have been strong, paving the way for a smooth transition.

The Narrogin Link Road has progressed to the point of completion and Council is awaiting the opening of the road and commencement of traffic flows. The Northern section of the Link Road is now in planning by the Department of Main Roads.

During this financial year, changes to the methods of communication with the residents have continued to develop, with the Facebook page now making a big impact and the revised website providing more information than ever before. Continued development on the website and information provision will continue into the future.

The finalisation of the 2015/16 financial year has resulted in another strong financial result for the organisation and the community limiting the amount of rates required to be raised by the new entity. 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 all the final Elected Members for the Town of Narrogin, whose terms completed on 30 June 2016, as your efforts to ensure Council as an effective team was exceptional.

As a Commissioner for the new Shire of Narrogin I look forward to the next financial year period for the new entity to commence and start making impacts into the greater Narrogin Shire community.

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

Leigh Ballard
Mayor

CHIEF EXECUTIVE OFFICER'S REPORT



Note for the reader: As the Chief Executive Officer for the Town of Narrogin and the Shire of Narrogin prior to its closure on 30 June 2016, I have separated this report into two sections for the Town and Shire.

Please note that a full Annual Report Statement is not required for the Shire of Narrogin due to its merger with the Town and, as such, there will not be an overview of the Strategic Plan or separate report prepared as is required to be prepared for the Town of Narrogin. This report is the Town of Narrogin Annual Report with a brief statement for the former Shire of Narrogin and, when available, the Shire of Narrogin's Audited Annual Financial Statements will be attached to this document outlining the financial position as at the closure of the organisation on 30 June 2016.

TOWN OF NARROGIN REPORT

I am pleased to present to Elected Members, Residents and Ratepayers the 2015/16 Annual Report.

The Annual Financial Report shows that Council finished the financial year with a surplus of \$3,297,514 which was achieved through the hard work and committed efforts of all staff. This surplus is made up of many committed funds and unexpended grants, however, the uncommitted funding portion of this amount assists greatly in keeping the rate increase low for the new entity.

This financial year period has been focused on the planning work for the merging of the Town and Shire of Narrogin to the new Shire of Narrogin. This project has required a large amount of time and energy of staff and as a result has impacted on other projects throughout the year. With the merger occurring staff positions have been redirected in some instances to improve and increase services provided which has had a positive impact on work flows and the completion of projects.

All business units of the Town of Narrogin have provided excellent services to the Narrogin residents and community during the period. This includes the Narrogin Home Care, Narrogin Library Service, and Regulatory Services including Ranger and the YMCA facilitating the management of the Leisure Centre.

The administration centre extension has progressed well and the planning for the administration renovation is nearly complete. The Depot extension was completed and

other road works included the further upgrade to Federal Street and other road assets. The footpath network was further progressed and improved as well as playground equipment and parks and gardens furniture.

The Townscape Study Review was undertaken during the period and it is hoped will be endorsed by Council in the New Year.

The Town has been successful in securing Lotterywest grant funding, \$274,460, for the Skate Park extension and Changing Places toilet facilities.

Council during the period facilitated the sale of the Fairway Street property to Landmark and from this a large scale development will be instigated. In addition there have been several very positive discussions with developers and it is hoped that positive economic action will be instigated in the next period.

The Town's staffing levels have been quite strong during the period with only a normal amount of changeover occurring other than some staff not wanting to transition to the new Shire of Narrogin.

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, including Mr Niel Mitchell the project consultant for the merger, who have all worked diligently to bring the organisation to another excellent outcome for the Narrogin residents and ratepayers.

SHIRE OF NARROGIN REPORT

Having been the Chief Executive Officer for a limited period prior to the merger taking place it is difficult to provide significant information for this report.

The Shire received a pleasing Auditor's Report with the 2015/2016 financial statements showing a small carried forward surplus.

During the financial year period the Shire of Narrogin significantly advanced the contracted works for Main Roads on the Link Road South project. In addition, the Wanerie Road Heavy Haulage Route was completed and officially opened: and extension to the Works Depot was completed with the addition of solar power.

A significant amount of time was invested in preparing the Shire for the merger with the Town. Several key staff members resigned during this time and this increased the impact of the merger on the remaining staff. Major preparations were able to be facilitated that assisted in the smooth transition of the organisations into the new entity.

Through my short time with the Shire, organisational changes were made and the Elected Members supported this change to enable both organisations' operations to become closer. The trust shown in the Executive Manager Technical and Rural Services, Mr Evans and myself as the new CEO, to progress the organisation to its closure on 30 June 2016, was greatly appreciated as this was a stressful and intense period of time.

I would like to thank the Shire of Narrogin Elected Members, Shire President and staff for their assistance and trust during this period.

A strong position for the greater new Shire of Narrogin is expected to result from the merger with additional services provided to the community at large. I look forward to working with new administrative team, new Council and greater community to achieve this after 30 June 2016.

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

Aaron Cook
Chief Executive Officer

YOUR ELECTED MEMBERS

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

The Elected Members for the Town of Narrogin, during the 2015/2016 financial year are listed below. Please note that due to the merger, all Elected Members resigned as of 30 June 2016 and three commissioners appointed by the Minister commenced on 1 July 2016 until 15 October 2016 when the new Council is to be elected.



*Mayor Leigh Ballard
(Retires 06/16)*



*Deputy Mayor
Cr Arthur Paternoster
(Retires 06/16)*



*Cr Michael Kain
(Retires 06/16)*



*Cr Jan McKenzie
(Retires 06/16)*



*Cr David Russell JP
(Retires 06/16)*



*Cr Clive Barron
(Retires 06/16)*



*Cr Paul Schutz
(Retires 06/16)*



*Cr Colin Ward
(Retires 06/16)*



*Cr Murray Fisher
(Retires 06/16)*

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 businesses and stakeholders and is utilised when promoting Narrogin and the Region.

The document is ready for updating once the merger has been performed. It is planned that this will occur after the newly elected Council have had the opportunity to set the strategic direction through the revision of the Strategic Plan. Date estimate is 30 June 2017.

1.2	Investigate developing major events for the Town.	CEO	2014	5
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Further assistance has been provided to current yearly events during the period attempting to ensure that the event is funded and assisted appropriately to ensure that they are sustainable events. No new major events have been facilitated, however, work has progressed with some community members who are interested in facilitating events.

The international hockey event was facilitated through major efforts from the Narrogin Hockey Association. The Mayor and CEO were also heavily involved in the negotiations and Council staff assisted where possible and contributed many hours to assist this fantastic event in Narrogin. This international event showcased Narrogin to the world and Hockey Australia and demonstrated that Narrogin is a fantastic venue for events like this.

1.3	Lobby the State Government and private enterprise to utilise and potentially expand the Research Power Generation Plant.	CEO	2018	2
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During this period there has been no advancement with this project due to the lack of funding from the entity that expressed an interest in redeveloping the existing site. It is expected that discussions will recommence in the new period for alternative sites.

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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Continued promotion of Narrogin has occurred during the period to all that has interacted with Council. From this several positive outcomes have occurred that will potentially result in future development or growth in Narrogin or the district.

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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Staff have been active in this area through the provision of a Kidsport, Club Development Officer and assistance provided to Arts Narrogin and the Nexus Committee, Museum Group, Dryandra Country Visitors Centre and others.

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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Further to last period's comments the Railway Station has not received further attention and the project for having an access and parking area provided from the Link Road has been delayed due to staff commitments on the merger and other projects.

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/D TES	2015	4
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The general appearance of the Caravan Park has continued to improve. A design for an entry statement has been finalised and this will occur in the next period. The major project of the electrical upgrade has progressed, however, issues have been experienced between the electrical consultant and Western Power regarding the design which has greatly delayed this project.

Caravan accommodation rates have increased during the period which has increased the sustainability of the Caravan Park.

1.8	Further investigate the development of a Crematorium based in Narrogin.	CEO	2015	4
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As per last period's comments no further action has been taken in regards to this matter due to the inability to prepare a business case that is sustainable for Council.

1.9	Further investigate the development potential of the Industrial Area	CEO/DTES	2015	3
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During the period an application to Landcorp was made for the development of some 30 acres of the industrial land that Council owns. This progressed and an outcome is expected in the financial year with a potential development occurring within several years.

Average Score for Economic Development = 3.5/5 or 75%

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

As per Key Objective 1.2 Council has continued to support local events through providing cash and in-kind works to yearly events to assist in enabling the event to be sustainable.

With the Town Hall and Reception Centre being available the number of events being held from these facilities has also continued to increase the activity within Narrogin.

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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Continued effort has been placed in supporting and facilitating events and activities for all age demographics. A focus from staff is placed on activities for the youth and aged in Narrogin as many more activities are already coordinated by the community for more general aged demographics.

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	5
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The Home Care division of Council continues to be an excellent service provider within the Narrogin Region. Council has also facilitated several workshops with community members concerning Aged Friendly Communities and facilitated the expenditure of grants funds in the area to improve access within the Narrogin and Highbury town sites.

Council was requested to assist in the Karinya Dementia Unit Development through auspicing the grant funds and this has been facilitated to ensure that the project was enabled.

2.4	Provide ongoing proactive support, where possible, to the Local Indigenous Noongar Community towards positive actions within the community.	MLC	Ongoing	3
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Support has been provided where possible to assist Indigenous activities when requested. Several events have been facilitated through the year to engage indigenous and other youth and it is hoped that this will continue and grow with more active engagement with Council staff and with the indigenous community becoming skilled in their own event management and facilitation.

2.5	Further develop, encourage and support youth activities and initiatives within Narrogin.	MLC	Ongoing	4
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Further to last period continued support has been provided to groups providing youth activities and events. Council has also facilitated several events in this space engaging large numbers of youth during school holidays. Council has supported busking and music events in the Piazza and Mackie Park and the Narrogin Community Gardens.

The YMCA have also continued to actively engage the youth through sporting and other 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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With the current MOU agreement between Arts Narrogin, inclusive of the Nexis Gallery, and Council has continued to ensure that a location is provided for these activities with the result that the greater Narrogin community enjoy ongoing regular events and gallery displays.

In addition to this, performing arts and music events were also facilitated creating a vibrant community for the region.

A number of Council's facilities have been provided at a heavily subsidised rate to encourage these activities throughout the period and it is expected that this will continue.

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 has continued to work with sporting groups building on the previous year's work. Assistance has been provided to sporting groups for small grants and several training sessions have also been facilitated to assist in developing the clubs.

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 TAFE location remediation works were finalised during the period and the area is now ready to be utilised. However, the State Government have other priorities than this location in Narrogin and, as such, it is assumed that this project will be delayed for several years.

Strong relationships have been made with the schools and work has been facilitated around traffic management and parking issues for the primary schools and in the next period this will occur at the high school.

2.9	Council will continue to support and develop the services and facilities provided at the Narrogin Regional Library to support community literacy and learning strategies for people of all ages; encourage community engagement, facilitate opportunities for lifelong learning, and support literacy initiatives in the Narrogin Community and the wider regional community.	MLS	Ongoing	4
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Numerous activities are being provided from the Library and this includes school holiday programs, after hours events and generally assisting the communities in their service requests and endeavours. The Library has again achieved excellent feedback from the users due to the services provided and the staff interactions and welcoming.

2.10	Provide support and encouragement for volunteers and local service groups.	MLC	Ongoing	4
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Support is continued to be provided to volunteer groups and service providers through the discounting of hire rates or the provision of services or staff time to assist their activities. Council continues to provide assistance to the Emergency Service volunteers and SES and also provides insurance for volunteering activities if coordinated through Council.

Average Score for Community Development Services = 3.9 / 5 or 78%

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 Harvesting Plan to access the water from behind the Race Club was prepared during the period. This report identifies the locations for water retention basins and increased dam capacity.

In addition to the report completed, work was also undertaken on removing storm water flows from the town site by redirecting water flow from the Hospital and upper Forrest and Felspar Street to the drain that feeds the Railway Dam.

It is hoped that the reports will enable Council to apply for grants and access funding in the near future to action the works and increase storm water harvesting and reduce the impact of storm water flows within the townsite.

3.2	Investigate options to enhance and redevelop the Railway dam precinct for recreation and tourism.	DTES	2015	4
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As stated in point 3.1 if the funding can be received to increase the water flows into the Railway Dam this would contribute to improving the appearance and usefulness of the Dam. Further to this, a new memorial has been installed commemorating the immigrant camp sites located in the area.

The Walkway bridge was also repaired.

3.3	Consolidate and identify purposes for all of Councils Reserves and properties for ongoing and future use.	DTES	2016	3
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The freehold transfer of the three reserves has progressed as this was dependent on the merger progressing. It is expected that these parcels will be transferred to Council in the next period.

No other works have been facilitated on this item.

3.4	Investigate options for Council to reduce its environmental impact within its operations and facilities where economical to do so.	CEO	Ongoing	4
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In addition to the efforts made in previous years, the Library has had a smaller Solar System installed and more efficient Led lighting has been installed where possible and within budget constraints. This much like the other sites has resulted in a reduction in operating expenses, however, being a smaller system this is less than other sites.

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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With the Foxes Lair Management Plan being prepared in the previous period, Council advanced works within the Reserve. Several tasks were completed being to gate off access and install shaded areas for people to take refuge. Work will continue with the Friends of Foxes Lair to continue the improvement of the area.

Average Score for Parks Gardens and Natural Environment = 3.8 / 5 or 76%

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	4

All Local Laws have been reviewed as part of the merger process. Action has been taken during this period but the finalisation of the Local Laws will not take effect until the new period and the new entity resolve to accept them.

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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A large number of grants have been applied for during the period. Many have been successful such as funding for the Skate Park upgrade and Changing Places toilet facilities. Some applications have not been successful, for instance the CCTV Upgrade application. Although, in this instance, the Town has been advised it was on top of the waiting list. The Town continued to receive Roads to Recovery and Regional Road Group funds and the Financial Assistance Grants for the year and is still busy expending the last funding from the Country Local Government Fund. The Aged Friendly grant also expended was and Council is auspicing the grant for the Dementia Upgrade at Karinya.

4.3	Ensure that all Town Planning and Building applications are dealt with in a timely and appropriate manner and that the strategic direction of the Town Planning Scheme is prominent and under review.	DTES	Ongoing	4
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All Town Planning and Building Applications are dealt with in a timely manner though some delays were occasionally experienced by details and required information not be presented correctly. The Town Planning Scheme progression has been slow, however, with the recent changes in the splitting of the department of Council from one unit to two an applied focus has resulted with advancement being made.

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	3
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With the impending merger this has been delayed until the new Council has been elected and settle into their roles. It is expected that a fully revised Strategic Plan will be workshopped and implemented in the next period.

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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Again, due to the merger and workload commitments, this item has not progressed. Assessment will be made within the following financial year.

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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A marketing plan has not yet been established, however, clear guidelines have been established that guides staff as to how to advertise and market the Council. This has been effective and placed an increased focus on the website and Facebook page broadening the impact of the information provision to the community as a whole.

Average Score for Governance and Corporate Services = 3.5 / 5 or 70%

WASTE MANAGEMENT

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

The Waste Management Group are still currently considering other options for long term waste disposal. It is expected that further advancement will be progressed in this area during the following financial years.

Currently Council is accepting waste from the Shire of Cuballing at the refuse site. This waste is minimal with little impact on the tonnage per year.

5.2	Investigate, develop a viable waste recycling program for the Town.	CEO/DTES	2015	5
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The recycling program has now been in place for two financial years and is well established within the Town.

5.3	Redevelop the Waste Management Plan for the White Rd Refuse Site and investigate better methods of handling the current waste to maximise the life span and reduce the ongoing cost of facilitation of the Refuse site.	DTES	2014	4
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The works to develop the waste streaming area to limit the access to the tip face has been delayed during the period, however the plans have been finalised and the works will commence in the next financial period.

5.4	Investigate the potential reuse of refuse to generate power and other uses.	CEO/DTES	2018	3
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This has not advanced due to the technology not being viable for the amount of combined waste from the Waste Group.

5.5	Investigate the future conversion of the White Road refuse site to a transfer station.	CEO/DTES	2015	4
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The waste streaming changes that will be implemented to the refuse site will take the first major steps to seeing this item enacted. However, the conversion to a proper transfer site will not and cannot progress until the Waste Group locate and purchase a suitable site that will enable the waste to be received and processed.

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

An overall burial plan was created for the Narrogin Cemetery during the period and the niche wall works commenced. The advancement to completion of the niche wall is expected in the next period and the detailed investigation for additional burial plots will also be undertaken.

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	4
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A plan was prepared during the period that focused on the harvesting of storm water from behind the Race Club to result in a water source for watering and to reduce the storm water flow into the Narrogin Creek line. Another plan was also prepared to harvest water away from the CBD by sending it to the open drain line that feeds the Railway Dam.

It is hoped that funding can be obtained and works progressed during the next period.

6.3	Redevelop and identify the Town's Footpath Program.	DTES and Council	2014	4
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During this period Council again was able to budget for considerable works on the Footpath network. A focus was placed on improving the accessibility for the aged within Narrogin to the CDB and essential services.

Further works are planned to be progressed in the following budgets.

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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The Shire of Narrogin was contracted to perform much of the works on the Link Road and this was facilitated during this period. The majority of the works were completed and the Shire ceased its contract with Main Roads.

The remaining works were then facilitated by Main Roads directly, however, the Link Road is not planned to be opened until November 2016.

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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Further works were progressed within the CBD to improve the street scape and road surfaces. The current Townscape Plan was reviewed by a consultant with public consultation and workshops, and it is expected that Council will endorse this plan in 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
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Council implemented a Five Year Significant and Local Road Capitalisation Program, Footpath Program and identified its building maintenance and upgrade requirements. This plan has been utilised in the setting of the annual budget and includes forecasts for the works required for future years.

The asset management systems now utilised by Council also feeds information into the plans to ensure that Council is keeping on track with its asset renewal and maintenance programme.

6.7	Create a development, heritage and maintenance plan for all of Councils current and future building asset requirements.	DTES/CEO	2016	4
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Council, utilising the new Asset Management tools has collected all building assets data. This now provides guidance as to the future requirements of Council in its programed maintenance and upgrades. This Asset Management Plan will continue to be utilised for future budgets and planning.

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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With the implementation of solar power on the Library, all of Council's buildings that can benefit from solar energy have now been completed. In addition, Council has implemented recycling at the Caravan Park and the Administration Centre.

6.9	To investigate the construction or acquisition of Executive Housing within Narrogin.	CEO	2015	3
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During this period, as all officers are provided with rental accommodation, no action has been taken. However, it is noted that this is an issue that will continue to affect Council. Once the sale of other properties has been facilitated investigation as to potential blocks to purchase will be facilitated to commence the construction or purchase of staff housing.

Average Score for Infrastructure and Asset Management = 3.7 / 5 or 75%

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

With the advancement of on-line study options, the requirement to have a campus in Narrogin is reducing. If this was to be facilitated, the main outcome would be to provide a study portal rather than a campus.

Lengthy discussions have been held with the former CY O'Connor TAFE, and although they have now been merged into the South West Regional TAFE these discussions for the provision of a University Study access portal will continue.

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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This item has continued to be delayed due to other priorities, however, a large number of discussions have been held regarding the PM706 Steam Train and its potential return to Narrogin.

7.3	Continue to support and investigate development options for the Narrogin Airport and facilities.	CEO/DTES	2022	3
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The Master Plan was completed and provides clear direction for the future of the Narrogin Airport. Work was facilitated with the Narrogin Gliding Club regarding the locating of the RAF Gliding Cadets in Narrogin and land was allocated for this purpose.

7.4	Support the regional development of a Agri Business Precinct	Council	Ongoing	3
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Although no action resulted on this key objective, work has continued in providing information to potential developers and the Wheatbelt Development Commission. As these are long term goals no action may result for several years but the economic impact when it does occur, cannot be underestimated for the region.

7.5	Promote Narrogin as a potential location for large to major Industry to establish or relocate and develop their business.	Council	Ongoing	4
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As has been stated, Council has made application to Landcorp for the development of its industrial land. Other developers have been provided information and assistance during the period to encourage their relocation. Unfortunately only one developer has taken the action. However, in the next period it is expected that other positive outcomes will be facilitated and the public with Council must understand that this objective receives a lot of attention with minimal results, but when they occur, the positive effect is large.

7.6	Promote the long term development of existing and future businesses within the CBD.	Council	Ongoing	4
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The CBD revitalisation plan was completed and it is expected will be endorsed by Council in the next period. This plan, when funded and enacted will assist in revitalising the CBD encouraging business growth.

When existing or new businesses approach the administration for assistance, officers are quick to respond to ensure that positive outcomes are achieved where possible.

Average Score for Longer Term Strategies = 3.33 / 5 or 66%

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

= 3.7 / 5 or 74.37%

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 2015/16, 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 and Shire of Narrogin Local Laws were reviewed within this period and Council adopted an action plan on progressing these matters. During this and the following period all existing Local Laws were rescinded and new Local Laws set in place. It is expected that this process will be concluded prior to December 2016.

For a list of the new Local Laws please refer to the Shire of Narrogin Website or the Department of Local Government Website.

STRUCTURAL REFORM

The merger between the Town and Shire of Narrogin was finalised during the period with the Minister accepting the report from the Local Government Advisory Board and the notice being placed in the Government Gazette. The merger is locked in for 1 July 2016 with the Shire of Narrogin being abolished as at the close of business on 30 June 2016 and the Town of Narrogin, being the continuing entity assuming control of the former Shire's assets and liabilities. The Town of Narrogin will formally change its name to the Shire of Narrogin as of 1 July 2016

All Councillors from both Councils have resigned and the Minister has appointed three Commissioners for the transition period until the new Elected Members are elected to office on the 15 October 2016.

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.

The Shire of Narrogin (formerly the Town of Narrogin) hosted three community events in 2015/2016. A Long Table Lunch was held in December at Gnarojin Community Garden to celebrate Disability Awareness Week. Grant money received from DSC was used to pay for specially designed and constructed tables for outdoor use at the Garden by persons confined to a wheelchair.

Thank a Volunteer Day was held in December at the Narrogin Reception Centre. The venue has accessible toilet facilities and parking on Fortune Street was accessible via the Town Hall on Fortune Street.

National Youth Week was celebrated in April 2016 outdoors in the CBD. This location provided accessible parking, accessible toilet facilities.

Anzac Day is commemorated with a Gunfire Breakfast at the Narrogin Reception Centre.

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

Upgrade footpaths with kerb ramps, grab rails and tactile stickers on residential streets close to and within the CBD to allow wheelchair and mobility devices with better access to Council and other community facilities.

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.

There is no change since reporting 2014/2015.

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.

This continues to be a focus of Council and staff.

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

Council is receptive and welcomes complaints and feedback from people with disabilities.

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

Refer to outcome 5.

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

The Shire of Narrogin is an equal opportunity employer.

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. Other major legislation which creates a duty or an authority for Council to act includes but is not limited to:

- *Health Act 1911*
- *Planning and Development Act 2005*
- *Bush Fires Act 1954*
- *Dog Act 1976*
- *Cat Act 2011*
- *Cemeteries Act 1986*

Council

Council's affairs are managed by nine Elected Members 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 January and one meeting held on the third Tuesday of December 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 but not limited to:

- 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 a week prior to Council meeting, as agendas are prepared for members and are distributed five 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 during the financial year 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
- Cemeteries
- Citizenship ceremonies
- Crossovers
- Dog and cat control
- Drainage
- Environmental health
- Fire prevention
- Library services
- Litter bins
- Parks and reserves
- Planning controls
- Playground equipment
- Public buildings for hire
- Public toilets
- Recreation/sport facilities
- Recycling
- Roads, footpaths and kerbs
- Rubbish collection
- Storm water drainage
- Street lighting
- 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 administration 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 Shire 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:

Shire 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 Record Keeping Plan to be endorsed by the State Records Commission.

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

Specifically the Record Keeping Plan is to provide evidence to cite that:

1. The efficiency and effectiveness of the organisation's record keeping 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 record keeping 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 record keeping 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 record keeping 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	2015/16
\$100,001 - \$110,000		2
\$110,001 - \$120,000	2	1
\$120,001 - \$130,000		
\$150,001 - \$160,000		
\$160,001 - \$170,000	1	
\$170,001 - \$180,000		1

REGISTER OF COMPLAINTS

There were no complaints that resulted in action against Councillors under section 5.121 of the *Local Government Act 1995* for the 2015/16 financial year.

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

Statutory Financial Statements

TOWN OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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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 2016**

**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 2016 are in my opinion properly drawn up to present fairly the financial position of the Town at 30th June 2016 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 16 day of November 2016



Aaron Cook
Chief Executive Officer

TOWN OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	3,298,531	3,293,160	3,232,547
Operating grants, subsidies and contributions	30	2,481,765	2,314,125	4,435,908
Fees and charges	29	1,712,182	1,404,129	1,672,461
Service charges	26	0	0	0
Interest earnings	2(a)	235,559	131,800	158,578
Other revenue	2(a)	5,276,325	155,000	141,824
		<u>13,004,362</u>	<u>7,298,214</u>	<u>9,641,318</u>
Expenses				
Employee costs		(3,712,193)	(3,924,895)	(3,656,327)
Materials and contracts		(4,244,600)	(3,741,897)	(2,128,793)
Utility charges		(616,068)	(669,822)	(655,568)
Depreciation on non-current assets	2(a)	(1,273,168)	(1,324,892)	(1,220,768)
Interest expenses	2(a)	(48,473)	(44,846)	(53,766)
Insurance expenses		(192,862)	(187,334)	(196,956)
Other expenditure		(211,251)	(202,968)	(291,326)
		<u>(10,298,615)</u>	<u>(10,096,654)</u>	<u>(8,203,504)</u>
		2,705,747	(2,798,440)	1,437,814
Non-operating grants, subsidies and contributions	30	905,754	869,088	743,119
Profit on asset disposals	21	1,214	4,130	1,092
(Loss) on asset disposals	21	(127,900)	(63,735)	(60,340)
(Loss) on revaluation of plant and equipment	6(b)	(174,777)	0	0
Net result		3,310,038	(1,988,957)	2,121,685
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(12,524)	0	17,420,698
Total other comprehensive income		(12,524)	0	17,420,698
Total comprehensive income		3,297,514	(1,988,957)	19,542,383

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 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		51,938	5,100	737,569
General purpose funding		4,208,888	4,077,075	5,357,860
Law, order, public safety		41,007	31,500	27,076
Health		5,324	7,500	6,645
Education and welfare		6,551,270	1,402,564	1,496,330
Housing		8,700	7,800	7,700
Community amenities		1,100,030	974,121	946,835
Recreation and culture		399,353	322,139	416,399
Transport		175,846	186,502	173,506
Economic services		278,856	231,401	271,064
Other property and services		183,151	52,514	200,333
		<u>13,004,363</u>	<u>7,298,216</u>	<u>9,641,317</u>
Expenses	2(a)			
Governance		(1,567,273)	(1,641,394)	(936,116)
General purpose funding		(171,381)	(166,081)	(168,080)
Law, order, public safety		(245,942)	(253,432)	(261,858)
Health		(112,123)	(125,838)	(89,452)
Education and welfare		(2,539,368)	(1,488,976)	(1,244,604)
Housing		(279)	0	0
Community amenities		(1,127,968)	(1,261,878)	(1,048,454)
Recreation and culture		(2,490,822)	(2,537,894)	(2,400,728)
Transport		(1,312,480)	(1,493,308)	(1,222,826)
Economic services		(825,406)	(1,007,109)	(596,442)
Other property and services		142,900	(75,898)	(181,177)
		<u>(10,250,142)</u>	<u>(10,051,808)</u>	<u>(8,149,737)</u>
Finance costs	2(a)			
Governance		(5,532)	(4,177)	(6,123)
Recreation and culture		(31,658)	(30,079)	(35,012)
Economic services		(11,284)	(10,590)	(12,631)
		<u>(48,474)</u>	<u>(44,846)</u>	<u>(53,766)</u>
		<u>2,705,747</u>	<u>(2,798,438)</u>	<u>1,437,814</u>
Non-operating grants, subsidies and contributions	30	905,754	869,086	743,119
Profit on disposal of assets	21	1,214	4,130	0
(Loss) on disposal of assets	21	(127,900)	(63,735)	(59,248)
Fair value adjustments to financial assets at				
(Loss) on revaluation of plant and equipment	6(b)	(174,777)	0	0
		<u>(174,777)</u>	<u>0</u>	<u>0</u>
Net result		<u>3,310,038</u>	<u>(1,988,957)</u>	<u>2,121,685</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(12,524)	0	17,420,698
Total other comprehensive income		<u>(12,524)</u>	<u>0</u>	<u>17,420,698</u>
Total comprehensive income		<u>3,297,514</u>	<u>(1,988,957)</u>	<u>19,542,383</u>

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

TOWN OF NARROGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	9,142,336	5,835,513
Trade and other receivables	4	607,535	970,955
TOTAL CURRENT ASSETS		<u>9,749,871</u>	<u>6,806,468</u>
NON-CURRENT ASSETS			
Other receivables	4	126,764	106,165
Inventories	5	177,273	177,273
Property, plant and equipment	6	37,043,245	37,304,222
Infrastructure	7	25,121,461	24,657,401
TOTAL NON-CURRENT ASSETS		<u>62,468,743</u>	<u>62,245,061</u>
TOTAL ASSETS		<u>72,218,614</u>	<u>69,051,529</u>
CURRENT LIABILITIES			
Trade and other payables	8	373,657	866,164
Current portion of long term borrowings	9	191,364	144,809
Provisions	10	483,572	448,020
TOTAL CURRENT LIABILITIES		<u>1,048,593</u>	<u>1,458,993</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,107,293	848,656
Provisions	10	96,893	75,559
TOTAL NON-CURRENT LIABILITIES		<u>1,204,186</u>	<u>924,215</u>
TOTAL LIABILITIES		<u>2,252,779</u>	<u>2,383,208</u>
NET ASSETS		<u>69,965,835</u>	<u>66,668,321</u>
EQUITY			
Retained surplus		20,769,496	16,668,777
Reserves - cash backed	12	3,377,117	4,167,798
Revaluation surplus	13	45,819,222	45,831,746
TOTAL EQUITY		<u>69,965,835</u>	<u>66,668,321</u>

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

**TOWN OF NARROGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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 assets		0	0	17,420,698	17,420,698
Total comprehensive income	13	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
Comprehensive income					
Net result		3,310,038	0	0	3,310,038
Changes on revaluation of assets		0	0	(12,524)	(12,524)
Total comprehensive income	13	3,310,038	0	(12,524)	3,297,514
Transfers from/(to) reserves		800,954	(800,954)	0	0
Balance as at 30 June 2016		20,779,769	3,366,844	45,819,222	69,965,835

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,222,918	3,310,080	3,167,738
Operating grants, subsidies and contributions		2,305,709	2,350,138	4,455,102
Fees and charges		1,712,182	1,404,129	1,672,461
Service charges		0	0	0
Interest earnings		235,559	131,800	158,578
Goods and services tax		594,490	233,569	215,103
Other revenue		<u>5,276,326</u>	<u>155,000</u>	<u>141,824</u>
		13,347,184	7,584,716	9,810,806
Payments				
Employee costs		(3,882,483)	(3,924,895)	(3,609,538)
Materials and contracts		(3,656,427)	(3,584,459)	(2,164,345)
Utility charges		(616,068)	(669,822)	(655,568)
Interest expenses		(47,784)	(47,221)	(51,680)
Insurance expenses		(192,862)	(187,334)	(196,956)
Goods and services tax		(854,193)	(348,126)	(220,314)
Other expenditure		<u>(211,251)</u>	<u>(202,968)</u>	<u>(208,931)</u>
		(9,461,068)	(8,964,825)	(7,107,332)
Net cash provided by (used in) operating activities	14(b)	<u>3,886,116</u>	<u>(1,380,109)</u>	<u>2,703,474</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(972,969)	(1,900,727)	(764,304)
Payments for construction of infrastructure		(1,022,428)	(1,867,724)	(596,910)
Non-operating grants, subsidies and contributions		905,754	869,088	743,119
Proceeds from sale of fixed assets		205,159	247,000	183,386
Net cash provided by (used in) investment activities		<u>(884,484)</u>	<u>(2,652,363)</u>	<u>(434,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(144,809)	(144,809)	(138,357)
Proceeds from new debentures		450,000	450,000	0
Net cash provided by (used in) financing activities		<u>305,191</u>	<u>305,191</u>	<u>(138,357)</u>
Net increase (decrease) in cash held		3,306,823	(3,727,281)	2,130,408
Cash at beginning of year		5,835,513	5,834,190	3,705,105
Cash and cash equivalents at the end of the year	14(a)	<u><u>9,142,336</u></u>	<u><u>2,106,909</u></u>	<u><u>5,835,513</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		<u>1,650,599</u>	<u>1,647,823</u>	<u>1,069,912</u>
Revenue from operating activities (excluding rates)				
Governance		51,938	5,100	737,569
General purpose funding		910,357	783,915	2,125,313
Law, order, public safety		41,007	31,500	27,076
Health		5,324	7,500	6,645
Education and welfare		6,551,270	1,402,564	1,496,330
Housing		8,700	7,800	7,700
Community amenities		1,100,030	974,121	946,835
Recreation and culture		399,353	322,139	416,399
Transport		177,060	190,070	173,506
Economic services		278,856	231,401	271,064
Other property and services		183,151	53,076	200,333
		<u>9,707,046</u>	<u>4,009,186</u>	<u>6,408,770</u>
Expenditure from operating activities				
Governance		(1,589,559)	(1,658,132)	(953,635)
General purpose funding		(171,381)	(166,081)	(168,080)
Law, order, public safety		(256,309)	(261,860)	(274,495)
Health		(112,123)	(125,838)	(89,452)
Education and welfare		(2,549,064)	(1,503,469)	(1,255,971)
Housing		(279)	0	0
Community amenities		(1,127,968)	(1,261,878)	(1,048,454)
Recreation and culture		(2,522,480)	(2,567,973)	(2,435,740)
Transport		(1,398,409)	(1,517,366)	(1,239,494)
Economic services		(836,690)	(1,017,699)	(609,073)
Other property and services		137,746	(80,093)	(188,357)
		<u>(10,426,516)</u>	<u>(10,160,389)</u>	<u>(8,262,751)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(1,214)	(4,130)	(1,092)
Loss on disposal of assets	21	127,900	63,735	60,340
Movement in deferred pensioner rates (non-current)		(20,599)	0	(19,451)
Movement in employee benefit provisions (non-current)		21,334	0	18,067
Movement in Employee Entitlement Reserve		8,572	0	116,303
Depreciation and amortisation on assets	2(a)	1,273,168	1,324,892	1,220,768
Amount attributable to operating activities		<u>2,340,290</u>	<u>(3,118,883)</u>	<u>610,866</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		905,754	869,088	743,119
Proceeds from disposal of assets	21	205,159	247,000	183,386
Purchase of property, plant and equipment	6(b)	(972,969)	(1,900,727)	(764,304)
Purchase and construction of infrastructure	7(b)	(1,022,428)	(1,867,724)	(596,910)
Amount attributable to investing activities		<u>(884,484)</u>	<u>(2,652,363)</u>	<u>(434,709)</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(144,809)	(144,809)	(138,357)
Proceeds from new debentures	22(a)	450,000	450,000	0
Transfers to reserves (restricted assets)	12	(1,670,757)	(733,990)	(2,348,590)
Transfers from reserves (restricted assets)	12	2,471,711	2,906,885	728,842
Amount attributable to financing activities		<u>1,106,145</u>	<u>2,478,086</u>	<u>(1,758,105)</u>
Surplus(deficiency) before general rates		<u>2,561,951</u>	<u>(3,293,160)</u>	<u>(1,581,948)</u>
Total amount raised from general rates	23	<u>3,298,531</u>	<u>3,293,160</u>	<u>3,232,547</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>5,860,482</u></u>	<u><u>0</u></u>	<u><u>1,650,599</u></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 2016

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 20 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 2016

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.

During the year ended 30 June 2013, the Town commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Town revalues its asset classes in accordance with this mandatory timetable.

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 2016

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 2016

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	10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Water supply piping and drainage systems	50 to 75 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 \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2016

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 in accordance with the regulatory framework.

(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 2016

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 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 2016

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 2016

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 2016

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 17.

(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 2016

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 2016

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 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.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Town, the impact is not expected to be significant.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 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.
(v) 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.
(vi) 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.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	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.
[AASB 7, 101, 134 & 1049]			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 as they currently exist and any changes will relate to presentation.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	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.
[AASB 10, 124 & 1049]			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.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
Karinya Cottage Homes	<u>5,137,000</u>	<u>0</u>
Auditors remuneration		
- Audit of the Annual Financial Report	30,493	28,437
Depreciation		
Buildings - non-specialised	528,343	525,485
Furniture and equipment	34,972	32,352
Plant and equipment	151,484	113,733
Infrastructure - roads	390,234	379,247
Infrastructure - footpaths	48,923	37,254
Infrastructure - drainage	36,369	65,071
Infrastructure - parks and ovals	32,624	29,674
Infrastructure - other	<u>50,219</u>	<u>37,952</u>
	<u>1,273,168</u>	<u>1,220,768</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	<u>48,473</u>	<u>53,766</u>
	<u>48,473</u>	<u>53,766</u>
(ii) Crediting as revenue:		
Other revenue		
Significant revenue (refer above)		125,780
Other	<u>5,276,325</u>	<u>16,044</u>
	<u>5,276,325</u>	<u>141,824</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		2015
- Reserve funds	109,896	68,926
- Other funds	76,549	45,563
Other interest revenue (refer note 28)	<u>49,114</u>	<u>44,089</u>
	<u>235,559</u>	<u>158,578</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge 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 2016

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 provide 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:

To 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 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

	Opening Balance ⁽¹⁾ 1/07/14	Received ⁽²⁾ 2014/15	Expended ⁽³⁾ 2014/15	Closing Balance ⁽¹⁾ 30/06/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance 30/06/16
Function/ Activity	\$	\$	\$	\$	\$	\$	\$
Grant/Contribution							
WDC Grant for Regional Tafe	30,000	0	0	30,000	0	0	30,000
Healthy Lifestyles	33,532	0	(33,532)	0	0	0	0
CLGF R4R (2010/11) Local	127,683	0	(127,683)	0	0	0	0
CLGF R4R Regional NLRC1	6,605	0	(6,605)	0	0	0	0
CLGF R4R Regional Town Hall	119,614	0	(119,614)	0	0	0	0
CLGF R4R (2012/13) Local	0	552,391	0	552,391	0	(193,907)	358,484
Aged Care hino Bus	118,802	0	(118,802)	0	0	0	0
Kidsports	50,000	0	(46,788)	3,212	35,000	(38,212)	0
Regional Talent	18,405	585	0	18,990	25,000	(37,087)	6,903
Community Gardens	3,408	0	(1,886)	1,522	0	(1,522)	0
CLGF Interest	5,000	0	(5,000)	0	0	0	0
WDC TAFE Management	21,695	0	(11,195)	10,500	0	(10,500)	0
WDC TAFE Land Assembly	242,847	0	(125,321)	117,526	0	(117,526)	0
WDC TAFE Project	0	267,000	0	267,000	0	(267,000)	0
Community Garden Volunteer	2,639	0	(2,639)	0	0	0	0
Aged Friendly Communities	0	10,000	0	10,000	0	(10,000)	0
DLG Merger Funding	0	675,906	0	675,906	0	(499,407)	176,499
Aged Disability Access Upgrade	0	0	0	0	108,872	(108,872)	0
Structural Reform (Merger)	0	0	0	0	400,000	0	400,000
SES Subsidy Expenditure	0	0	0	0	7,090	(5,574)	1,516
BFB Minor Asset Purchases	0	0	0	0	7,000	0	7,000
LEMIC Support	0	0	0	0	5,000	(5,000)	0
SEMIC Local Emergency Awareness	0	0	0	0	10,000	(3,226)	6,774
Townscape	0	0	0	0	27,771	(26,024)	1,747
Disability Toilet - Changing Places	0	0	0	0	42,000	0	42,000
Interest received	0	0	0	0	44,907	0	44,907
Total	780,230	1,505,882	(599,065)	1,687,047	712,640	(1,323,857)	1,075,830

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 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,469,014	1,667,715
Restricted		7,673,322	4,167,798
		9,142,336	5,835,513
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Building Reserve	12	224,265	281,792
Refuse Site Reserve	12	338,389	329,707
Emergency Services Reserve	12	0	12,945
Aged Care Reserve	12	0	723,880
J Hogg Memorial Reserve	12	0	82,787
Community Assisted Transport (CAT) Reserve	12	9,001	8,842
Narrogin Regional Recreation Centre Reserve	12	112,267	109,410
Employee Entitlement Reserve	12	334,685	326,113
Plant, Vehicle & Equipment Reserve	12	103,984	342,821
Economic Development Reserve	12	146,190	142,454
IT & Office Equipment Reserve	12	20,550	20,000
Tourism & Area Promotion Reserve	12	102,638	100,000
Unspent Grants & Contribution Reserve	2 (c),12	1,075,830	1,687,047
HACC Reserve	12	597,360	0
CHCP Reserve	12	256,760	0
CHSP Reserve	12	55,198	0
Treasury Investment Account	*	4,006,328	0
Unspent loans	22(c)	289,877	0
		7,673,322	4,167,798

* Closing balance of funds held by Western Australian Treasury Corporation on behalf of the Town of Narrogin for the Narrogin Cottage Homes project.

4. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding		243,121	188,107
Sundry debtors		364,414	782,848
		607,535	970,955

Non-current

Rates outstanding - pensioners		126,764	106,165
		126,764	106,165

5. INVENTORIES

Non-current

Land held for resale - cost			
Cost of acquisition		177,273	177,273
Development costs		0	0
		177,273	177,273

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2013 - level 2	2,200,000	2,200,000
- Additions after valuation - cost	<u>30,473</u>	<u>30,473</u>
	2,230,473	2,230,473
	<u>2,230,473</u>	<u>2,230,473</u>
Buildings - non-specialised at:		
- Management valuation 2013 - level 3	33,634,500	33,634,500
- Additions after valuation - cost	1,416,766	1,017,546
Less: accumulated depreciation	<u>(1,544,460)</u>	<u>(1,016,116)</u>
	33,506,806	33,635,930
	<u>33,506,806</u>	<u>33,635,930</u>
Total land and buildings	<u>35,737,279</u>	<u>35,866,403</u>
Furniture and equipment at:		
- Management valuation 2014 - level 2	0	19,408
- Independent valuation 2016 - level 3	198,700	0
- Additions after valuation - cost	35,574	289,736
Less accumulated depreciation	<u>(585)</u>	<u>(65,036)</u>
	233,689	244,108
Plant and equipment at:		
- Management valuation 2013 - level 2	0	620,984
- Independent valuation 2016 - level 2	570,514	0
- Management valuation 2016 - level 3	480,879	0
- Additions after valuation - cost	21,632	778,636
Less accumulated depreciation	<u>(748)</u>	<u>(205,909)</u>
	1,072,277	1,193,711
	<u>37,043,245</u>	<u>37,304,222</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. 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 2016

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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Other \$	Carrying Amount at the End of Year \$
Land - freehold	2,230,473	0	0	0	0	0	0	0	2,230,473
Total land	2,230,473	0	0	0	0	0	0	0	2,230,473
Buildings - non-specialised	33,635,930	399,221	0	0	0	0	(528,343)	0	33,506,808
Total buildings	33,635,930	399,221	0	0	0	0	(528,343)	0	33,506,808
Total land and buildings	35,866,403	399,221	0	0	0	0	(528,343)	0	35,737,281
Furniture and equipment	244,108	35,574	(14,278)	3,799	0	0	(34,972)	(642)	233,589
Plant and equipment	1,193,711	538,174	(372,347)	(16,323)	(174,777)	0	(151,484)	55,323	1,072,277
Total property, plant and equipment	37,304,222	972,969	(386,625)	(12,524)	(174,777)	0	(714,799)	54,681	37,043,147

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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					
Land - freehold	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.
Buildings - non-specialised	3	Improvements to land valued using cost approach and depreciated replacement 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.
Buildings - specialised	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 rate.
Furniture and equipment					
	3	Market value using recent observable market data for similar properties.	Independent Valuer	June 2016	Purchase costs and current conditions (level 2).
Plant and equipment					
- Independent valuation 2016	2	Market value using recent observable market data for similar properties	Independent Valuer	June 2016	Price per item.
- Management valuation 2016	3	Market value using recent observable market data for similar properties	Management Valuation	June 2016	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 2016

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Management valuation 2015 - level 2	16,380,980	16,380,980
- Cost	876,917	415,116
Less accumulated depreciation	<u>(390,234)</u>	<u>0</u>
	16,867,663	16,796,096
Infrastructure - footpaths		
- Management valuation 2015 - level 2	1,898,687	1,898,687
- Cost	119,011	72,811
Less accumulated depreciation	<u>(48,923)</u>	<u>0</u>
	1,968,775	1,971,498
Infrastructure - drainage		
- Management valuation 2015 - level 2	1,773,915	1,773,915
- Cost	86,286	44,532
Less accumulated depreciation	<u>(36,369)</u>	<u>0</u>
	1,823,832	1,818,447
Infrastructure - parks and ovals		
- Management valuation 2015 - level 2	3,036,997	3,036,997
Less accumulated depreciation	<u>(32,624)</u>	<u>0</u>
	3,004,373	3,036,997
Infrastructure - other		
- Management valuation 2015 - level 2	969,912	969,912
- Cost	537,125	64,451
Less accumulated depreciation	<u>(50,219)</u>	<u>0</u>
	1,456,818	1,034,363
	<u>25,121,461</u>	<u>24,657,401</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. 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 2016

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) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Other	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	16,796,096	461,801	0	0	0	0	(390,234)	0	16,867,663
Infrastructure - footpaths	1,971,498	46,200	0	0	0	0	(48,923)	0	1,968,775
Infrastructure - drainage	1,818,447	41,753	0	0	0	0	(36,369)	0	1,823,831
Infrastructure - parks and ovals	3,036,997	0	0	0	0	0	(32,624)	0	3,004,373
Infrastructure - other	1,034,363	472,674	0	0	0	0	(50,219)	0	1,456,818
Total infrastructure	24,657,401	1,022,428	0	0	0	0	(558,369)	0	25,121,460

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	2	Cost approach using depreciated replacement cost.	Independent Valuer	June 2015	Construction costs and current condition (level 2).
Infrastructure - footpaths	2	Cost approach using depreciated replacement cost.	Independent Valuer	June 2015	Construction costs and current condition (level 2).
Infrastructure - drainage	2	Cost approach using depreciated replacement cost.	Independent Valuer	June 2015	Construction costs and current condition (level 2).
Infrastructure - parks and ovals	2	Cost approach using depreciated replacement cost.	Management Valuation	June 2015	Construction costs and current condition (level 2).
Infrastructure - other	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 2016

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	260,247	525,630
Accrued interest on debentures	5,150	4,461
Accrued salaries and wages	20,682	114,244
ATO liabilities	34,807	168,421
Other Creditors	52,771	53,408
	<u>373,657</u>	<u>866,164</u>

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

	191,364	144,809
	<u>191,364</u>	<u>144,809</u>

Non-current

Secured by floating charge

 Debentures

	1,107,293	848,656
	<u>1,107,293</u>	<u>848,656</u>

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	290,008	158,012	448,020
Non-current provisions	0	75,559	75,559
	<u>290,008</u>	<u>233,571</u>	<u>523,579</u>
Additional provision	61,104	62,650	123,754
Amounts used	(38,971)	(27,897)	(66,868)
Balance at 30 June 2016	<u>312,141</u>	<u>268,324</u>	<u>580,465</u>
Comprises			
Current	312,141	171,431	483,572
Non-current	0	96,893	96,893
	<u>312,141</u>	<u>268,324</u>	<u>580,465</u>

TOWN OF NARRIGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to	Budget 2016 Transfer (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to	Actual 2015 Transfer (from)	Actual 2015 Closing Balance
Building Reserve	\$ 281,792	\$ 7,473	\$ (65,000)	\$ 224,265	\$ 281,792	\$ 3,292	\$ (155,000)	\$ 130,084	\$ 139,750	\$ 142,042	\$ 0	\$ 281,792
Refuse Site Reserve	329,707	8,682	0	338,389	329,707	3,852	(91,000)	242,559	320,663	9,044	0	329,707
Emergency Services Reserve	12,945	329	(13,274)	0	12,945	151	(13,096)	0	12,590	355	0	12,945
Aged Care Reserve	723,880	214,599	(938,479)	0	835,886	9,765	(712,990)	132,661	708,326	117,052	(101,498)	723,880
J Hogg Memorial Reserve	82,787	2,198	(84,985)	0	82,787	967	(35,000)	48,754	80,530	2,257	0	82,787
Community Assisted Transport (CAT) Reserve	8,842	219	(60)	9,001	8,842	103	(6,000)	2,945	8,299	6,816	(6,273)	8,842
Narrigin Regional Recreation Centre Reserve	109,410	2,857	0	112,267	109,410	1,278	0	110,688	50,000	59,410	0	109,410
Employee Entitlement Reserve	326,113	8,572	0	334,685	326,113	3,810	0	329,923	209,808	116,305	0	326,113
Plant, Vehicle & Equipment Reserve	342,821	9,012	(247,849)	103,984	342,821	4,005	(236,752)	110,074	150,854	191,967	0	342,821
Economic Development Reserve	142,454	3,736	0	146,190	142,454	1,664	0	144,118	87,000	55,454	0	142,454
IT & Office Equipment Reserve	20,000	550	0	20,550	20,000	234	0	20,234	0	20,000	0	20,000
Tourism & Area Promotion Reserve	100,000	2,638	0	102,638	100,000	1,168	0	101,168	0	100,000	0	100,000
Unspent Grants & Contribution Reserve	1,687,047	510,847	(1,122,064)	1,075,830	1,687,047	19,711	(1,657,047)	49,711	780,230	1,527,888	(621,071)	1,687,047
HACC Reserve	0	597,360	0	597,360	0	590,812	0	590,812	0	0	0	0
CHCP Reserve	0	246,487	0	246,487	0	93,178	0	93,178	0	0	0	0
CHSP Reserve	0	55,198	0	55,198	0	0	0	0	0	0	0	0
	4,167,798	1,670,757	(2,471,711)	3,366,844	4,279,804	733,990	(2,906,885)	2,106,909	2,548,050	2,348,590	(728,842)	4,167,798

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 2016

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Building Reserve	N/A	To support the acquisition, upgrade or enhancements of buildings within the district.
Refuse Site Reserve	N/A	To fund infrastructure development and rehabilitation costs associates with the Town's tip site as well the purchase and development a regional waste facility.
Emergency Services Reserve	N/A	To fund the replacement and/or purchase of emergency service plant, property and equipment.
Aged Care Reserve	N/A	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.
J Hogg Memorial Reserve	N/A	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.
Community Assisted Transport (CAT) Reserve	N/A	To fund the replacement/change over of the CATS vehicle.
Narrogin Regional Recreation Centre Reserve	N/A	To fund YMCA additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
Employee Entitlement Reserve	N/A	To fund current and past employee's leave entitlements and redundancy payouts.
Plant, Vehicle & Equipment Reserve	N/A	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
Economic Development Reserve	N/A	To fund economic development projects that will benefit the district.
IT & Office Equipment Reserve	N/A	To fund the purchase and upgrade of computer equipment, software and office equipment.
Tourism & Area Promotion Reserve	N/A	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
Unspent Grants & Contribution Reserve	N/A	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.

TOWN OF NARROGIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2016

13. REVALUATION SURPLUS

	2016				2015					
	Opening Balance	Revaluation Increment	Revaluation Decrement	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation Decrement	Total Movement on Revaluation	Closing Balance
Land and buildings	28,377,225	0	0	0	28,377,225	28,377,225	0	0	0	28,377,225
Furniture and equipment	17,500	3,799	0	3,799	21,299	17,500	0	0	0	17,500
Plant and equipment	16,323	0	(16,323)	(16,323)	0	16,323	0	0	0	16,323
Infrastructure - roads	13,303,738	0	0	0	13,303,738	0	13,303,738	0	13,303,738	13,303,738
Infrastructure - footpaths	963,357	0	0	0	963,357	0	963,357	0	963,357	963,357
Infrastructure - drainage	981,773	0	0	0	981,773	0	981,773	0	981,773	981,773
Infrastructure - parks and ovals	1,939,087	0	0	0	1,939,087	0	1,939,087	0	1,939,087	1,939,087
Infrastructure - other	232,743	0	0	0	232,743	0	232,743	0	232,743	232,743
	45,831,746	3,799	(16,323)	(12,524)	45,819,222	28,411,048	17,420,698	0	17,420,698	45,831,746

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

14. 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:

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>9,142,336</u>	<u>2,106,909</u>	<u>5,835,513</u>

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

Net result	3,310,038	(1,988,957)	2,121,685
Non-cash flows in Net result:			
Depreciation	1,273,168	1,324,892	1,220,768
(Profit)/Loss on sale of asset	126,686	59,605	59,248
Loss on revaluation of fixed assets	174,777	0	0
Reversal of loss on revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	342,821	86,502	(50,826)
Increase/(Decrease) in payables	(492,506)	6,937	55,171
Increase/(Decrease) in provisions	56,886	(2)	40,547
Grants contributions for the development of assets	<u>(905,754)</u>	<u>(869,086)</u>	<u>(743,119)</u>
Net cash from operating activities	<u>3,886,116</u>	<u>(1,380,109)</u>	<u>2,703,474</u>

	2016 \$	2015 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	400,000	400,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	<u>0</u>	<u>0</u>
Total amount of credit unused	<u>415,000</u>	<u>415,000</u>
Loan facilities		
Loan facilities - current	191,364	144,809
Loan facilities - non-current	<u>1,107,293</u>	<u>848,656</u>
Total facilities in use at balance date	<u>1,298,657</u>	<u>993,465</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 2016**

15. CONTINGENT LIABILITIES

The Town is not aware of any contingent liabilities as at 30 June 2016.

	2016	2015
16. 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

Contracted for:

- capital expenditure projects		
Upgrade of the Shire of Narrogin Administration Building	289,877	
- capital expenditure projects		
Narrogin Cottage Homes - Karinya Dementia Wing	4,006,328	

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

17. 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 leases is collected by the Shire of Narrogin and is used to fund any maintenance before any additional funding is required from the Town. As of 1 July 2016 this Joint Venture will no longer exist due to the merger of the Town and Shire of Narrogin.

	2016	2015
	\$	\$
Non-current assets		
Land and buildings	207,746	207,746
Less: accumulated depreciation	<u>0</u>	<u>0</u>
	<u>207,746</u>	<u>207,746</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	1,116,308	361,443
General purpose funding	16,421	736,826
Law, order, public safety	66,632	165,750
Health	1,105	900
Education and welfare	2,308,067	2,401,096
Housing	0	0
Community amenities	490,280	533,822
Recreation and culture	31,734,585	31,793,174
Transport	21,638,468	21,686,615
Economic services	3,543,491	3,501,998
Other property and services	2,168,921	1,855,764
Unallocated	<u>9,134,336</u>	<u>6,014,141</u>
	<u>72,218,614</u>	<u>69,051,529</u>

TOWN OF NARROGIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	2.91	2.34	1.99
Asset sustainability ratio	1.09	0.80	1.61
Debt service cover ratio	19.28	13.81	6.11
Operating surplus ratio	0.46	0.27	0.00
Own source revenue coverage ratio	0.50	0.63	0.62

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 58 of this document.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

20. 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:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Music Society	300		(300)	0
Narrogin Abattoir	480		(480)	0
Meat Inspection	1,990		(1,990)	0
Cultural Development	4,820		(4,820)	0
Public Open Space	49,560	23,039		72,599
Cross Over Bond	8,150	7,100		15,250
Town Hall Bond	3,175	275		3,450
Other	250	250		500
	<u>68,725</u>			<u>91,799</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Governance								
CEO Vehicle	44,721	35,455	0	-9,266	45,950	40,000	0	-5,950
DCCS Vehicle	32,116	24,628	0	-7,488	33,611	27,000	0	-6,611
Law, order, public safety								
RO Vehicle	27,185	16,818	0	-10,367	28,428	20,000	0	-8,428
Education and welfare								
CHCP Vehicle	13,884	12,273	0	-1,611	14,983	10,000	0	-4,983
CATS Vehicle	21,721	13,636	0	-8,085	23,510	14,000	0	-9,510
Transport								
DTES Vehicle	27,220	22,349	0	-4,871	28,524	27,500	0	-1,024
WF Vehicle	20,148	16,364	0	-3,784	21,215	20,000	0	-1,215
LH Vehicle	15,598	11,364	0	-4,234	16,432	20,000	3,568	0
Multi Terrain Bobcat	26,003	20,000	0	-6,003	26,471	18,000	0	-8,471
Sweeper Truck	30,088	5,227	0	-24,861	33,348	20,000	0	-13,348
Road Sweeper Upgrade	0	0	1,214	0	0	0	0	0
Assets removed from register (under threshold)	42,176	0	0	-42,176	0	0	0	0
Other property and services								
MF Vehicle	19,613	14,744	0	-4,869	20,695	16,500	0	-4,195
MLC Vehicle	12,586	12,301	0	-285	13,438	14,000	562	0
	<u>333,059</u>	<u>205,159</u>	<u>1,214</u>	<u>(127,900)</u>	<u>306,605</u>	<u>247,000</u>	<u>4,130</u>	<u>(63,735)</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
125 Corporate Software & Server Upgrade	136,333	0	43,952	43,952	92,381	92,381	4,506	4,177
128 Administration Building Extension	0	450,000	0	0	450,000	0	1,025	0
121b Narrogin Regional Leisure Centre	398,598	0	41,157	41,157	357,441	357,441	22,210	21,314
126 Town Hall Renovations	233,370	0	25,420	25,420	207,950	207,950	9,448	8,765
124 Commercial Property	65,323	0	24,983	24,983	40,340	40,340	3,699	3,532
127 Industrial Land Purchases	159,841	0	9,297	9,297	150,544	150,544	7,585	7,058
Other property and services								
	993,465	450,000	144,809	144,809	1,298,656	848,656	48,473	44,846

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 2016

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
128 Administration Building Extension	450,000	450,000	WATC		10	66,237	2.69%	160,123	450,000	289,877
	450,000	450,000				66,237		160,123	450,000	289,877

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 15 \$	Borrowed During Year		Expended During Year		Balance 30 June 16 \$
			\$	450,000	\$	-160,123	
128 Administration Building Extension	31.05.2016	0	450,000	(160,123)	289,877		
		0	450,000	(160,123)	289,877		

(d) Overdraft

The Town established an overdraft facility of up to \$400,000 to assist with short term liquidity requirements. This facility has not been used during 2015/16 financial year end and the Town's bank overdraft at 1 July 2014 and the 30 June 2015 was \$nil.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget		Budget	
								Rate Revenue \$	Interim Rate \$	Back Rate \$	Total Revenue \$
General rate											
GRV	0.100570	1,942	28,275,680	2,843,685	8,867	0	2,852,552	2,843,685	2,362	0	2,846,047
UV	0.779365	1	1,328	1,035	(1,035)	0	0	1,035	0	0	1,035
Sub-Total		1,943	28,277,008	2,844,720	7,832	0	2,852,552	2,844,720	2,362	0	2,847,082
Minimum payment	\$										
GRV	1,006	443	3,264,542	445,658	321	0	445,979	445,658	420	0	446,078
UV	1,006	0	0	0	0	0	0	0	0	0	0
Sub-Total		443	3,264,542	445,658	321	0	445,979	445,658	420	0	446,078
Total amount raised from general rate		2,386	31,541,550	3,290,378	8,153	0	3,298,531	3,290,378	2,782	0	3,293,160
Ex-gratia rates							3,298,531				350
Totals							3,298,531				3,293,510

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	5,850,209	1,650,599	1,650,599
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,469,014	1,667,715	1,667,715
Restricted	7,673,322	4,167,798	4,167,798
Receivables			
Rates outstanding	243,121	188,107	188,107
Sundry debtors	364,414	782,848	782,848
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(260,247)	(525,630)	-525,630
Accrued interest on debentures	(5,150)	(4,461)	-4,461
Accrued salaries and wages	(20,682)	(114,244)	-114,244
ATO liabilities	(34,807)	(168,421)	-168,421
Other Creditors	(52,771)	(53,408)	-53,408
Current portion of long term borrowings			
Secured by floating charge	(191,364)	(144,809)	-144,809
Provisions			
Provision for annual leave	(312,141)	(290,008)	-290,008
Provision for long service leave	(171,431)	(158,012)	-158,012
Unadjusted net current assets	8,701,278	5,347,475	5,347,475
Adjustments			
Less: Reserves - restricted cash	(3,377,117)	(4,167,798)	(4,167,798)
Add: Secured by floating charge	191,364	144,809	144,809
Employee Entitlement Reserve	334,684	326,113	326,113
Adjusted net current assets - surplus/(deficit)	5,850,209	1,650,599	1,650,599

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Town did not impose any Specified Area Rate.

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Town did not impose any service charges.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 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.

28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	28-Aug-15			11.00%
Option Two				
First Instalment	28-Aug-15	33	5.50%	11.00%
Second Instalment	28-Oct-15	33	5.50%	11.00%
Third Instalment	04-Jan-16	33	5.50%	11.00%
Fourth Instalment	04-Mar-16	33	5.50%	11.00%
			Revenue	Budgeted Revenue
			\$	\$
Interest on unpaid rates			35,090	28,300
Interest on instalment plan			14,024	13,500
Charges on instalment plan			20,948	14,000
			70,062	55,800

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. FEES & CHARGES	2016	2015
	\$	\$
Governance	14,330	2,545
General purpose funding	25,221	22,630
Law, order, public safety	15,687	16,146
Health	5,324	6,645
Education and welfare	162,295	129,479
Housing	8,700	7,700
Community amenities	1,039,465	921,332
Recreation and culture	42,352	112,307
Transport	0	0
Economic services	265,603	264,558
Other property and services	133,205	189,119
	<u>1,712,182</u>	<u>1,672,461</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	37,608	734,998
General purpose funding	650,496	1,944,888
Law, order, public safety	20,400	6,145
Health	0	0
Education and welfare	1,251,975	1,366,851
Housing	0	0
Community amenities	60,565	25,503
Recreation and culture	357,000	304,092
Transport	40,634	36,231
Economic services	13,140	5,986
Other property and services	49,947	11,214
	<u>2,481,765</u>	<u>4,435,908</u>
Non-operating grants, subsidies and contributions		
Governance	400,000	552,391
Education and welfare	115,828	0
Recreation and culture	38,058	0
Transport	351,868	190,728
	<u>905,754</u>	<u>743,119</u>
	<u>3,387,519</u>	<u>5,179,027</u>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	49		49
--	----	--	----

32. ELECTED MEMBERS REMUNERATION

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

	2016	2016 Budget	2015
	\$	\$	\$
Meeting Fees	86,000	86,000	79,500
Mayor's allowance	18,500	18,500	18,500
Deputy Mayor's allowance	4,625	4,625	4,625
Travelling expenses	5	5,000	0
Telecommunications Allowance	0	0	5,100
	109,130	114,125	107,725

33. MAJOR LAND TRANSACTIONS

The Town did not participate in any major land transactions during the 2015/16 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Town did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	9,142,336	5,835,513	9,142,336	5,835,513
Receivables	734,299	1,077,120	734,299	1,077,120
	<u>9,876,635</u>	<u>6,912,633</u>	<u>9,876,635</u>	<u>6,912,633</u>
Financial liabilities				
Payables	373,657	866,164	373,657	866,164
Borrowings	1,298,657	993,465	1,298,657	993,465
	<u>1,672,314</u>	<u>1,859,629</u>	<u>1,672,314</u>	<u>1,859,629</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 2016

35. 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.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	31,437	22,343
- Statement of Comprehensive Income	31,437	22,343

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 2016

35. 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:

	2016	2015
Percentage of rates and annual charges		
- Current	34%	36%
- Overdue	66%	64%
Percentage of other receivables		
- Current	45%	79%
- Overdue	55%	21%

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. 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>2016</u>				
Payables	373,657	0	0	373,657	373,657
Borrowings	241,661	798,848	329,785	1,370,294	1,298,657
	<u>615,318</u>	<u>798,848</u>	<u>329,785</u>	<u>1,743,951</u>	<u>1,672,314</u>
	<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>

TOWN OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. 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
	\$	\$	\$	\$	\$	\$	\$	%

Year ended 30 June 2016

Borrowings

Fixed rate								
Debentures	1,107,593.00	922,005.00	792,226.00	656,918.00	515,821.00	426,247.00	4,420,810.00	3.95%
Weighted average								
Effective interest rate	4.01%	3.99%	3.95%	3.90%	3.82%	3.92%		

Year ended 30 June 2015

Borrowings

Fixed rate								
Debentures	848,657.00	1,107,593.00	922,005.00	792,226.00	656,918.00	515,821.00	4,843,220.00	4.09%
Weighted average								
Effective interest rate	4.75%	4.01%	3.99%	3.95%	3.90%	3.82%		

**TOWN OF NARROGIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

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

	2016	2015	2014
Asset consumption ratio	0.97	0.73	N/A
Asset renewal funding ratio	N/A	N/A	N/A

N/A - This ratio could not be calculated due to a lack of accurate information as a result of the future merger of the Shire of Narrogin and the Town of Narrogin.

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

Independent Audit Report



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 2016. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

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

Audit Approach

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

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

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

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

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



Independence

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

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

Audit Opinion

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

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2016 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 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 17th day of November 2016 in Perth, Western Australia

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE

ANDERSON MUNRO & WYLLIE
Chartered Accountants

**TOWN OF NARROGIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

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

	2016	2015	2014
Asset consumption ratio	0.97	0.73	N/A
Asset renewal funding ratio	N/A	N/A	N/A

N/A - This ratio could not be calculated due to a lack of accurate information as a result of the future merger of the Shire of Narrogin and the Town of Narrogin.

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