

Annual Report 2016-2017



SHIRE OF NARROGIN

To be a leading regional economic driver and a socially interactive and inclusive community.

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1 July 2016, the Shire of Narrogin and former Town of Narrogin amalgamated into the new "Shire of Narrogin."

About the Shire 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 greater township of Narrogin is set in the Narrogin Valley on the traditional land of the Noongar people of the Gnaala Karla Booja region. Sixteen kilometres to Narrogin's south is the historical township of Highbury providing a community hub to the local residents.

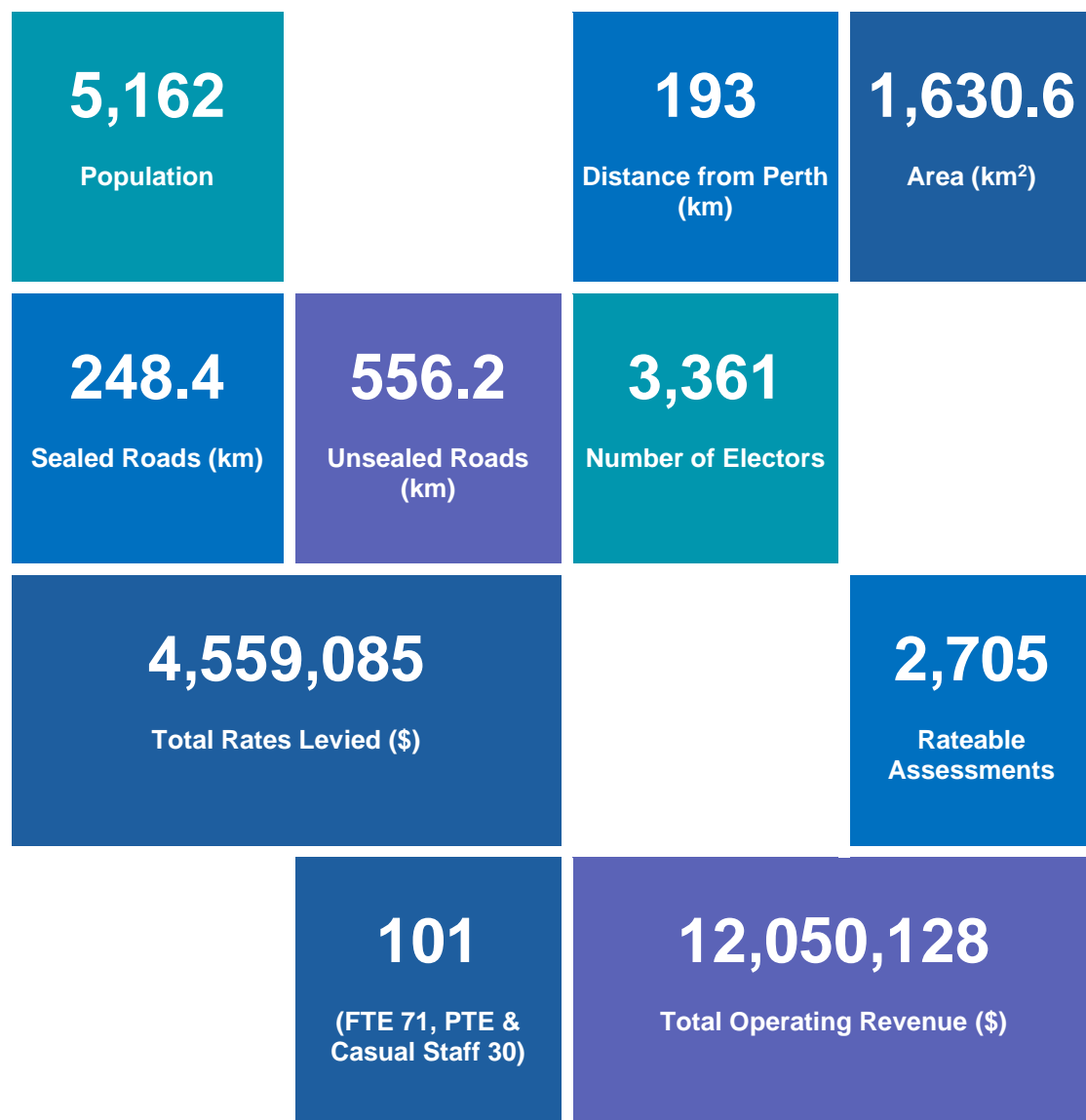
Narrogin is very accessible through its high standard of transport infrastructure including rail, sealed highway access and a two-strip airport with the main strip sealed. Residents are serviced with: excellent public utilities access; an abundant quality water supply; reliable power; and telecommunications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

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 Shire's fully-equipped recreation complex with heated indoor pool, well maintained sports grounds, numerous sports clubs, an active Regional Library and Heritage Museum. The Narrogin arts community is strongly represented through ARTS Narrogin and the 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 the facilities and services that are provided by the Shire of Narrogin there is also child care, kindergartens, various professional and medical services, all major banks, farm advisors, accountancy and legal firms, bakeries, butchers, fast food outlets, venues for hire, supermarkets, many specialty shops, cafes, hotels and restaurants and many service organisations, sporting groups, and personal interest and hobby groups.

Shire Statistics



Commerce & Industry

Local industry is based on agricultural services, education, health and aged care services, building and 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.

Narrogin boasts an active Chamber of Commerce membership assisting local business.

Local Attractions (and events)



The Shire of Narrogin welcomes all tourists and visitors and new residents to the region. The Shire has many interesting attractions and offers a wide variety of activities and scenic destinations.

The Dryandra Country Visitors Centre is a hub partly staffed by volunteers. The Centre offers information offering advice on places to visit or stay in the region. Such places include the Highbury Townsite, Gnarojin Park, Railway Dam, Dryandra Woodlands, Barna Mia, Foxes Lair, Lions Lookout, Yilliminning Rock, Nomans Lake, Heritage Walk, Old Courthouse Museum, and Skate Park.

ARtS Narrogin is a volunteer, not for profit organisation which supports and facilitates innovative artistic and creative endeavours and promotes various art forms and culture in the Region. Most notably is the Art Food and Wine Trail held every Mothers' Day weekend.

The Narrogin Leisure Centre is a successful recreational and sports facility offering a 25-meter indoor heated swimming pool for all year round enjoyment. Through the YMCA, the facility offers, fitness & swimming classes, a fully equipped gym and squash centre with adjoining basketball and netball courts. The facility also boasts a wet synthetic Olympic-grade hockey turf which in recent times has hosted two international hockey matches between Australia and Great Britain drawing a huge number of spectators over two days.

Other local annual events significant to the region include the Narrogin Agricultural Show, Spring Festival and Open Gardens and the Revheads Weekend.



The Shire of Narrogin proudly sponsored two international hockey matches which were played on the Olympic-grade turf at the Narrogin Hockey Stadium.

Message

From the Shire President

The new Shire of Narrogin has progressed through its first twelve months of operation after the merger occurred on 1 July 2016.



During the merger period I was privileged to be accepted by the Minister as one of the nominated Commissioners representing the former Town of Narrogin along with Cr Geoff Ballard representing the former Shire of Narrogin. A special thank you must be provided to Mr Ron Yuryevich who was appointed as the Independent Commissioner and Chair. All Commissioners' positions were made vacant at the extraordinary election held in October 2016 to enable the election of a new council to govern the new entity.

Due to strong financial outcomes and a surplus being obtained from the closing balance of the 2016/2017 financial year, Council was able to ensure that the rate increase for the 2017/2018 financial year was as minimal as possible being 2%. In addition to the "Natural Rate Increase" the parity increase was applied to the former Shire of Narrogin rate payers, as per the agreement formed with the Memorandum of Understanding signed by the former two Councils.

During this reporting period, staff focussed their attention on ensuring that the merger requirements were processed and finalised. Many facets of these tasks were tedious and complicated and required significant attention prior to adoption and implementation. From the Elected Members our appreciation goes to all staff who worked on, helped and or assisted in the merger process. A special thank you must

also go to Mr Niel Mitchell who worked as a consultant to project-manage the merger with the Chief Executive Officer and the Department of Local Government who funded a significant portion of the merger by providing a grant of some \$1.2 million to facilitate the merger.

During the merger transition period, it was pleasing to note that there was very little disruption of service provision to the community. The end result has achieved higher service provision in certain departments and a more productive and efficient Works Crew.

There were several significant project achievements during the financial year including the commencement of the waste transfer station, Changing Places (Disabled Toilet) at Narrogin Park, the upgrade of the wet-side change rooms at the Narrogin Regional Leisure Centre, installation/replacement of three playgrounds, Skate park upgrade, upgrades within the Library and Caravan Park and a significant road capital and maintenance program.

I would also like thank all newly-elected Shire of Narrogin Council Members as your efforts and support to Council has made an effective and cohesive team.

To all the staff of the new Shire of Narrogin I would like to thank you on behalf of all Elected Members for your support, efforts, project management and customer service provided to the Narrogin community throughout the financial year and I look forward to this excellent service standard continuing into 2017/18 and beyond.

I must also acknowledge and thank on behalf of the community of the Shire of Narrogin the enormous contribution made by our volunteers. Without volunteers, many clubs and community events would not even be possible.

I anticipate that Council and I will be working strongly with the Administration in the next financial year to promote and encourage Narrogin for new business development and potential population expansion. It will be a time for the new Shire of Narrogin to settle and further develop Narrogin's status as a Regional Centre.

A handwritten signature in dark ink, appearing to read 'Leigh Ballard', with a stylized, cursive script.

Leigh Ballard
President

Report

From the Chief Executive Officer

This financial year period has been primarily focused on implementing the planning work for the merger of the Town and Shire of Narrogin to the new Shire of Narrogin.



Thank you for taking the time to review this document that reports on the New Shire of Narrogin's activities for the 2016/2017 financial year.

The financial year commenced with all of the Elected Members from both the former Shire of Narrogin and Town of Narrogin stepping down to allow the three Commissioners to facilitate the role of Council until the first election of the new Council in October 2016. Thank you to Mr Ron Yuryevich, Independent Chairman, Mr Leigh Ballard Commissioner for the former Town of Narrogin and Mr Geoff Ballard Commissioner for the former Shire of Narrogin, who were all appointed by the Minister of Local Government.

The Annual Financial Report shows that Council finished the financial year with a surplus of \$2,930,415 which was achieved through the hard work and committed efforts of all staff to ensure best value for money purchasing. This surplus is made up of many committed funds, for example approximately \$2,000,000 that was transferred to Karinya within the next financial period for the new Dementia Wing project and other unexpended grants amounting to approximately \$230,000. The uncommitted funding portion of the surplus assists greatly in keeping the rate increase low for the new entity. In addition to the above, Council was also

able to allocate funding to increase the Cash Reserves.

During this financial year period, the Administration has been heavily focussed on implementing the planning work for the merger of the Town and Shire of Narrogin to the new Shire of Narrogin. This project, now completed, has consumed a large amount of staff time and resources and some projects throughout the year have been impacted. Many procedural improvements have been achieved and complete suites of corporate documents and associated processes have been implemented.

An example of capital projects that have been completed during the period are:

• Administration Centre Extension	\$400,000
• Capital Road Upgrades	\$1,941,000
• Road Maintenance	\$1,000,000
• Skate Park Upgrade	\$450,000
• Playground Installations	\$82,000
• Leisure Centre Change room Upgrade	\$50,000
• Plant Replacement	\$138,000

The Shire's staff turnover rate has settled after the merger with all departments becoming accustomed to their increased duties and changes to procedures and processes. Due to the merger there has been a re-allocation of some staff duties to other areas and a small increase in staff numbers to areas that required additional staff time.

During the period and after significant consultation, Council adopted a new Community Strategic Plan that guides Council's decisions and actions well into the future. Within the following period the Long Term Financial Plan, Business Plan and Workforce Plan will also be finalised.

I would like to thank the Elected Members especially the Shire President and the Commissioners for their support during the period. A special thank you to all staff within the organisation, particularly the Executive Management and Management Team, including Mr Niel Mitchell the project consultant for streamlining the merger. The Shire of Narrogin workforce has worked diligently to bring another excellent outcome for the Narrogin residents and ratepayers.

The focus of the Shire is now firmly on the future to achieve high quality services and to continue to develop strongly as an organisation, economy and community well into the future.



Aaron Cook
Chief Executive Officer

Commissioners

Commissioners (July – October 2016)



L-R, Commissioner Geoff Ballard, Independent Chairman Commissioner Ron Yuryevich, and Commissioner Leigh Ballard

From 1 July 2016 until 15 October 2016 the three commissioners were appointed to facilitate Council prior to the inaugural election in October 2016 by the Minister for Local Government.

We sincerely wish to thank the Commissioners for their service to the Shire of Narrogin during the transition period.

Elected Members

The Shire of Narrogin is a corporate body consisting of nine elected members including a publicly elected President.

In October 2016 a new Council was elected replacing the three Commissioners who were in place from 1 July 2016.



*Shire President
Mr Leigh Ballard*



*Deputy Shire President
Cr Tim Wiese
Rural Ward*



*Cr Colin Ward
Urban Ward*



*Cr Nathan Walker
Rural Ward*



*Cr Paul Schutz
Urban Ward*



*Cr Murray Fisher
Rural Ward*



*Cr Clive Bartron
Urban Ward*



*Cr Brian Seale
Urban Ward*



*Cr Geoff Ballard
Rural Ward*

Community Strategic Plan / Corporate Business Plan Overview

This report is based on the former Town of Narrogin Community Strategic Plan 2012 – 2022 as it was designated the continuing entity in the merger process.

In June 2017, the Shire of Narrogin adopted the Community Strategic Plan 2017 – 2027 for the new entity and this Plan will be reviewed in future years.

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

A new document has been developed incorporating the new Shire as a whole and will be used for promotional purposes with prospective developers and interested parties.

1.2	Investigate developing major events for the Town.	CEO	2014	5
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The Shire continued to provide assistance to yearly events during the period to ensure that events are funded and assisted appropriately to enable more sustainable events. No new major events have been facilitated.

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 with all stakeholders that has interacted with Council. Due to these interactions Council is working towards long term objectives that will be positive for Narrogin and the region.

1.5	Support Tourism, Arts and sport initiatives, recognising the economic impact that they provide to the businesses and general community.	EMCCS/MLC	Ongoing	4
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This support has continued with staff having been active in this area through the provision of a Kidsport, Club Development Officer and assistance provided to ARtS Narrogin and the NEXIS 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.	EMCCS/EMTRS	2017	3
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Liaison with Main Roads has resulted in the draft design for the access road and parking area being designed and approved. To progress this matter further funding will be required to be sourced to facilitate this development.

1.7	Investigate the refurbishment and long term development of long and short term accommodation through the development of the Narrogin Caravan Park.	EMCCS/CEO/EMDRS	2015	4
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The general appearance of the Caravan Park has continued to improve. The entry statement has been constructed. The major project of the electrical upgrade has progressed, and is expected to be completed in July 2017 and planning has commenced to provide onsite accommodation.

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 regard to this matter due to the inability to prepare a business case that is sustainable for The Shire.

1.9	Further investigate the development potential of the Industrial Area	CEO/EMDRS	2015	4
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During the period an application to Landcorp was made for the development of some 30 acres of the industrial land owned by the Shire. This has significantly progressed and an outcome is expected in the financial year with a potential development occurring within the next two years.

Average Score for Economic Development = 3.8/5 or 77%



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.	EMCCS	2015	4
<p>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.</p> <p>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 including more events within Mackie Park and the Piazza.</p>				
2.2	Continue to develop and facilitate activities, engaging all age demographics, at the Narrogin Regional Leisure Centre that are sustainable and beneficial to the Community and the Centre.	EMDRS	Ongoing	4
<p>Through consultation with the YMCA a strong continued effort has been placed in supporting and facilitating events and activities for all age demographics. Additional work has been facilitated in establishing a Youth Centre and it is hoped that this will commence within the first half of the following period.</p>				
2.3	Continue to support the development of the Aged Care industry, services and support in Narrogin to assist in retaining aged residents within the community.	EMCCS	Ongoing	4
<p>The Home Care Department of the Shire of Narrogin continues to be an excellent service provider within the Narrogin Region and is a credit to all of the staff who facilitate this service.</p> <p>Council commissioned and finalised the Review of Aged Care in the Town and Shire of Narrogin, with the report received in March 2017. Council will continue working through the recommendations in the following period.</p> <p>Council finalised the auspicing of the grant for the Karinya Dementia Unit Development which resulted in over \$4 million in grant funds for the project during the period.</p>				

2.4	Provide ongoing proactive support, where possible, to the Local Indigenous Noongar Community towards positive actions within the community.	EMDRS	Ongoing	3
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Support has been provided upon request, where possible, to assist Indigenous activities. Council continue to facilitate several events through the year to engage indigenous and other youth. Officers actively engaged to expand NAIDOC events with the intent to enable the Indigenous youth to attain skills in event management and facilitation – to provide the community with the skills to manage such events into the future.

2.5	Further develop, encourage and support youth activities and initiatives within Narrogin.	EMDRS	Ongoing	4
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Further to previous periods, 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 the Narrogin Musicians' Association with busking and music events in the Piazza and Mackie Park and the Narrogin Community Gardens.

The YMCA, as per their contract, 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.	EMDRS	Ongoing	4
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Continued from the last period the current MOU agreement between ARtS Narrogin, inclusive of the NEXIS Gallery, and Council has continued to ensure that the Town Hall, Lesser Hall and NEXIS Gallery are utilised for cultural activities with the result that the greater Narrogin community enjoy ongoing regular events and gallery displays.

2.7	Assist the local sporting groups to strategically develop their clubs and facilities within Narrogin.	EMDRS	Ongoing	4
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The Club Development Officer has continued to work in building networks within Narrogin sporting groups and assisting them to advance their respective clubs. Assistance has been provided to sporting groups for grant preparation and several training sessions have also been facilitated to assist in developing the clubs' structure and administration.

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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Council has continued to advocate for the combined TAFE location within Narrogin; however, this is not a State Government priority currently.

Council has promoted the education provision within Narrogin as being a major draw card to the area and strong relationships have been further developed with the education sector. The identified traffic management and parking issues for the primary schools were facilitated to provide safer pick-up and drop-off zones.

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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The Shire Library staff continue to provide a large range of activities from the Library and this includes school holiday programs, after hours events and generally assisting the community in their service requests and information enquiries. The Library has again achieved excellent feedback from customers. In 2016 the Library received a special Public Health Award for Children's Environment and Health.

2.10	Provide support and encouragement for volunteers and local service groups.	EMDRS	Ongoing	4
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Support is continued to be provided to local volunteer groups and service providers through the discounting of hire rates or the provision of services and staff time to assist their activities where required. Council continues to provide assistance to the Emergency Service volunteers and SES and also provides insurance for volunteering activities if coordinated through Council. The annual Thank a Volunteer Day event is facilitated by the Shire.

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



Kay Weaver accepting the award for Early Literacy from Deputy President of WALGA Mayor Tracey Roberts and Commissioner for Children and Young People Colin Pettit.

Parks Gardens and Natural Environment

The Shire facilitates the Treated Waste Water Irrigation System that irrigates Clayton Road Oval, Narrogin Race and Pace Track, Inner Sports Oval, Thomas Hogg Oval, Mackie Park, Memorial Park, Gnarogin Park.



	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.	EMTRS	2014	4

During the period works were undertaken to re-direct water to the Railway Dam which has proved to be successful. Grants will be prepared to implement sections of the Water Management plan developed in the previous period.

3.2	Investigate options to enhance and redevelop the Railway dam precinct for recreation and tourism.	EMTRS	2015	4
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As per objective 3.1 the water flows have been greatly increased into the Railway Dam making a large improvement to the water held in the dam. During the period the Walkway bridge was also repaired and the memorial was erected within the Railway Dam entry.

Other improvement works to the precinct has not occurred due to the lack of financial commitment.

3.3	Consolidate and identify purposes for all of Councils Reserves and properties for ongoing and future use.	EMDRS	2016	3
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The freehold transfer of the three reserves (lot 36 corner of Federal and Egerton Streets, Lots 206 corner of Havelock and Homer Streets and Lots 46 and part of lot 264 Earl Street) were transferred to the Shire during the 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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Efforts in this area continue with many solar power bollards being installed within the CBD area to improve lighting and security. As part of the Administrative Centre upgrades nearly all lights have been replaced with LED light panels greatly reducing the building's power consumption and costs. In addition the Library upgrades also saw the lighting be replaced, further reducing the Shire's environmental impact.

3.5	Develop management plans for Council's reserves identifying their future and long term use and management.	EMDRS	2015	4
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Work continues with the Friends of Foxes Lair to continue the improvement of the area and although work was not undertaken in preparing a plan for the Railway Dam precinct it is planned that this will be undertaken in the near future in conjunction with the preparation of a revised Management Plan for Foxes Lair.

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	5

All Local Laws were reviewed as part of the merger process and have been adopted by Council either prior to merger or within the following months.

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/EMCCS	Ongoing	4
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It was reported last year that the Shire was unsuccessful in its CCTV Grant application. However, the application was reassessed with funding being made available from savings within the funding round and as such funding of \$200,000 was received. Installation was mostly completed during the period with the finalisation in the early months of the following period. The Shire of Narrogin now has 14 fully operational cameras.

The merger process guaranteed the retention of the combined value of the Former Town and Shire grants for Financial Assistance Grants (FAG's), Regional Road Group (RRG) and Roads to Recovery (R2R) program.

The change in State Government has led to a review of various funding programs (eg Country Local Government Fund) and it is expected that this type of grant funding will be limited into the future.

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.	EMDRS	Ongoing	4
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All Town Planning and Building Applications are dealt with in accordance with the statutory requirements. Invariably there are some delays due to the lack of information provided or further details are required to investigate the matter correctly.

The new Town Planning Scheme 3 is progressing and has been submitted to the Western Australian Planning Commission for readvertising due to the significant changes received during the initial advertising period.

4.4	The Strategic Community Plan and Council's other strategic integrated corporate documents are to be reviewed on a biennial basis.	CEO	2014/16/18/20/22	4
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Council has reviewed and adopted the new Strategic Community Plan, following extensive community consultation in May 2017. Work is progressing on the remaining corporate planning documents that is expected to be finalised in the following 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	5
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During the period, and as part of the Strategic Plan consultation process, a full community survey was performed that included community workshops. This information was used for the basis of Council's deliberations and forming of the Key Objectives and Strategic Items for the Strategic Plan.

A full staff survey was conducted to gauge how the organisation was progressing and this provided some excellent information.

4.6	Prepare a marketing plan for the Town of Narrogin to increase the exposure and perception of Narrogin to the greater community, State Government and Local Councils.	CEO	2014	3
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As per the previous period a Marketing Plan has not been established, however as a precursor to the Plan the Narrogin Business Prospectus has been updated.

Average Score for Governance and Corporate Services = 4.1 / 5 or 83%

Waste Management

	Strategy	Task Allocation	Timeline	Score
5.1	Investigate and develop, in partnership with neighbouring Councils, a regional waste facility.	CEO/EMDRS	2018	2
During the period there was no activity from the Regional Waste Group.				
5.2	Investigate, develop a viable waste recycling program for the Town.	CEO/EMDRS	2015	5
The recycling program has now been in place for three financial years and is well established within the Shire.				
5.3	Redevelop the Waste Management Plan for the White Road 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.	EMDRS	2014	4
During the period the plans and funding for Waste Streaming was prepared and sourced. Works have commenced with the project being due for completion in the following period prior to December 2017.				
5.4	Investigate the potential reuse of refuse to generate power and other uses.	CEO/EMDRS	2018	3
This has not advanced due to the technology not being viable, at this time, for combined waste from the Waste Group. It is planned that this will be further investigated in the near future.				
5.5	Investigate the future conversion of the White Road refuse site to a transfer station.	CEO/EMDRS	2015	4
As per the statement in 5.3 the Waste Transfer station plans were prepared and funded and works commenced during the period with the completion prior to December 2017.				

Average Score for Waste Management = 3.6 / 5 or 72%

Infrastructure and Asset Management



During the period, the first phase of the niche wall at the Narrogin Cemetery was completed.

	Strategy	Task Allocation	Timeline	Score
6.1	Create a facility and development plan for the Narrogin Cemetery and Crematorium.	EMDRS	2015	4
An overall burial plan was created for the Narrogin Cemetery during the period and the Niche Wall works are complete. A detailed investigation for additional burial plots is currently progressing and clearing permit has been made to the Department of Parks and Wildlife. (see also comments section 1.8)				
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.	EMTRS	2016	4

As per the comments in 3.1, Council, during the period facilitated works in the Railway Dam surrounds to harvest storm water into the dam. These successful works have greatly increased the water level in the Dam. Further works within the Shire have not been facilitated due to the lack of funding.

6.3	Redevelop and identify the Town's Footpath Program.	EMTRS and Council	2014	4
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A Five Year Footpath Construction Plan was adopted by Council in June 2017. Continued works throughout the year were completed in repairing and increasing the footpath network.

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 Shire President	Ongoing	5
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The Narrogin Heavy Haulage Bypass Link Road is complete and all contracts with Main Roads for these works have ceased. We continue to advocate with Government for the construction of the East/West Bypass Road.

6.5	Develop a Town Site revitalisation plan focusing on the central business district and additional generic street scape design for residential areas.	EMDRS/CEO	2018	5
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Further works were progressed within the CBD to improve the street scape and road surfaces. The current Narrogin Townscape Plan was reviewed by a consultant with public consultation and workshops and was adopted by Council in February 2017.

In addition to the above, a Townscape Plan was also prepared for the Highbury townsite during the period and this is to be presented to Council for incorporation into the Narrogin Townscape Plan in the following period.

6.6	Create a development plan for Council to meet its ongoing future infrastructure requirements regarding all road and associated infrastructure.	EMTRS/MWS	2015	4
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Council adopted a Five Year Road Program in June 2017.

The asset management systems now utilised by Council also feeds information into the plans to ensure that The Shire 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.	EMDRS/CEO	2016	4
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The Shire, 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 programmed 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.	EMDRS	2016	4
-----	---	-------	------	---

With the implementation of solar power on the Library, all of Council's buildings that can benefit from solar energy have now been completed and a large reduction in lighting costs has been achieved through the implementation of LED lighting where possible. 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
-----	--	-----	------	---

As per the previous period all officers with contracted housing requirements are provided with rental accommodation as such no action has been taken. However, it is noted that this will require further investigation.

Average Score for Infrastructure and Asset Management **= 4.1 / 5 or 82%**

Longer Term Strategies

	Strategy	Task Allocation	Timeline	Score
7.1	Continue to lobby for the development of a University Campus in Narrogin.	CEO / Shire President	2022	2

As per previous period's comments activity to engage the TAFE to facilitate an online campus has continued, however, no progression has been made with this matter.

7.2	Development of a Tourism icon within Narrogin that will assist in drawing additional tourists into Narrogin and distinguish Narrogin from surrounding Councils.	CEO	2022	2
-----	---	-----	------	---

Council has not had a priority to drive this matter within the current climate nor has there been funding available to undertake a study and plan for such an icon to be created.

7.3	Continue to support and investigate development options for the Narrogin Airport and facilities.	EMTRS	2022	4
-----	--	-------	------	---

As per previous reports the Master Plan was completed and is being utilised to provide 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 and the matter was progressed with the administration of the RAAF Cadets.

Additional water storage facilities were negotiated to be installed at the airfield to aid with aerial firefighting operations.

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

This precinct has remained a focus and driving point although no developer action has resulted on this key objective. Work has continued politically and with potential developers in providing information. As this is a long term goal, 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
-----	---	---------	---------	---

As has been stated, Council was successful in its application to Landcorp for the development of its industrial land. It is expected that the portion of the land to be developed by Landcorp will be facilitated within the following periods.

Council, during this period, facilitated the sale of a parcel of land (cnr Fairway and Forrest Streets) that has enabled the relocation of a large business from an inappropriate location to its new site and it is hoped that this will encourage additional employment and better accessibility to customers encouraging economic development.

7.6	Promote the long term development of existing and future businesses within the CBD.	Council	Ongoing	4
-----	---	---------	---------	---

The CBD revitalisation plan has been completed. 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 to encourage the business to consider Narrogin.

It is noted that the Narrogin CBD, as per all other shopping districts, is going through a large amount of change and this has and will continue to affect businesses and their potential viability.

Average Score for Longer Term Strategies = 3.16 / 5 or 63%

Total Average Score for the Town of Narrogin overall Strategic Key Performance Indicators: 3.77/ 5 or 75.42%

Statutory Statements

National Competition Policy

The Trade Practices Act 1974 was replaced by the Competition and Consumer Act 2010, which is administered by the Australian Competition and Consumer Commission (ACCC). Local Governments are no longer required to report on National Competition Policy.

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 Shire of Narrogin Local Laws were reviewed within this period and Council adopted an action plan on progressing these matters.

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 new merged entity officially commenced on 1 July 2016 under the direction of three Commissioners. They ceased their tenure when the new Council was elected on 15 October 2016. Coinciding with that election, a referendum supported the direct election of the Shire President by electors.

To align with the normal election cycle, the term of the President and two Rural and two Urban Ward Councillors conclude in October 2017. The terms of the other elected members conclude in October 2019.

The year 2016/17 was a transitional year for the new entity and with the support of Consultant Neil Mitchell, and funding from the Department of Local Government and Communities, many activities were undertaken to make the transition as smooth as possible. Whilst every journey has unexpected turns and events, the new entity has emerged through the process very successfully.

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.

With the intention of increasing opportunities for people with disability to access Council services and Shire events, the Shire with support through a successful grant application to WALGA and the Disability Services Commission completed the design work for a Changing Place facility to be centrally located at Gnarojin Park. Changing Places are secure, clean facilities for people with disability who need space and assistance to use the bathroom when out and about in the community. This facility, once constructed and completed will benefit regional visitors and residents alike with disability, who will in the near future, be able to enjoy an outing in Gnarojin Park or nearby events at venues such as the John Higgins Centre or the Town Hall. Improved access to services has also been achieved by a major library renovation which included a toilet for people with disability, improved shelving and seating layout and additional resources including a doubling in the size of its large print collection and the number of board games for visitors with a learning disability to enjoy with their carers.

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

The Shire continues its footpath program into 2016/17. A footpath was constructed from a major road to the bowling club's main entrance and four footpaths were either upgraded or newly constructed, which significantly improved access to the Shire's CBD and to a medical centre. Pedestrian kerb/pram ramps inclusive of tactile treads and hand rails were installed and refurbished in conjunction with upgraded paths. Street seating has been installed at various locations within the CBD and several solar bollards were installed in a main street to improve night visibility.

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

The Shire is committed to providing information in alternative formats should this be required and includes comment on its website encouraging users, should they encounter access issues, to contact staff to discuss the information they require. The Shire's library has a magnifying sheet for public borrowing and offers one on one assistance for people with disability needing assistance with information on line.

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.

The Shire's Narrogin Homecare service both assesses and undertakes regular training for new and existing staff to ensure awareness of the needs of its clients with disability.

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

Council invited a representative from the disability sector to become a member of its newly formed Narrogin District Townscape Committee. This representation offers opportunities for comment and input into a range of matters relating to access and inclusion and to register any concerns or complaints to Council.

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

The Shire remains committed to ensuring that people with disability have the same opportunities as other community members to access and participate in public meetings, and consultations. A staff member reviewed documents made available by the Disability Service Commission providing information and guidance on creating accessible events and consultations and these documents will now inform other staff responsible for consultation and event management into the future.

Outcome 7: People with disabilities have the same opportunities as other people to be employed at the Shire 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 Shire 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 to 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 fourth Wednesday of every month excluding January and one meeting held on the third Wednesday of December at 7:00pm. All members of the public are welcome to attend.

Committees of Council

Committees established under legislation reporting to Council. Council Committees are those where Council does exercise control (establishment, dissolution etc).

- Audit Committee
- Narrogin Airport Committee
- Local Emergency Management Committee
- Australia Day Committee
- Narrogin District Townscape Committee

Reference Groups

Reference Groups are those groups where Council does exercise control (establishment, dissolution etc), but not established under legislation.

- Community Assisted Transport Service (CATS) Stakeholder Reference Group
- Community Chest Reference Group
- Roads Reference Group

Personal Involvement – External Organisations

Elected members are involved with many organisations within the community, and are also active in representing the Shire of Narrogin at a regional or State level. Council's nominations to other organisations include but not limited to:

- Development Advisory Panel
- Central Country Zone WALGA
- Wheatbelt South Regional Road Group

- Narrogin Chamber of Commerce
- Dryandra Country Visitors Centre
- Narrogin Cottage Homes Committee
- Regional Waste Management Group
- Dryandra Voluntary Regional Organisation of Councils
- Narrogin Community Support Organisation
- Narrogin Community Childcare Centre

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 elected 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 as described in the Delegation Register, and are reviewed by Council annually.

2. Services to the Community

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

- | | |
|--------------------------|-------------------------------|
| • Building control | • Library services |
| • Cemeteries | • Litter bins |
| • Citizenship ceremonies | • Parks and reserves |
| • Crossovers | • Planning controls |
| • Dog and cat control | • Playground equipment |
| • Drainage | • Public buildings for hire |
| • Environmental health | • Public toilets |
| • Fire prevention | • Recreation/sport facilities |

- Recycling
- Rubbish collection
- Roads, footpaths and kerbs
- 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 Shire's 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
- 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 Shire maintains and disposes of all records in the prescribed manner. The *State Records Act 2000* also requires 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 Shire is reviewing its records keeping methods on a continual basis after implementing new procedures.

2. The organisation conducts a record keeping training program.

The Shire 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 Remuneration

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

Salary Range	2015/16	2016/17
\$100,001 - \$110,000	2	2
\$110,001 - \$120,000	1	1
\$120,001 - \$130,000		
\$130,001 - \$140,000		
\$150,001 - \$160,000		
\$160,001 - \$170,000		
\$170,001 - \$180,000	1	
\$180,001 - \$190,000		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 2016/17 financial year.

Acronyms Used Within This Document

CBD	Central Business District
CEO	Chief Executive Officer
EMCCS	Executive Manager Corporate and Community Services
EMDRS	Executive Manager Development and Regulator Services
EMTRS	Executive Manager Technical and Environmental Services
DSR	Department of Sport and Recreation
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



SHIRE OF NARROGIN

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
Address
89 Earl Street
Narrogin
WA 6312

**SHIRE OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 29 day of November 2017



Aaron Cook
Chief Executive Officer

SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	4,559,085	4,517,811	4,304,299
Operating grants, subsidies and contributions	30	5,388,108	3,834,372	3,139,295
Fees and charges	29	1,773,084	1,505,220	2,642,270
Interest earnings	2(a)	202,341	182,100	274,340
Other revenue	2(a)	127,510	154,500	5,327,303
		<u>12,050,128</u>	<u>10,194,003</u>	<u>15,687,507</u>
Expenses				
Employee costs		(4,885,675)	(5,015,674)	(4,550,222)
Materials and contracts		(2,721,769)	(3,573,485)	(5,529,525)
Utility charges		(640,613)	(705,537)	(650,321)
Depreciation on non-current assets	2(a)	(2,556,277)	(2,299,553)	(3,320,216)
Interest expenses	2(a)	(62,249)	(75,851)	(55,523)
Insurance expenses		(287,792)	(283,943)	(325,025)
Other expenditure		(4,159,504)	(4,249,534)	(263,646)
		<u>(15,313,879)</u>	<u>(16,203,577)</u>	<u>(14,694,478)</u>
		<u>(3,263,751)</u>	<u>(6,009,574)</u>	<u>993,029</u>
Non-operating grants, subsidies and contributions	30	1,439,802	1,721,744	1,874,316
Profit on asset disposals	21	283,606	1,500	3,569
(Loss) on asset disposals	21	(587,887)	(306,206)	(228,894)
(Loss) on revaluation of plant and equipment	6(b)	0	0	-174,777
Net result		(2,128,230)	(4,592,536)	2,467,243
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	12,621,260	0	(989,246)
Total other comprehensive income		12,621,260	0	(989,246)
Total comprehensive income		<u>10,493,030</u>	<u>(4,592,536)</u>	<u>1,477,997</u>

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

SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		159,117	96,100	51,938
General purpose funding		8,271,925	6,993,945	5,732,774
Law, order, public safety		46,305	35,797	60,233
Health		8,329	7,500	7,664
Education and welfare		1,349,210	1,263,386	6,551,270
Housing		12,900	13,000	25,850
Community amenities		1,163,150	978,119	1,165,901
Recreation and culture		226,121	149,895	431,921
Transport		278,627	291,404	984,250
Economic services		299,879	248,194	288,103
Other property and services		234,565	116,663	387,603
		<u>12,050,128</u>	<u>10,194,003</u>	<u>15,687,507</u>
Expenses	2(a)			
Governance		(1,199,892)	(1,681,222)	(1,712,600)
General purpose funding		(195,293)	(177,867)	(209,201)
Law, order, public safety		(309,718)	(427,553)	(314,802)
Health		(134,162)	(194,492)	(149,348)
Education and welfare		(5,291,080)	(5,473,881)	(2,540,078)
Housing		(24,554)	(31,874)	(12,857)
Community amenities		(1,189,039)	(1,430,177)	(1,244,306)
Recreation and culture		(2,380,528)	(2,658,252)	(2,700,955)
Transport		(3,541,728)	(3,275,900)	(4,855,917)
Economic services		(590,232)	(748,107)	(899,649)
Other property and services		(395,404)	(28,401)	758
		<u>(15,251,630)</u>	<u>(16,127,726)</u>	<u>(14,638,955)</u>
Finance costs	2(a)			
Governance		(16,888)	(18,185)	(5,532)
Recreation and culture		(30,473)	(30,409)	(31,658)
Transport		(4,929)	(4,767)	(1,239)
Economic services		(9,959)	(22,490)	(17,094)
		<u>(62,249)</u>	<u>(75,851)</u>	<u>(55,523)</u>
		<u>(3,263,751)</u>	<u>(6,009,574)</u>	<u>993,029</u>
Non-operating grants, subsidies and contributions	30	1,439,802	1,721,744	1,874,316
Profit on disposal of assets	21	283,606	1,500	3,569
(Loss) on disposal of assets	21	(587,887)	(306,206)	(228,894)
(Loss) on revaluation of plant and equipment	6(b)	0	0	(174,777)
Net result		<u>(2,128,230)</u>	<u>(4,592,536)</u>	<u>2,467,243</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	12,621,260	0	(989,246)
Total other comprehensive income		<u>12,621,260</u>	<u>0</u>	<u>(989,246)</u>
Total comprehensive income		<u><u>10,493,030</u></u>	<u><u>(4,592,536)</u></u>	<u><u>1,477,997</u></u>

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

SHIRE OF NARROGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,974,848	10,188,950
Trade and other receivables	4	568,751	676,841
Inventories	5	13,775	1,199
TOTAL CURRENT ASSETS		7,557,374	10,866,990
NON-CURRENT ASSETS			
Other receivables	4	166,956	126,764
Inventories	5	177,273	177,273
Property, plant and equipment	6	56,541,062	44,132,899
Infrastructure	7	98,060,960	96,947,578
TOTAL NON-CURRENT ASSETS		154,946,251	141,384,514
TOTAL ASSETS		162,503,625	152,251,504
CURRENT LIABILITIES			
Trade and other payables	8	379,945	405,556
Current portion of long term borrowings	9	220,293	233,953
Provisions	10	845,115	730,965
TOTAL CURRENT LIABILITIES		1,445,353	1,370,474
NON-CURRENT LIABILITIES			
Long term borrowings	9	922,004	1,142,297
Provisions	10	7,007	102,502
TOTAL NON-CURRENT LIABILITIES		929,011	1,244,799
TOTAL LIABILITIES		2,374,364	2,615,273
NET ASSETS		160,129,261	149,636,231
EQUITY			
Retained surplus		49,200,100	50,915,540
Reserves - cash backed	12	3,774,262	4,187,052
Revaluation surplus	13	107,154,899	94,533,639
TOTAL EQUITY		160,129,261	149,636,231

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

SHIRE OF NARROGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2016		47,515,606	5,119,743	95,522,885	148,158,234
Comprehensive income					
Net result		2,467,243	0	0	2,467,243
Changes on revaluation of assets	13	0	0	(989,246)	(989,246)
Total comprehensive income		2,467,243	0	(989,246)	1,477,997
Transfers from/(to) reserves		932,691	(932,691)	0	0
Balance as at 30 June 2016		50,915,540	4,187,052	94,533,639	149,636,231
Comprehensive income					
Net result		(2,128,230)	0	0	(2,128,230)
Changes on revaluation of assets	13	0	0	12,621,260	12,621,260
Total comprehensive income		(2,128,230)	0	12,621,260	10,493,030
Transfers from/(to) reserves		412,790	(412,790)	0	0
Balance as at 30 June 2017		49,200,100	3,774,262	107,154,899	160,129,261

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

SHIRE OF NARROGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,501,119	4,814,219	4,230,427
Operating grants, subsidies and contributions		5,579,636	4,079,317	3,237,769
Fees and charges		1,773,084	1,659,720	2,642,270
Interest earnings		202,341	182,100	274,340
Goods and services tax		684,087	702,836	594,490
Other revenue		127,510	138,584	5,327,303
		<u>12,867,777</u>	<u>11,576,776</u>	<u>16,306,599</u>
Payments				
Employee costs		(4,743,929)	(5,090,633)	(4,797,550)
Materials and contracts		(2,883,022)	(3,693,549)	(5,289,074)
Utility charges		(640,613)	(705,537)	(650,321)
Interest expenses		(62,274)	(78,226)	(55,758)
Insurance expenses		(287,792)	(283,943)	(325,025)
Goods and services tax		(749,751)	(1,350,000)	(854,193)
Other expenditure		(4,159,504)	(3,653,696)	(263,646)
		<u>(13,526,885)</u>	<u>(14,855,584)</u>	<u>(12,235,567)</u>
Net cash provided by (used in) operating activities	14(b)	<u>(659,108)</u>	<u>(3,278,808)</u>	<u>4,071,032</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,621,357)	(2,501,939)	(1,803,071)
Payments for construction of infrastructure		(2,704,478)	(3,728,356)	(3,501,779)
Non-operating grants, subsidies and contributions		1,439,802	1,721,744	1,874,316
Proceeds from sale of fixed assets		564,992	598,145	419,977
Net cash provided by (used in) investment activities		<u>(2,321,041)</u>	<u>(3,910,406)</u>	<u>(3,010,557)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(233,953)	(221,310)	(194,267)
Proceeds from new debentures		0	350,000	450,000
Net cash provided by (used in) financing activities		<u>(233,953)</u>	<u>128,690</u>	<u>255,733</u>
Net increase (decrease) in cash held		<u>(3,214,102)</u>	<u>(7,060,524)</u>	<u>1,316,208</u>
Cash at beginning of year		10,188,950	10,182,102	8,872,742
Cash and cash equivalents at the end of the year	14(a)	<u><u>6,974,848</u></u>	<u><u>3,121,578</u></u>	<u><u>10,188,950</u></u>

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

SHIRE OF NARROGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual
Net current assets at start of financial year - surplus/(deficit)		<u>5,912,406</u>	<u>6,316,076</u>	<u>3,475,546</u>
Revenue from operating activities (excluding rates)				
Governance		159,117	96,100	51,938
General purpose funding		3,744,699	2,483,248	1,434,939
Law, order, public safety		46,305	35,797	60,233
Health		8,329	7,500	7,664
Education and welfare		1,349,210	1,263,386	6,551,270
Housing		12,900	13,000	25,850
Community amenities		1,163,150	978,119	1,165,901
Recreation and culture		226,121	149,895	431,921
Transport		278,627	291,404	987,819
Economic services		583,485	249,694	288,103
Other property and services		234,565	116,663	387,603
		<u>7,806,508</u>	<u>5,684,806</u>	<u>11,393,241</u>
Expenditure from operating activities				
Governance		(1,226,855)	(1,707,907)	(1,734,886)
General purpose funding		(195,293)	(177,867)	(209,201)
Law, order, public safety		(315,642)	(427,553)	(325,169)
Health		(134,162)	(194,492)	(149,348)
Education and welfare		(5,304,145)	(5,492,981)	(2,549,774)
Housing		(24,554)	(31,874)	(12,857)
Community amenities		(1,195,424)	(1,435,677)	(1,244,306)
Recreation and culture		(2,411,001)	(2,688,661)	(2,732,613)
Transport		(3,634,490)	(3,289,313)	(5,044,079)
Economic services		(1,053,372)	(1,025,957)	(916,743)
Other property and services		(406,828)	(37,501)	(4,396)
		<u>(15,901,766)</u>	<u>(16,509,783)</u>	<u>(14,923,372)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(283,606)	(1,500)	(3,569)
Loss on disposal of assets	21	587,887	306,206	228,894
Movement in long service leave reserve (cash backed)		(34,305)	0	(57,732)
Movement in deferred pensioner rates (non-current)		(40,192)	0	(20,599)
Movement in employee benefit provisions (non-current)		(95,495)	0	15,507
Movement in Employee entitlement reserve		37,679		8,572
Depreciation and amortisation on assets	2(a)	2,556,277	2,299,553	3,320,216
Amount attributable to operating activities		<u>545,393</u>	<u>(1,904,642)</u>	<u>3,436,704</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,439,802	1,721,744	1,874,316
Proceeds from disposal of assets	21	564,992	598,145	419,977
Purchase of land held for resale		0	0	0
Purchase of property, plant and equipment	6(b)	(1,621,357)	(2,501,939)	(1,803,071)
Purchase and construction of infrastructure	7(b)	(2,704,478)	(3,728,356)	(3,501,779)
Amount attributable to investing activities		<u>(2,321,041)</u>	<u>(3,910,406)</u>	<u>(3,010,557)</u>
FINANCING ACTIVITIES				
Advances to community groups		0	0	0
Repayment of advances to community groups		0	0	0
Repayment of debentures	22(a)	(233,953)	(221,310)	(194,267)
Proceeds from new debentures	22(a)	0	350,000	450,000
Proceeds from self supporting loans		0	0	0
Transfers to reserves (restricted assets)	12	(1,332,931)	(295,737)	(1,708,062)
Transfers from reserves (restricted assets)	12	1,745,721	1,471,398	2,640,753
Amount attributable to financing activities		<u>178,837</u>	<u>1,304,351</u>	<u>1,188,424</u>
Surplus(deficiency) before general rates		<u>(1,596,811)</u>	<u>(4,510,697)</u>	<u>1,614,571</u>
Total amount raised from general rates	23	<u>4,527,226</u>	<u>4,510,697</u>	<u>4,297,835</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>2,930,415</u></u>	<u><u>0</u></u>	<u><u>5,912,406</u></u>

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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 Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

(a) Goods and Services Tax (GST)

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

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

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

(b) 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) 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.

(e) 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 Shire 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 Shire 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire 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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets 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 Shire.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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
Formed roads (unsealed)	12 years
formation	
pavement	not depreciated
Footpaths - slab	50 years
Sewerage piping	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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 Shire 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 Shire 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.

(h) Impairment of Assets

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

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

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.

(i) Trade and Other Payables

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire'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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) 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.

(l) Provisions

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

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

(m) 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 Shire, 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

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

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

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

(o) 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 Shire'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

(p) 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.

(q) Superannuation

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, 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 Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>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.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>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.</p> <p>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 Shire, the impact is not expected to be significant.</p>

Notes:

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES

	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
Karinya Cottage Homes	<u>111,457</u>	<u>5,137,000</u>
Auditors remuneration		
- Audit of the Annual Financial Report	19,395	37,844
- Other Services	0	2,250
Depreciation		
Buildings - non-specialised	22,169	613,277
Buildings - specialised	617,214	0
Furniture and equipment	21,655	39,929
Plant and equipment	304,143	581,025
Infrastructure - Roads	1,340,512	1,831,074
Infrastructure - Footpaths	49,984	49,934
Infrastructure - Drainage	92,500	122,134
Infrastructure - Parks and Ovals	32,738	32,624
Infrastructure - Other	<u>75,362</u>	<u>50,219</u>
	<u><u>2,556,277</u></u>	<u><u>3,320,216</u></u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	<u>62,249</u>	<u>55,522</u>
	<u><u>62,249</u></u>	<u><u>55,522</u></u>
(ii) Crediting as revenue:		
Other revenue		
Other	<u>127,510</u>	<u>5,327,303</u>
	<u><u>127,510</u></u>	<u><u>5,327,303</u></u>
	2017	2017
	Actual	Budget
	\$	\$
Interest earnings		2016
		Actual
		\$
- Reserve funds	79,943	122,202
- Other funds	51,669	96,852
Other interest revenue (refer note 28)	<u>70,729</u>	<u>55,286</u>
	<u><u>202,341</u></u>	<u><u>274,340</u></u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

Prosperity and growth as a regional centre.

Shire 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.

HOUSING

Objective:

To provide housing to senior employees.

Activities:

Provision of staff housing.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Governance							
DLG Merger Funding	675,906		(499,407)	176,499		(176,499)	0
Structural Reform		400,000		400,000	91,000	(491,000)	0
RTG Long Term Financial Plan	11		(11)	0			0
General purpose funding							
CLGF R4R (2012/13) Local	552,391		(193,907)	358,484		(358,484)	0
Interest Received	0	44,907	0	44,907	14,355	0	59,262 *
Law, order, public safety							
SES Subsidy Expenditure		7,090	(5,574)	1,516	1,730	(142)	3,104 *
BFB Minor Asset Purchase		7,000		7,000			7,000 *
LEMC Support		5,000	(5,000)	0	0		0
SEMS Local Emergency Awareness		10,000	(3,226)	6,774	0	(2,066)	4,708 *
Bush Fire Expenditure				0	13,617	(3,796)	9,821 *
Education and welfare							
WDC Grant for Regional TAFE	30,000			30,000		(30,000)	0
Aged Friendly Communities	10,000		(10,000)	0	0	0	0
Aged Disability Access Upgrade		108,872	(108,872)	0	0	0	0
Disability Toilet - Changing Places		42,000		42,000		(18,000)	24,000 *
Community amenities							
Townscape		27,771	(26,024)	1,747		(1,747)	0
Wheatbelt Regional Centres Revitalisation - Narrogin CBD Project				0	30,000		30,000 *
Recreation and culture							
Kidsports	3,212	35,000	(38,212)	0	32,990	(32,990)	0
Regional Talent	18,990	25,000	(37,087)	6,903	15,000	(21,903)	0
Club Development Officer				0	20,000	(20,000)	0
Main Roads Art Proposal for Narrogin Link Road				0	20,000		20,000 *
Community Gardens	1,522		(1,522)	0			0
Transport							
Royalties for Regions 2013/14	1,008,168		(1,008,168)	0			0
Economic services							
WDC TAFE Management	10,500		(10,500)	0			0
WDC TAFE Land Assembly	117,526		(117,526)	0			0
WDC TAFE Project	267,000		(267,000)	0			0
Other property and services							
CLGF Youth Development				0	32,590		32,590 *
Total	2,695,226	712,640	(2,332,036)	1,075,830	271,282	(1,156,627)	190,485

(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.

(*) - All of these unspent contributions were held in reserve funds at the end of June.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		3,200,586	1,720,926
Restricted		3,774,262	8,468,024
		<u>6,974,848</u>	<u>10,188,950</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Building Reserve	12	556,072	224,265
Refuse Site Reserve	12	428,322	338,389
Community Assisted Transport (CAT) Reserve	12	8,021	9,001
Narrogin Regional Recreation Centre Reserve	12	180,691	112,267
Employee Entitlement Reserve	12	372,364	334,685
Plant, Vehicle & Equipment Reserve	12	393,454	103,984
Economic Development Reserve	12	148,995	146,190
IT & Office Equipment Reserve	12	15,734	20,550
Tourism & Area Promotion Reserve	12	73,970	102,638
Unspent Grants & Contribution Reserve	12	190,485	1,075,830
HACC Reserve	12	645,352	597,360
CHCP Reserve	12	165,412	246,487
CHSP Reserve	12	120,088	55,198
Long service leave reserve	12	0	34,305
Plant replacement reserve	12	0	208,895
Property maintenance reserve	12	0	7,590
Office equipment reserve	12	0	14,521
Road construction reserve	12	445,302	437,336
Recreation facilities reserve	12	0	35,623
Waste site development reserve	12	0	81,938
Asset Valuation reserve	12	30,000	0
Treasury Investment Account	12	0	4,006,328
Unspent grants	2(c)	0	289,877
		<u>3,774,262</u>	<u>8,483,257</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	308,033	290,259
Sundry debtors	251,842	406,970
GST receivable	65,664	0
Provision for Doubtful Debts	(60,387)	(20,388)
Accrued Income / Payments in Advance	3,599	0
	<u>568,751</u>	<u>676,841</u>
Non-current		
Rates outstanding - pensioners	166,956	126,764
	<u>166,956</u>	<u>126,764</u>
Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	<u>308,033</u>	<u>290,259</u>
Sundry debtors	<u>251,842</u>	<u>406,970</u>
5. INVENTORIES		
Current		
Fuel and Materials	13,775	1,199
	<u>13,775</u>	<u>1,199</u>
Non-current		
Cost of acquisition	177,273	177,273
	<u>177,273</u>	<u>177,273</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - Freehold at:		
- Independent valuation 2013 - level 2	0	3,242,773
- Independent valuation 2017 - level 2	3,916,000	0
- Independent valuation 2017 - level 3	6,412,000	0
- Management valuation 2017 - level 3	20,000	0
- Additions after valuation - cost	0	60,947
	<u>10,348,000</u>	<u>3,303,720</u>
	<u>10,348,000</u>	<u>3,303,720</u>
Buildings - non-specialised at:		
- Management valuation 2013 - level 3	0	33,634,500
- Independent valuation 2013 - level 2	0	3,237,386
- Independent valuation 2017 - level 2	265,000	0
- Additions after valuation - cost	875,721	1,611,358
Less: accumulated depreciation	<u>(27,148)</u>	<u>(1,714,329)</u>
	1,113,573	36,768,915
Buildings - specialised at:		
- Independent valuation 2017 - level 3	41,672,720	0
- Management valuation 2017 - level 3	15,725	0
Less: accumulated depreciation	<u>(613,337)</u>	<u>0</u>
	41,075,108	0
	<u>42,188,681</u>	<u>36,768,915</u>
Total land and buildings	<u>52,536,681</u>	<u>40,072,635</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	0	7,760
- Independent valuation 2016 - level 3	167,200	198,700
- Additions after valuation - cost	87,920	35,574
Less: accumulated depreciation	<u>(22,240)</u>	<u>(585)</u>
	232,880	241,449
Plant and equipment at:		
- Independent valuation 2016 - level 2	2,952,383	3,194,914
- Management valuation 2016 - level 3	396,808	557,095
- Management valuation 2016 - level 2	0	45,922
- Additions after valuation - cost	714,922	21,632
Less: accumulated depreciation	<u>(292,612)</u>	<u>(748)</u>
	3,771,501	3,818,815
	<u>56,541,062</u>	<u>44,132,899</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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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 \$	Change of Input Levels \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	3,303,720	0	(65,000)	7,109,280		0		0	0	10,348,000
Total land	3,303,720	0	(65,000)	7,109,280	0	0	0	0	0	10,348,000
Buildings - non-specialised	36,768,915	875,721	0	5,511,980	(42,136,445)	0		(22,169)	115,571	1,113,573
Buildings - specialised	0	0	(444,123)	0	42,136,445	0		(617,214)	0	41,075,108
Total buildings	36,768,915	875,721	(444,123)	5,511,980	0	0	0	(639,383)	115,571	42,188,681
Total land and buildings	40,072,635	875,721	(509,123)	12,621,260	0	0	0	(639,383)	115,571	52,536,681
Furniture and equipment	241,449	52,346	(7,760)			0		(21,655)	(31,500)	232,880
Plant and equipment	3,818,815	693,290	(352,390)			0		(304,143)	(84,071)	3,771,501
Total property, plant and equipment	44,132,899	1,621,357	(869,273)	12,621,260	0	0	0	(965,181)	0	56,541,062

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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 land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent Valuer	July 2017	Price per hectare / market borrowing rate.
Buildings - non-specialised	3	Improvements to land valued using cost approach and depreciated repostment cost.	Independent Valuer	July 2017	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	July 2017	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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 2	16,380,980	16,380,980
- Management valuation 2016 - level 3	68,977,130	68,977,130
- Additions after valuation - cost	2,891,245	876,917
Less: accumulated depreciation	<u>(1,730,747)</u>	<u>(390,234)</u>
	86,518,608	85,844,793
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	1,898,687	1,898,687
- Management valuation 2016 - level 3	42,420	42,420
- Additions after valuation - cost	167,283	119,011
Less: accumulated depreciation	<u>(98,907)</u>	<u>(48,923)</u>
	2,009,483	2,011,195
Infrastructure - Drainage		
- Management valuation 2015 - level 3	1,773,915	1,773,915
- Management valuation 2016 - level 3	2,806,567	2,806,567
- Additions after valuation - cost	86,286	86,286
Less: accumulated depreciation	<u>(128,869)</u>	<u>(36,369)</u>
	4,537,899	4,630,399
Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 2	3,036,997	3,036,997
- Additions after valuation - cost	14,027	0
Less: accumulated depreciation	<u>(65,362)</u>	<u>(32,624)</u>
	2,985,662	3,004,373
Infrastructure - Other		
- Management valuation 2015 - level 3	969,912	969,912
- Additions after valuation - cost	1,164,977	537,125
Less: accumulated depreciation	<u>(125,581)</u>	<u>(50,219)</u>
	2,009,308	1,456,818
	<u>98,060,960</u>	<u>96,947,578</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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	85,844,793	2,014,327					(1,340,512)		86,518,608
Infrastructure - Footpaths	2,011,195	48,272					(49,984)		2,009,483
Infrastructure - Drainage	4,630,399	0					(92,500)		4,537,899
Infrastructure - Parks and Ovals	3,004,373	14,027					(32,738)		2,985,662
Infrastructure - Other	1,456,818	627,852					(75,362)		2,009,308
Total infrastructure	96,947,578	2,704,478	0	0	0	0	(1,591,096)	0	98,060,960

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2017 \$	2016 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	186,364	283,438
Accrued interest on debentures	5,607	5,632
Accrued salaries and wages	92,347	20,682
ATO liabilities	86,233	34,807
Other Creditors	1,168	52,771
Accrued Expenses	8,226	8,226
	<u>379,945</u>	<u>405,556</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	220,293	233,953
	<u>220,293</u>	<u>233,953</u>
Non-current		
Secured by floating charge		
Debentures	922,004	1,142,297
	<u>922,004</u>	<u>1,142,297</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 2016			
Current provisions	443,921	287,044	730,965
Non-current provisions	0	102,502	102,502
	<u>443,921</u>	<u>389,546</u>	<u>833,467</u>
Additional provision	47,851	(1)	47,850
Amounts used	0	(29,195)	(29,195)
Balance at 30 June 2017	<u>491,772</u>	<u>360,350</u>	<u>852,122</u>
Comprises			
Current	491,772	353,343	845,115
Non-current	0	7,007	7,007
	<u>491,772</u>	<u>360,350</u>	<u>852,122</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Building Reserve	224,265	331,807	0	556,072	231,855	54,047	(150,000)	135,902	281,792	7,473	(65,000)	224,265
Refuse Site Reserve	338,389	89,933		428,322	420,327	7,336	(98,000)	329,663	329,707	8,682	0	338,389
Emergency Services Reserve	0			0				0	12,945	329	(13,274)	0
Aged Care Reserve	0			0				0	723,880	214,599	(938,479)	0
J Hogg Memorial Reserve	0			0				0	82,787	2,198	(84,985)	0
Community Assisted Transport (CAT) Reserve	9,001	2,848	(3,828)	8,021	9,000	157	(5,500)	3,657	8,842	219	(60)	9,001
Narrogin Regional Recreation Centre Reserve	112,267	68,424		180,691	147,890	32,581	0	180,471	109,410	2,857	0	112,267
Employee Entitlement Reserve	334,685	82,087	(44,408)	372,364	368,990	47,177	0	416,167	326,113	8,572	0	334,685
Plant, Vehicle & Equipment Reserve	103,984	289,470		393,454	312,879	75,461	0	388,340	342,821	9,012	(247,849)	103,984
Economic Development Reserve	146,190	2,805		148,995	146,190	2,551	0	148,741	142,454	3,736	0	146,190
IT & Office Equipment Reserve	20,550	15,184	(20,000)	15,734	35,072	612	(20,000)	15,684	20,000	550	0	20,550
Tourism & Area Promotion Reserve	102,638	1,974	(30,642)	73,970	102,638	1,791	(50,000)	54,429	100,000	2,638	0	102,638
Unspent Grants & Contribution Reserve	1,075,830	271,283	(1,156,628)	190,485	1,075,831	18,777	(1,016,155)	78,453	1,687,047	510,847	(1,122,064)	1,075,830
HACC Reserve	597,360	60,202	(12,210)	645,352	648,263	11,314	(10,000)	649,577	0	597,360	0	597,360
CHCP Reserve	246,487	5,112	(86,187)	165,412	268,717	4,690	(14,000)	259,407	0	246,487	0	246,487
CHSP Reserve	55,198	73,836	(8,946)	120,088	92,250	1,610	0	93,860	0	55,198	0	55,198
Long service leave reserve	34,305		(34,305)	0				0	92,037	11,150	(68,882)	34,305
Plant replacement reserve	208,895		(208,895)	0				0	290,178	3,717	(85,000)	208,895
Property maintenance reserve	7,590		(7,590)	0				0	7,494	96	0	7,590
Office equipment reserve	14,521		(14,521)	0				0	14,337	184	0	14,521
Road construction reserve	437,336	7,966		445,302	437,336	7,633	(107,743)	337,226	446,772	5,724	(15,160)	437,336
Recreation facilities reserve	35,623		(35,623)	0				0	20,225	15,398	0	35,623
Waste site development reserve	81,938		(81,938)	0				0	80,902	1,036	0	81,938
Asset Valuation reserve	0	30,000		30,000	0	30,000	0	30,000	0	0	0	0
	4,187,052	1,332,931	(1,745,721)	3,774,262	4,297,238	295,737	(1,471,398)	3,121,577	5,119,743	1,708,062	(2,640,753)	4,187,052

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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

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	Ongoing	To support the acquisition, upgrade or enhancements of buildings within the district.
Refuse Site Reserve	Ongoing	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	Ongoing	To fund the replacement and/or purchase of emergency service plant, property and equipment.
Aged Care Reserve	Ongoing	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	Ongoing	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	Ongoing	To fund the replacement/change over of the CATS vehicle.
Narrogin Regional Recreation Centre Reserve	Ongoing	To fund YMCA additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
Employee Entitlement Reserve	Ongoing	To fund current and past employee's leave entitlements and redundancy payouts.
Plant, Vehicle & Equipment Reserve	Ongoing	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
Economic Development Reserve	Ongoing	To fund economic development projects that will benefit the district.
IT & Office Equipment Reserve	Ongoing	To fund the purchase and upgrade of computer equipment, software and office equipment.
Tourism & Area Promotion Reserve	Ongoing	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
Unspent Grants & Contribution Reserve	Ongoing	To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement/funding body.
HACC Reserve	Ongoing	To store unspent H.A.C.C grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
CHCP Reserve	Ongoing	To store unspent C.H.C.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
CHSP Reserve	Ongoing	To store unspent C.H.S.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
Long service leave reserve	Ongoing	To be used to fund long service leave requirements.
Plant replacement reserve	Ongoing	To be used for the purchase of major plant.
Property maintenance reserve	Ongoing	To be used for the ongoing maintenance and improvement of Council buildings
Office equipment reserve	Ongoing	To be used for the purchase of Office equipment
Road construction reserve	Ongoing	To be used to on road construction projects.
Recreation facilities reserve	Ongoing	To be used for the development and upgrade of recreation facilities
Waste site development reserve	Ongoing	To be used for the devlopment of a regional waste facility
Asset Valuation reserve	Ongoing	To fund asset valuations.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. REVALUATION SURPLUS

	2017 Opening Balance \$	2017 Revaluation Increment \$	2017 Revaluation (Decrement) \$	2017 Total Movement on Revaluation \$	2017 Closing Balance \$	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation (Decrement) \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$
Revaluation surplus - Land and buildings	31,143,236	12,621,260	0	12,621,260	43,764,496	31,143,236			0	31,143,236
Revaluation surplus - Furniture and equipment	26,635	0	0	0	26,635	22,836	3,799		3,799	26,635
Revaluation surplus - Plant and equipment	1,093,697	0	0	0	1,093,697	1,286,001		(192,304)	(192,304)	1,093,697
Revaluation surplus - Infrastructure - Roads	55,217,348	0	0	0	55,217,348	55,846,568		(629,220)	(629,220)	55,217,348
Revaluation surplus - Infrastructure - Footpaths	1,006,788	0	0	0	1,006,788	1,006,790		(2)	(2)	1,006,788
Revaluation surplus - Infrastructure - Drainage	3,874,105	0	0	0	3,874,105	4,045,624		(171,519)	(171,519)	3,874,105
Revaluation surplus - Infrastructure - Parks and Ovals	1,939,087	0	0	0	1,939,087	1,939,087			0	1,939,087
Revaluation surplus - Infrastructure - Other	232,743	0	0	0	232,743	232,743			0	232,743
	94,533,639	12,621,260	0	12,621,260	107,154,899	95,522,885	3,799	(993,045)	(989,246)	94,533,639

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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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:

	2017	2017	2016
	\$	Budget	\$
	\$	\$	\$
Cash and cash equivalents	<u>6,974,848</u>	<u>3,121,578</u>	<u>10,188,950</u>

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

Net result	(2,128,230)	(4,592,536)	2,467,243
Non-cash flows in Net result:			
Depreciation	2,556,277	2,299,553	3,320,216
(Profit)/Loss on sale of asset	304,281	304,706	225,325
Loss on revaluation of fixed assets	0	0	174,777
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	67,898	732,773	619,092
(Increase)/Decrease in inventories	(12,576)	8,828	7,629
Increase/(Decrease) in payables	(25,611)	(310,388)	(904,366)
Increase/(Decrease) in provisions	18,655	0	35,432
Grants contributions for the development of assets	<u>(1,439,802)</u>	<u>(1,721,744)</u>	<u>(1,874,316)</u>
Net cash from operating activities	<u>(659,108)</u>	<u>(3,278,808)</u>	<u>4,071,032</u>

	2017	2016
	\$	\$
(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	20,000
Credit card balance at balance date	<u>0</u>	<u>0</u>
Total amount of credit unused	<u>415,000</u>	<u>420,000</u>
Loan facilities		
Loan facilities - current	220,293	233,953
Loan facilities - non-current	<u>922,004</u>	<u>1,142,297</u>
Total facilities in use at balance date	<u>1,142,297</u>	<u>1,376,250</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

15. CONTINGENT LIABILITIES

The Shire is not aware of any contingent liabilities as at 30 June 2017.

	2017	2016
	\$	\$

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

The Shire did not have any Joint Venture Arrangements at the reporting date.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	457,997	1,130,829
General purpose funding	260,992	63,559
Law, order, public safety	441,053	145,632
Health	220	222,720
Education and welfare	1,182,908	2,308,067
Community amenities	1,058,471	658,018
Recreation and culture	38,852,596	32,482,196
Transport	108,818,859	98,528,435
Economic services	1,432,909	3,731,264
Other property and services	3,062,768	3,563,569
Unallocated	6,934,849	9,417,215
	<u>162,503,622</u>	<u>152,251,504</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	3.53	3.97	4.50
Asset sustainability ratio	1.13	2.20	3.82
Debt service cover ratio	(3.21)	23.58	34.87
Operating surplus ratio	(0.52)	(0.43)	0.45
Own source revenue coverage ratio	0.43	0.95	1.31
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 60 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$-1,190,315.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$-638,747.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	4.64	1.75	2.89
Debt service cover ratio	-0.35	-0.01	0.40
Operating surplus ratio	0.81	17.23	17.13

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Public Open Space	72,599			72,599
Cross Over Bond	15,250	16,314	(6,100)	25,464
Town Hall Bond	3,450	5,130	(4,405)	4,175
Other	500			500
Rates Paid in Advance	2,090		(2,090)	0
Retention Bond	0	59,127		59,127
	<u>93,889</u>			<u>161,865</u>

21. DISPOSALS OF ASSETS - 2016/17 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	40,941.00	39,092.00	-	1,849.00	42,500.00	38,000.00	-	4,500.00
DCCS Vehicle	30,219.00	21,995.00	-	8,224.00	31,500.00	27,500.00	-	4,000.00
Education and welfare								
Toyota Camry Altise - HACC Vehicle (NGN847)					21,500.00	10,000.00	-	11,500.00
CAT (1) Vehicle (NGN219)	20,167.00	13,636.00	-	6,531.00	21,600.00	14,000.00	-	7,600.00
Toyota Camry Altise (009NGN)	16,353.00	11,818.00	-	4,535.00				
2008 Renault Kangoo NGN11555	10,000.00	8,000.00	-	2,000.00				
Community amenities								
EMDRS Vehicle (NGN00)	27,294.00	20,909.00	-	6,385.00	30,500.00	25,000.00	-	5,500.00
Transport								
EMTRS Vehicle (0NO)	43,838.00	43,636.00	-	202.00	45,360.00	43,600.00	-	1,760.00
MO Vehicle (NO01)	36,299.00	34,545.00	-	1,754.00	37,031.00	34,545.00	-	2,486.00
Tipper Ute					14,400.00	10,000.00	-	4,400.00
Isuzu JCS Water Cart	6,343.00	5,000.00	-	1,343.00				
Economic services								
Building Surveyor Vehicle (1) (NGN2)	14,685.00	5,627.00	-	9,058.00	13,500.00	15,000.00	1,500.00	-
Sale of Old Town Depot Assets	10,817.00		-	10,817.00	605,360.00	350,000.00	-	255,360.00
Sale of Old Town Depot Assets	3,638.00		-	3,638.00				
Sale of Old Town Depot Assets	3,147.00		-	3,147.00				
Sale of Old Town Depot Assets	65,000.00	348,606.00	283,606.00	-				
Sale of Old Town Depot Assets	426,521.00		-	426,521.00				
Other property and services								
MF Vehicle (002NGN)	15,792.00	12,128.00	-	3,664.00	21,200.00	16,500.00	-	4,700.00
MLC Vehicle (NGN0)					18,400.00	14,000.00	-	4,400.00
Assets removed from register (Under threshold)	98,219.00	-	-	98,219.00				
	869,273	564,992	283,606	(587,887)	902,851	598,145	1,500	(306,206)

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2016	New Loans	Principal Repayments		Principal 30 June 2017		Interest Repayments	
	\$	\$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 125 - Corporate Software & Server Upgrade	92,382		45,428	45,428	46,954	46,954	3,296	3,289
Loan 128 - Administration Building Extension	450,000		39,784	39,784	410,216	410,216	13,592	14,896
Recreation and culture								
Loan 49 - Narrogin Regional Leisure Centre (*)	9,972		9,972	9,972	0	0	322	322
Loan 121B _ Narrogin Regional Leisure Centre	357,441		43,526	43,526	313,915	313,915	21,030	20,961
Loan 126 - Town Hall Renovations	207,950		26,411	26,411	181,539	181,539	9,121	9,126
Transport								
Loan 51 - Shire Depot (*)	67,621		32,617	32,617	35,004	35,004	4,929	4,767
Economic services								
Loan 124 - Commercial Property	40,340		26,497	13,854	13,843	26,486	2,307	14,863
Loan 127 - Industrial Land	150,544		9,718	9,718	140,826	140,826	7,652	7,627
	1,376,250	0	233,953	221,310	1,142,297	1,154,940	62,249	75,851

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire established an overdraft facility of up to \$400,000 to assist with short term liquidity requirements. This facility has not been used during 2016/17 financial year end and the Shire's bank overdraft at 1 July 2016 and the 30 June 2017 was \$nil.

SHIRE OF NARROGIN
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FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Urban	0.104090	1,689	28,365,972	2,952,614	18,958		2,971,572	2,952,614			2,952,614
Rural	0.056866	63	1,108,380	63,029	(2,430)		60,599	63,029			63,029
Unimproved value valuations											
General UV	0.005693	367	165,526,000	942,341	0		942,341	942,340			942,340
Sub-Total		2,119	195,000,352	3,957,984	16,528	0	3,974,512	3,957,983	0	0	3,957,983
Minimum payment	Minimum \$										
Gross rental value valuations											
Urban	1,041	442	4,554,640	460,122			460,122	460,122			460,122
Rural	643	35	276,139	22,505			22,505	22,505			22,505
Unimproved value valuations											
General UV	643	109	8,376,100	70,087			70,087	70,087			70,087
Sub-Total		586	13,206,879	552,714	0	0	552,714	552,714	0	0	552,714
Total amount raised from general rate		2,705	208,207,231	4,510,698	16,528	0	4,527,226	4,510,697	0	0	4,510,697
Movement in Excess Rates							4,527,226				4,510,697
Ex-gratia rates							23,732				
Totals							8,127				7,114
							<u>4,559,085</u>				<u>4,517,811</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>2,930,415</u>	<u>5,912,406</u>	<u>5,912,406</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,200,586	1,720,926	1,720,926
Restricted	3,774,262	8,468,024	8,468,024
Receivables			
Rates outstanding	308,033	290,259	290,259
Sundry debtors	251,842	406,970	406,970
GST receivable	65,664	0	0
Provision for Doubtful Debts	(60,387)	(20,388)	(20,388)
Accrued Income / Payments in Advance	3,599	0	0
Inventories			
Fuel and Materials	13,775	1,199	1,199
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(186,364)	(283,438)	(283,438)
Accrued interest on debentures	(5,607)	(5,632)	(5,632)
Accrued salaries and wages	(92,347)	(20,682)	(20,682)
ATO liabilities	(86,233)	(34,807)	(34,807)
Other Creditors	(1,168)	(52,771)	(52,771)
Accrued Expenses	(8,226)	(8,226)	(8,226)
Current portion of long term borrowings			
Secured by floating charge	(220,293)	(233,953)	(233,953)
Provisions			
Provision for annual leave	(491,772)	(443,921)	(443,921)
Provision for long service leave	(353,343)	(287,044)	(287,044)
Unadjusted net current assets	<u>6,112,021</u>	<u>9,496,516</u>	<u>9,496,516</u>
Adjustments			
Less: Reserves - restricted cash	(3,774,262)	(4,187,052)	(4,187,052)
Add: Secured by floating charge	220,293	233,953	233,953
Add: Employee Entitlement Reserve	372,363	334,684.00	334,684
Add: Component of Leave Liability not Required to be funded	0	34,305.00	34,305
Adjusted net current assets - surplus/(deficit)	<u>2,930,415</u>	<u>5,912,406</u>	<u>5,912,406</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR

The Shire had operated an early rate payment incentive scheme with prizes valued at \$3,364.00.

No rate discount scheme was offered in the 2016/17 financial year.

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	02-Sep-16			
Option Two				
First Instalment	02-Sep-16	8.3	5.50%	11.00%
Second Instalment	03-Nov-16	8.3	5.50%	11.00%
Third Instalment	05-Jan-17	8.3	5.50%	11.00%
Fourth Instalment	09-Mar-17	8.3	5.50%	11.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			53,315	36,000
Interest on instalment plan			17,414	19,100
Charges on instalment plan			26,055	20,000
			<u>96,784</u>	<u>75,100</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
29. FEES & CHARGES		
Governance	576	14,330
General purpose funding	32,543	25,641
Law, order, public safety	25,421	18,663
Health	8,328	7,547
Education and welfare	157,759	162,295
Housing	12,900	25,850
Community amenities	1,132,179	1,105,335
Recreation and culture	29,836	42,352
Transport	0	719,505
Economic services	286,077	274,688
Other property and services	87,465	246,064
	<u>1,773,084</u>	<u>2,642,270</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:

	2017	2016
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions		
Governance	158,487	37,608
General purpose funding	3,479,299	1,129,413
Law, order, public safety	15,542	36,650
Health	0	117
Education and welfare	1,191,450	1,251,975
Community amenities	30,971	60,565
Recreation and culture	196,285	389,568
Transport	155,433	129,534
Economic services	13,541	13,140
Other property and services	147,100	90,725
	<u>5,388,108</u>	<u>3,139,295</u>
Non-operating grants, subsidies and contributions		
Governance	0	400,000
Law, order, public safety	282,526	0
Education and welfare	45,249	115,828
Recreation and culture	20,000	38,058
Transport	1,092,027	1,305,466
Other property and services	0	14,964
	<u>1,439,802</u>	<u>1,874,316</u>
	<u>6,827,910</u>	<u>5,013,611</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>71.00</u>	<u>62.00</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Meeting Fees	118,462	113,667	98,418
President's allowance	12,333	12,333	23,800
Deputy President's allowance	3,084	3,083	4,625
Travelling expenses	214	5,000	5
Telecommunications allowance	3,733	3,733	0
	<u>137,826</u>	<u>137,816</u>	<u>126,848</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

2017

\$

The total of remuneration paid to KMP of the Shire during the year are as follows:

Short-term employee benefits	337,826
	<u>337,826</u>

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

The Shire did not have any Joint Venture Arrangements at the reporting date.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

2017
\$

Associated companies/individuals:

Joint venture entities:

0.00

Amounts outstanding from related parties:

0.00

Amounts payable to related parties:

0.00

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,974,848	10,188,950	6,974,848	10,188,950
Receivables	735,707	803,605	735,707	803,605
	<u>7,710,555</u>	<u>10,992,555</u>	<u>7,710,555</u>	<u>10,992,555</u>
Financial liabilities				
Payables	379,945	405,556	379,945	405,556
Borrowings	1,142,297	1,376,250	1,142,297	1,376,250
	<u>1,522,242</u>	<u>1,781,806</u>	<u>1,522,242</u>	<u>1,781,806</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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire'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 Shire.

The Shire 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.

	2017	2016	2016
	\$	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		(Town)	(Shire)
- Equity	69,748	31,437	23,493
- Statement of Comprehensive Income	69,748	31,437	23,493

Notes:

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

	2017	2016 (Town)	2016 (Shire)
Percentage of rates and annual charges			
- Current	39%	34%	0%
- Overdue	61%	66%	100%
Percentage of other receivables			
- Current	69%	45%	48%
- Overdue	31%	55%	52%

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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 Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire'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>2017</u>					
Payables	379,945	0	0	379,945	379,945
Borrowings	220,293	555,396	355,989	1,131,678	1,142,297
	<u>600,238</u>	<u>555,396</u>	<u>355,989</u>	<u>1,511,623</u>	<u>1,522,242</u>
<u>2016</u>					
Payables	405,556	0	0	405,556	405,556
Borrowings	288,835	835,751	329,785	1,454,371	1,376,250
	<u>694,391</u>	<u>835,751</u>	<u>329,785</u>	<u>1,859,927</u>	<u>1,781,806</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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 Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	962,346.00	806,070.00	656,918.00	299,821.00	368,666.00	220,374.00	3,314,195.00	3.53%
Weighted average Effective interest rate	4.04%	3.88%	3.80%	4.48%	1.23%	1.80%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	1,117,565.00	989,626.00	792,226.00	656,918.00	515,821.00	426,247.00	4,498,403.00	3.95%
Weighted average Effective interest rate	4.01%	3.99%	3.95%	3.90%	3.82%	3.92%		



Anderson Munro & Wyllie

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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF NARROGIN

Opinion

We have audited the financial report of Shire of Narrogin for the year ended 30 June 2017. 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 and Rate Setting Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of the Shire of Narrogin is in accordance with the requirements of the *Local Government Act 1995*, including:

- a) giving a true and fair view of the Shire of Narrogin's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire of Narrogin in accordance with auditor independence requirements of the *Local Government Act 1995* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) We did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 60 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.



Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Council, and Those Charged with Governance for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Local Government Act 1995 and Regulations*, and is appropriate to meet the needs of the electors. Council's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Shire of Narrogin's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intend to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Shire of Narrogin's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.



- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire of Narrogin's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire of Narrogin's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dated the 6th day of December 2017 in Perth, Western Australia

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE

ANDERSON MUNRO & WYLLIE
Chartered Accountants

SHIRE OF NARROGIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017

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. The asset renewal funding ratio has not been calculated due to the difficulties in combining Asset Management and Long Term Financial Plans between the Town of Narrogin and Shire of Narrogin.

	2017	2016	2015
Asset consumption ratio	0.98	0.83	0.775
Asset renewal funding ratio	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$