



Annual Report 2017-2018

SHIRE OF NARROGIN

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



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Acknowledgement of Noongar People

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

Electronic copies of documents are available for download from the Shire of Narrogin website www.narrogin.wa.gov.au.

Alternative formats are also available upon request, including large print, electronic format (disk or emailed), audio or Braille.

Cover Photo (by Ming Zhuo)

A fun day is had by all who attend the Annual Australia Day Breakfast in the Narrogin Town Hall.



There's so much in **Narrogin**



Love the Life - WIN TV Commercials raised Narrogin's profile during the year

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; a telecommunications connection to the optical cable network and 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 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

5,162 Population		193 Distance from Perth (km)	1,630.6 Area (km ²)
248.4 Sealed Roads (km)	556.2 Unsealed Roads (km)	3,256 Number of Electors	
4,630,279 Total Rates Levied (\$)			2,714 Rateable Assessments
	60 (FTE 60, PTE 14 & Casual Staff 35)	14,487,501 Total Operating Revenue (\$)	

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 Visitor Centre is a regional hub partly staffed by volunteers. The Centre offers information and 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 Regional 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 and in 2018 Australia and the Netherlands. These events drew a huge number of spectators over two days.

Two other significant annual events important to the region include the Narrogin Agricultural Show, and the Revheads Weekend.

Message

From the Shire President



Firstly I wish to thank Aaron Cook our Chief Executive Officer up until the end of May 2018, who served the Town and later the Shire of Narrogin for almost 6.5 years. I want to thank him for his valuable stewardship and service, particularly during the merger process and wish him every success for the future. With Aaron's departure however we welcomed Dale Stewart, an experienced leader and local government practitioner who hails from several Wheatbelt towns and local governments and more recently served as Chief Executive Officer of the Shire of Denmark.

Moving to the elected members of the Shire and my Deputy, Councillor Tim Wiese, thank you to you all for your passionate commitment to serving our community and striving hard to achieve our vision of being recognised as a leading regional economic driver and to be recognised as an inclusive community.

To the hard working and passionate management and employees of the Shire, your tireless efforts do not go unnoticed. From coordinating and assisting and volunteering at community groups; to cleaning up after ravaging storm events and rapid response to emergencies; to planning the safety of our community; to looking after those with disability or the aged or informed; on behalf of the elected members I thank you all.

To the residents and ratepayers, we continue to strive to look at ways of improving our communication and have introduced the Narrogin Narrative and increasing our energies in issuing timely media releases, marketing, promotion and seeking feedback. We are here to serve you! But that is a two way street, and we need your feedback not just when we ask, but of course also when we don't.

Whether it be via Facebook, our published requests for official comment, or giving us the occasional bouquet or brickbat, we do love to hear from you and learn from what we have done right and also when we haven't done that well on occasion.

In October this year, four elected member vacancies come up for grabs. I urge anyone thinking of standing to start having the conversation now – to come along and witness a Council meeting and to chat with existing elected members or myself to understand not only the commitment but also how rewarding the contribution can be.

Thank you all for making our community the great place it is in which to live. Remember that it is up to all of us, in whichever way we can, no matter how small or seemingly unimportant, to continue serving our community and helping grow and build our community. Narrogin, Love the Life!

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

Leigh Ballard
President

Report

From the Chief Executive Officer



I commenced in my role as Chief Executive Officer in late May 2018 following the departure of Aaron Cook who admirably steered the Shire and Town through the merger process up until his departure in May 2018.

The operating surplus for the 2017/18 is \$3,760,450 which is largely affected by the pre-payment of our 2018/19 Financial Assistance Grants (FAG) of \$1.18m in late 2017/18. Part of this surplus was achieved through the hard work and committed efforts of all staff to ensure best value for money purchasing. Council was also able to allocate funding to further increase Council Cash Reserves.

The Financial Ratios as described in Note 27 of the Annual Financial Report, are generally within acceptable standards. The Operating Surplus ratio shows our reliance on grants and is lower than the standard determined by the Department of Local Government, Sport and Cultural Industries because of this factor. Similarly, the Asset Renewal Funding Ratio which assesses our ability to fund its projected asset renewal/replacements is also slightly lower than the standard, though with improved asset management practices, an improvement is foreseeable.

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

- Capital Road Upgrades - \$1,154,035;
- Road Maintenance (less WANDRRA) - \$1,463,018;
- WANDRRA Works (Grant) - \$1,566,052;
- Playground Installations - \$179,624;

- Upgrade to Caravan Park Ablution Block 1 - \$83,447;
- Transfer Station at Refuse Site - \$140,529;
- CBD CCTV (Grant) - \$112,788;
- Plant Replacement - \$923,163;
- Acquisition of Fire Units (Grant) \$722,875.

Following the adoption of Community Strategic Plan in 2017, Council adopted the Corporate Business Plan (CBP) in June 2018. This CBP provides the internal business planning tool that translates Council priorities into operations within the resources available. The CBP was developed having regard to the Long Term Financial Plan, Asset Management Plans and our Workforce Plan.

I would like to thank the Elected Members especially the Shire President for their support during the period. A special thank you to all staff within the organisation, particularly the Executive Management and Management Teams. The Shire of Narrogin workforce has worked diligently to bring another excellent outcome for the Narrogin residents and ratepayers.

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



Dale Stewart
Chief Executive Officer

Elected Members

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



*Shire President
Mr Leigh Ballard*



*Deputy 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*



The Australia Day International Hockey spectacular – Australia V The Netherlands

Community Strategic Plan / Corporate Business Plan Overview

This report is based on the Community Strategic Plan that was adopted in 2017 and the Corporate Business Plan that was adopted in 2018.

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.”

1. ECONOMIC OBJECTIVE

Support growth and progress, locally and regionally.

Key Performance Measures:

- Population statistics
- No. of development approvals
- Assessed vacancy rates (business and residential)
- No. of building approvals

Outcome 1.1 Growth in revenue opportunities

Whilst seeking grants and advocacy from government and non-government grants continues to be a key focus of the administration, this is becoming more difficult with the current National and State economies.

To balance this, the Shire continues to work with adjoining local governments to provide regional support and technical services on an as required or contracted basis. The Shire now works regularly with seven different local governments providing contracted services and /or resource sharing from time to time.

Outcome 1.2 Increased Tourism

The Shire continues to work collaboratively with adjoining local governments to provide valuable funding and resources to the Dryandra Country Visitor Centre. The Shire continues to have a key advocacy platform of supporting the nomination of the Dryandra Woodlands as National Park status.

Outcome 1.3 An effective well maintained transport network

The Technical and Rural Services team, who are responsible for operational service delivery for the Shire, had a very busy and successful year completing over 99% of their allocated capital works.

- The Shire's road asset network is one of the largest assets for the Shire to maintain, preserve and manage. For the 2017/18 financial year there were many programmed road re-seal, reconstruction to repair road defects and other road related asset maintenance requirements completed with some excellent results, with a total road construction and maintenance expenditure of \$6,045,633 inclusive of Regional Road Group (State Government) and Roads to Recovery (Federal Government) grant funding and the Shire's own contribution of funds.

Additionally and unfortunately, a storm event (AGRN 743) occurred in February of 2017 which damaged 57 of the Shire's gravel roads to varying degrees. The Office of Emergency Management (OEM) accepted damage claim estimate for the storm damage road repairs was approximately \$3.7M. The Shire's operational work unit have systematically carried out the required repairs to the effected storm damaged roads in addition to programmed annual road and project works effectively and to a high standard.

Outcome 1.4 Agriculture opportunities maintained and developed

The Shire continues to pursue completion of the long awaited new local planning strategy, which will provide greater clarity and confidence to those seeking to invest in agriculture and the district as a whole. We see movement on this front and should be able to report on progress with this in the near future.

In the interim, we continue to advocate for and work with potential businesses and investors that are actively exploring agricultural opportunities within the Shire.



Homecare clients on an arranged outing to Augusta

2. SOCIAL OBJECTIVE

To provide community facilities and promote social interaction.

Key Performance Measures

- Social media activity
- Community participation levels in recreation activities and events
- Recreation Centre usage rates
- Reduction in anti-social behaviour

Outcome 2.1 Provision of youth services

The proposal in the new year from the recently adopted Corporate Business Plan is to develop an inaugural Youth Strategy in conjunction with the YMCA and to engage with all of the providers both locally and regionally.

Outcome 2.2 Build a healthier and safer community

Narrogin Homecare continues to provide services to the community serving an average of over 240 clients per month.

2017/18 saw the end of the State Government based Home and Community Care (HACC) program and from 2018/19 will be incorporated into the Commonwealth Home Support Program (CHSP).

Continual changes in the funding regime for Homecare services provide challenges and opportunities in this area.

Outcome 2.3 Existing strong community spirit and pride is fostered, promoted and encouraged

2.3.1 Develop and activate Sport and Recreation Master Plan

A Request for Quote (RFQ) was developed and advertised for qualified and experienced consultants to develop a Sport and Recreation Infrastructure Plan for the Shire of Narrogin sporting and recreation facilities. This work will be undertaken in the 2017/18 financial year.

2.3.2 Engage and support community groups and volunteers

The Shire administered and delivered the Club Development Officer's Scheme in 2017/18. The program is costed at over \$30,000 with the former Department of Sport and Recreation providing \$25,000 in funds. The Scheme supported sport and active recreation clubs to be sustainable and to deliver diverse opportunities for people to participate in physical activity in their local community in a safe and welcoming environment.

2.3.3 Facilitate and support community events

The Shire partnered with the State Government and the Upper Great Southern Hockey Association to host an international hockey match on 27 & 28 January 2018 between Australia's Kookaburras and the Netherlands at the Narrogin Hockey Stadium. Bringing this international competition to the Narrogin community was extremely exciting for the local and regional hockey team players to watch their heroes in action. The event is something which encourages community members to take up sport and become more active. It followed the installation of a new synthetic hockey turf at the Narrogin Hockey Stadium in 2016, made possible in part through a State Government Community Sport and Recreation Facilities Fund's contribution of \$146,692.

2.3.4 Provide improved community facilities (e.g. library/recreation)

The Shire constructed a Changing Place Disability toilet in Gnarrojin Park adjacent to the Skatepark, children's playground and picnic facilities. The Shire contributed \$33,000 to this project valued at over \$100,000. The facility has enhanced Narrogin's accessibility and inclusiveness to recreational, leisure and shopping pursuits. The Shire recognises that people with disability are valued members of the community who make a variety of contributions to local, social, economic and cultural life; and that a community that recognises its diversity and supports the participation and inclusion of all its members makes for a richer community life.

2.3.5 Encourage and support continued development of arts and culture

The region is privileged to have ARtS Narrogin providing energetic and skilful input to support and build the district's economic, cultural and social capital through innovative and creative approaches to art and culture which celebrate our community's unique identity. For the 2017/18 financial year the Shire continued its arrangement with ARtS Narrogin as a regional and peak arts organisation to offer a subsidised lease of commercial premises within Narrogin's Town Hall complex so the organisation could have a dedicated space as a community centre. The Shire also provided subsidies on outgoings (rates, water and power) on the leased office space, offered special terms for art exhibitions and allocated \$15,000 in cash to ARtS Narrogin to assist with administrative costs. The Shire works closely with ARtS Narrogin offering significant in-kind support in the way of attending meetings, assisting with administrative enquiries and general liaison work.

Outcome 2.4 Cultural and heritage diversity is recognised

In October 2017 the Shire of Narrogin established a Working Group to plan and develop events to bring the community together to celebrate NAIDOC Week 2018. The Working Group was comprised of delegates from WA Police, Wheatbelt Country Health, YMCA, AccessAbility and Narrogin's peak indigenous representative organisation KEEDAC, together with community members. The Opening Ceremony took place in Gnarojin Park and was followed by a procession on foot along Gnarojin Creek into the CBD taking participants past historical sites of cultural significance. The Closing Ceremony was the showcase for the 2018 Narrogin NAIDOC Awards where volunteers prepared and served a traditional meal of kangaroo stew and damper.

Outcome 2.5 A broad range of quality education services and facilities servicing the region

The Shire continues to work with key education providers, including each of the five schools and regional educators to understand their needs and also to understand and assist with advocacy in addressing any gaps. During the year the Shire and its staff have interacted with each of the Schools and continues to work with the University of Western Australia and South Regional TAFE (Campus).



One of the Shire's Environmental Health Officers monitoring water quality

3. ENVIRONMENT OBJECTIVE

Conserve, protect and enhance our natural and built environment.

Key Performance Measures

- Statutory asset management ratios
- Compliance with statutory reviews required by the Local Planning Framework
- Compliance with statutory requirements for the review of the Municipal Heritage Inventory

Outcome 3.1 A preserved natural environment

The Shire has developed and adopted the Foxes Lair Management Plan in September 2014 which will be reviewed in September next year. Works undertaken in the area are the annual weed control, formalising of existing track and carrying out annual maintenance. Doug Sawkins has been a very active member of the Community in managing the area and liaising with Shire staff of matters that require attendance.

The Shire has also developed a Draft Management Plan for the Railway Dam which has been advertised for public comment. Some of the aims and objectives of the management plan are:

- To protect and conserve the native vegetation, flora, fauna and habitats;
- Rehabilitate areas of erosion located within the reserves and recommended action to prevent future erosion;
- To minimise the impact that reserve users have on the natural environment;
- To minimise weeds, feral animals and the risk of introducing disease to the reserves.

Outcome 3.2 Effective waste service

The Shire provides a weekly domestic kerbside waste collection and a fortnightly pick up of recyclable products within the Shire's built up area (former town site area) and Rural residential areas on the

periphery. The Shire has also constructed a Transfer Station, which restricts the public having direct access on the tip face which posed a safety concern. The introduction of the Transfer Station also provided a better management of the landfill site.

The Shire has also developed a draft Waste Management plan of the landfill site and has received approval to increase its annual tonnage to 7,500 tonnes per annum. In addition, the Shire has accepted waste from the Shire of Cuballing at its landfill site at an agreed cost.

Outcome 3.3 Efficient use of resources

It is widely recognised that an organisation's most valuable resource is its staff. The promotion of a healthy, fun and productive culture in the work place, along with sound policies, allows staff to be efficient whilst at the same time enjoy their time at work serving the community and other stake holders.

Training plays an integral role in developing staff to their full potential to fulfil their roles. Allowing and supporting staff in multi discipline tasking allows employees the ability to learn new roles, at the same time allowing the organisation to achieve optimal efficiencies in delivering a high standard of customer service. One of the benefits of the merger has been the ability to see which system worked best from either entity and develop new systems around those prior ones.

Outcome 3.4 A well maintained built environment

The Shire has developed a Building Asset Management Plan which looks at all the building assets owned by the Shire. The plan is a ten year maintenance program of all Council's building assets to ensure that it is kept to a standard. Furthermore, the Shire is reviewing its Municipal Heritage Inventory which takes into consideration buildings of heritage significance that needs to be preserved and maintained.

Asset Management Plans for Council assets were developed in 2017/18 and informed the Long Term Financial Plan. This provided Council with a Strategic view for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. This is an area of continuing development.



Team members delivering exceptional customer service

4. CIVIC LEADERSHIP OBJECTIVE

Continually enhance the Shire's organisational capacity to service the needs of a growing community.

Key Performance Measures

- Statutory financial ratios
- Employee retention rates
- Volunteer levels

Outcome 4.1 An efficient and effective organisation

During the year under review the Shire continued to develop strong foundations from the merger with most of the required asset management plans and long term financial plans desired, now in place. Some of the early practical benefits of the merger have been the enablement of economies of scale not seen before with systems and processes and the ability to choose the best system from the previous entity.

Outcome 4.2 An employer of choice

We continue to develop a strong safety culture. All staff meetings now have a permanent agenda item for OSH matters.

We are also developing a strong culture of acknowledging employee efforts by incorporating this as a permanent agenda item for all Staff meetings.

Statutory Statements

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.

The Shire of Narrogin Local Laws reviewed three Local Laws within this period.

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

Responsible Officer: Executive Manager Corporate and Community Services.

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 concluded in October 2017. The terms of the other elected members conclude in October 2019. From the 2019 Ordinary Local Government elections the current two Wards (Rural and Urban) will be abolished.

Public Interest Disclosure Act 2003

In accordance with this legislation, procedures have been implemented to facilitate reporting and action on public interest disclosures. During the 2017/18 reporting period, no public interest disclosures were lodged.

Responsible Officer: Executive Manager Corporate and Community Services.

Disability Access and Inclusion Plan (DAIP) Report

The Shire of Narrogin is committed to an accessible, inclusive Shire that values all people including those with disabilities. The Shire, through its Disability Access and Inclusion Plan 2018-2023 (DAIP), plans to ensure that people with a disability have equal opportunities of access and community including to Council services, products, facilities and information and are consulted in a meaningful and appropriate way to facilitate participation with the Shire and the Narrogin and Districts community. The DAIP is a requirement under the Disability Services Act 1993 and each year the Shire is required to report on the achievements and outcomes arising from the Disability Access & Inclusion Plan (DAIP).

The achievements for the year ended 30 June 2018 are listed below and grouped into the outcome areas addressed in the Shire of Narrogin's DAIP.

Outcome 1: People with disability have the same opportunities as other people to access the Shire's services and events as other people.

- The Shire installed a disability ramp at Thomas Hogg Oval, a major sports venue. This now allows direct access to the oval from the ACROD parking bay.
- The Shire planned and removed old pavers within Memorial Park and installed new paths. This greatly enhances wheelchair access and makes walking for people using aids safer. Memorial Park is a venue for community ceremonies including Anzac Day and Shire events.
- The Shire planned and installed a 200 metre new footpath with a cross over ramp on Clayton Road adjacent to the Men's Shed. This was specifically requested by Men's Shed members who use gophers. The footpath allows for the safe access to the Shed from the south to the north side of Clayton Road.

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

- As per Outcome 1, ramps and footpaths were installed which allowed improved access to Council facilities.

Outcome 3: People with disability have the same opportunity to access information as readily as other people

- While the Shire did not implement any strategies related to Outcome 3, the DAIP 2018-2023 includes an implementation plan with specific tasks which should help address this outcome into the future.

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

- While strategies related to Outcome 4 were not implemented, the DAIP 2018-2023 includes an implementation plan whereby Shire officers can undertake disability awareness training. A budget request was made to Council for funds to support this training in the 2018/19 financial year.

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

- Specific strategies were not implemented. One of the strategies included the provision of regular opportunities for community and the disability sector to network with Council and staff to provide feedback on progress in implementing the DAIP. The 2018 - 2023 DAIP drafted in late 2017 contains an implementation plan which includes tasks which will see the disability sector more involved in networking with Council to provide feedback on the DAIP which can include matters such as formats to make complaints.

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

- Have acknowledged the minimal attention given to this outcome and included tasks into an implementation plan for the 2018-2023 DAIP which should provide more concrete results regarding this outcome.

Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment at the Shire.

- While strategies were not implemented for Outcome 7, the 2018-2023 DAIP's implementation plan sets out specific tasks relating to reviewing recruitment policies and being more proactive regarding this outcome. This includes developing a Memorandum of Understanding with a Disability Service Provider.
- In addition, the library is proactive in providing work experience to high school students with disability.

Freedom of Information Act 1992

In complying with the Freedom of Information Act 1992, the Shire of Narrogin is required to prepare and publish an information statement. The Shire of Narrogin's Information Statement is reviewed annually and is available to download from the Shire of Narrogin website:

www.narrogin.wa.gov.au/documents/500/shire-of-narrogin-freedom-of-information-information-statement

A printed copy can be viewed in hard copy at the Shire Administration Office. The information statement contains information on the type of documents available to the public and how to access those documents. During 2017/18 year, Council received two requests for information under the Freedom of Information Act.

Responsible Officer: Executive Manager Corporate and Community Services.

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. This Plan was reviewed in 2017/18 and was adopted by State Records Commission in March 2018 and approved by Council in April 2018.

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	2016/17	2017/18
\$100,001 - \$110,000	2	1
\$110,001 - \$120,000	1	2
\$120,001 - \$130,000		
\$130,001 - \$140,000		
\$150,001 - \$160,000		
\$160,001 - \$170,000		
\$170,001 - \$180,000		
\$180,001 - \$190,000	1	1

Register of Complaints - Conduct of Council Members

There were no complaints that resulted in action against Councillors under section 5.121 of the *Local Government Act 1995* for the 2017/18 financial year.

Acronyms Used Within This Document

ACROD	Australian Council for Rehabilitation of Disabled
AGRN	Australian Government Registration Number
CBD	Central Business District
CBP	Corporate Business Plan
CEO	Chief Executive Officer
CHSP	Commonwealth Home Support Programme
DAIP	Disability Access and Inclusion Plan
DSR	Department of Sport and Recreation
EMCCS	Executive Manager Corporate and Community Services
EMDRS	Executive Manager Development and Regulatory Services
EMTRS	Executive Manager Technical and Environmental Services
FAG	Financial Assistance Grants
HACC	Home And Community Care
KEEDAC	Kaata-Koorliny Employment and Enterprise Development Aboriginal Network
KM	Kilometre
MLC	Manager Leisure and Culture
MLS	Manager Library Services
MOU	Memorandum of Understanding
MWS	Manager Works and Services
NAIDOC	National Aborigines and Islanders Day Observance Committee
NBN	National Broadband Network
NRLC	Narrogin Regional Leisure Centre
OEM	Office of Emergency Management
OSH	Occupational Safety and Health
RAP	Reconciliation Action Plan
RFQ	Request for Quote
TAFE	Tertiary and Further Education
WDC	Wheatbelt Development Commission
YMCA	Young Men's Christian Association



SHIRE OF NARROGIN

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

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Principal place of business:
89 Earl Street
Narrogin WA 6390

**SHIRE OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Narrogin for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Narrogin at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the eighteenth day of December 2018



Dale Stewart
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	20(a)	4,645,781	4,670,116	4,559,085
Operating grants, subsidies and contributions	2(a)	4,915,104	3,123,870	5,052,520
Fees and charges	2(a)	1,744,031	1,539,930	1,773,084
Interest earnings	2(a)	219,007	164,100	202,341
Other revenue	2(a)	730,101	132,500	463,098
		12,254,024	9,630,516	12,050,128
Expenses				
Employee costs		(5,100,775)	(5,225,265)	(4,885,675)
Materials and contracts		(3,150,878)	(3,591,684)	(2,721,769)
Utility charges		(633,737)	(632,842)	(640,613)
Depreciation on non-current assets	10(b)	(2,721,917)	(2,480,898)	(2,556,277)
Interest expenses	2(b)	(53,609)	(51,651)	(62,249)
Insurance expenses		(251,493)	(229,838)	(287,792)
Other expenditure		(373,956)	(494,915)	(4,159,504)
		(12,286,365)	(12,707,093)	(15,313,879)
		(32,341)	(3,076,577)	(3,263,751)
Non-operating grants, subsidies and contributions	2(a)	2,133,477	1,365,310	1,439,802
Profit on asset disposals	10(a)	45,183	2,000	283,606
(Loss) on asset disposals	10(a)	(68,291)	(56,965)	(587,887)
(Loss) on revaluation of Infrastructure - Other	9(b)	0	0	0
Net result		2,078,028	(1,766,232)	(2,128,230)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	16,599,666	0	12,621,260
Total other comprehensive income		16,599,666	0	12,621,260
Total comprehensive income		18,677,694	(1,766,232)	10,493,030

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
	2(a)			
Governance		49,518	5,100	159,117
General purpose funding		7,162,111	5,937,241	8,271,925
Law, order, public safety		55,983	35,838	46,305
Health		10,920	5,500	8,329
Education and welfare		1,480,096	1,275,024	1,349,210
Housing		9,834	12,200	12,900
Community amenities		1,268,396	1,006,256	1,163,150
Recreation and culture		151,433	260,620	226,121
Transport		1,586,139	704,106	278,627
Economic services		314,910	242,378	299,879
Other property and services		164,684	146,253	234,565
		12,254,024	9,630,516	12,050,128
Expenses				
	2(b)			
Governance		(565,145)	(598,201)	(1,199,892)
General purpose funding		(186,911)	(204,758)	(195,293)
Law, order, public safety		(488,953)	(475,559)	(309,718)
Health		(208,193)	(202,407)	(134,162)
Education and welfare		(1,536,667)	(1,722,909)	(5,291,080)
Housing		(30,762)	(32,172)	(24,554)
Community amenities		(1,384,781)	(1,424,149)	(1,189,039)
Recreation and culture		(2,339,745)	(3,045,058)	(2,380,528)
Transport		(4,710,877)	(4,219,100)	(3,541,728)
Economic services		(679,511)	(701,129)	(590,232)
Other property and services		(101,211)	(30,000)	(395,404)
		(12,232,756)	(12,655,442)	(15,251,630)
Finance Costs				
	2(b)			
Governance		(16,146)	(15,305)	(16,888)
Recreation and culture		(27,398)	(26,361)	(30,473)
Transport		(2,279)	(2,279)	(4,929)
Economic services		(7,786)	(7,706)	(9,959)
		(53,609)	(51,651)	(62,249)
		(32,341)	(3,076,577)	(3,263,751)
Non-operating grants, subsidies and contributions	2(a)	2,133,477	1,365,310	1,439,802
Profit on disposal of assets	10(a)	45,183	2,000	283,606
(Loss) on disposal of assets	10(a)	(68,291)	(56,965)	(587,887)
(Loss) on revaluation of Infrastructure - Other	9(b)	0	0	0
		2,110,369	1,310,345	1,135,521
		2,078,028	(1,766,232)	(2,128,230)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	16,599,666	0	12,621,260
Total other comprehensive income		16,599,666	0	12,621,260
Total comprehensive income		18,677,694	(1,766,232)	10,493,030

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,976,077	6,974,848
Trade and other receivables	6	1,477,639	568,751
Inventories	7	7,280	13,775
TOTAL CURRENT ASSETS		8,460,996	7,557,374
NON-CURRENT ASSETS			
Other receivables	6	160,318	166,956
Inventories	7	177,273	177,273
Property, plant and equipment	8	57,801,337	56,541,062
Infrastructure	9	114,284,720	98,060,960
TOTAL NON-CURRENT ASSETS		172,423,648	154,946,251
TOTAL ASSETS		180,884,644	162,503,625
CURRENT LIABILITIES			
Trade and other payables	12	536,823	379,945
Current portion of long term borrowings	13(a)	129,778	220,293
Provisions	14	596,310	845,115
TOTAL CURRENT LIABILITIES		1,262,911	1,445,353
NON-CURRENT LIABILITIES			
Long term borrowings	13(a)	792,226	922,004
Provisions	14	22,552	7,007
TOTAL NON-CURRENT LIABILITIES		814,778	929,011
TOTAL LIABILITIES		2,077,689	2,374,364
NET ASSETS		178,806,955	160,129,261
EQUITY			
Retained surplus		51,097,591	49,200,100
Reserves - cash backed	5	3,954,799	3,774,262
Revaluation surplus	11	123,754,565	107,154,899
TOTAL EQUITY		178,806,955	160,129,261

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 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)
Other Comprehensive Income					
Changes on revaluation of assets	11	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
Comprehensive income					
Net result		2,078,028	0	0	2,078,028
Other Comprehensive Income					
Changes on revaluation of assets	11	0	0	16,599,666	16,599,666
Total comprehensive income		2,078,028	0	16,599,666	18,677,694
Transfers from/(to) reserves		(180,537)	180,537	0	0
Balance as at 30 June 2018		51,097,591	3,954,799	123,754,565	178,806,955

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$	\$
Receipts				
Rates		4,628,429	4,730,116	4,501,119
Operating grants, subsidies and contributions		4,026,247	3,098,870	5,579,636
Fees and charges		1,744,031	1,539,930	1,773,084
Interest earnings		219,007	167,100	202,341
Goods and services tax		728,663	1,300,000	684,087
Other revenue		728,959	129,500	127,510
		12,075,336	10,965,516	12,867,777
Payments				
Employee costs		(5,321,241)	(5,224,965)	(4,743,929)
Materials and contracts		(3,002,257)	(3,583,284)	(2,883,022)
Utility charges		(633,737)	(632,842)	(640,613)
Interest expenses		(51,651)	(51,151)	(62,274)
Insurance expenses		(251,493)	(229,838)	(287,792)
Goods and services tax		(723,562)	(1,300,000)	(749,751)
Other expenditure		(373,956)	(494,915)	(4,159,504)
		(10,357,897)	(11,516,995)	(13,526,885)
Net cash provided by (used in) operating activities	15	1,717,439	(551,479)	(659,108)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,218,342)	(1,760,171)	(1,621,357)
Payments for construction of infrastructure		(1,892,950)	(2,106,322)	(2,704,478)
Non-operating grants, subsidies and contributions		2,133,477	1,365,310	1,439,802
Proceeds from sale of fixed assets		481,898	117,000	564,992
Net cash provided by (used in) investment activities		(1,495,917)	(2,384,183)	(2,321,041)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(220,293)	(220,292)	(233,953)
Proceeds from new long term borrowings		0	350,000	0
Net cash provided by (used in) financing activities		(220,293)	129,708	(233,953)
Net increase (decrease) in cash held		1,229	(2,805,954)	(3,214,102)
Cash at beginning of year		6,974,848	6,916,784	10,188,950
Cash and cash equivalents at the end of the year	15	6,976,077	4,110,830	6,974,848

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		2,930,415	2,821,359	5,912,406
		2,930,415	2,821,359	5,912,406
Revenue from operating activities (excluding rates)				
Governance		49,518	5,100	159,117
General purpose funding		2,531,832	1,275,325	3,744,699
Law, order, public safety		55,983	35,838	46,305
Health		10,920	5,500	8,329
Education and welfare		1,480,096	1,275,024	1,349,210
Housing		9,834	12,200	12,900
Community amenities		1,268,569	1,006,256	1,163,150
Recreation and culture		151,433	260,620	226,121
Transport		1,630,187	706,106	278,627
Economic services		314,910	242,378	583,485
Other property and services		165,646	146,253	234,565
		7,668,928	4,970,600	7,806,508
Expenditure from operating activities				
Governance		(581,291)	(613,506)	(1,226,855)
General purpose funding		(186,911)	(204,758)	(195,293)
Law, order, public safety		(501,506)	(475,559)	(315,642)
Health		(208,193)	(202,407)	(134,162)
Education and welfare		(1,542,117)	(1,722,909)	(5,304,145)
Housing		(30,762)	(32,172)	(24,554)
Community amenities		(1,389,163)	(1,424,149)	(1,195,424)
Recreation and culture		(2,367,143)	(3,071,419)	(2,411,001)
Transport		(4,753,770)	(4,278,344)	(3,634,490)
Economic services		(687,297)	(708,835)	(1,053,372)
Other property and services		(106,503)	(30,000)	(406,828)
		(12,354,656)	(12,764,058)	(15,901,766)
Operating activities excluded				
(Profit) on disposal of assets	10(a)	(45,183)	(2,000)	(283,606)
Loss on disposal of assets	10(a)	68,291	56,965	587,887
Loss on revaluation of fixed assets	9(b)	0	0	0
Movement in deferred pensioner rates (non-current)		6,638		(40,192)
Movement in employee benefit provisions (non-current)		15,545		(95,495)
Movement in Employee entitlement reserve		15,213		3,374
Depreciation and amortisation on assets	10(b)	2,721,917	2,480,898	2,556,277
Amount attributable to operating activities		1,027,108	(2,436,236)	545,393
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,133,477	1,365,310	1,439,802
Proceeds from disposal of assets	10(a)	481,898	117,000	564,992
Purchase of property, plant and equipment	8(b)	(2,218,342)	(1,760,171)	(1,621,357)
Purchase and construction of infrastructure	9(b)	(1,892,950)	(2,106,322)	(2,704,478)
Amount attributable to investing activities		(1,495,917)	(2,384,183)	(2,321,041)
FINANCING ACTIVITIES				
Repayment of long term borrowings	13(a)	(220,293)	(220,292)	(233,953)
Proceeds from new long term borrowings	13(b)	0	350,000	0
Transfers to reserves (restricted assets)	5	(1,374,503)	(838,823)	(1,332,931)
Transfers from reserves (restricted assets)	5	1,193,966	867,618	1,745,721
Amount attributable to financing activities		(400,830)	158,503	178,837
Surplus(deficiency) before general rates		(869,639)	(4,661,916)	(1,596,811)
Total amount raised from general rates	20	4,630,279	4,661,916	4,527,226
Net current assets at June 30 c/fwd - surplus/(deficit)	21	3,760,640	0	2,930,415

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

1. 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) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying Regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless otherwise stated. Except for cash flow and rate setting statement information, the report has been prepared on the accruals 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 23 to these financial statements.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

2. REVENUE AND EXPENSES

	2018 Actual	2017 Actual
	\$	\$
(a) Revenue		
Significant revenue		
Karinya Cottage Homes	0	111,457
Other revenue		
Other	730,101	463,098
	730,101	463,098
Fees and Charges		
Governance	99	575
General purpose funding	40,525	32,544
Law, order, public safety	37,879	25,421
Health	9,637	8,328
Education and welfare	175,529	157,759
Housing	9,834	12,900
Community amenities	1,110,911	1,132,179
Recreation and culture	23,066	29,836
Economic services	289,016	286,077
Other property and services	47,535	87,465
	1,744,031	1,773,084

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	18,552	91,596
General purpose funding	2,222,523	3,437,755
Law, order, public safety	13,058	15,347
Education and welfare	1,299,228	1,189,599
Community amenities	0	30,000
Recreation and culture	92,387	116,948
Transport	1,269,356	138,685
Economic services	0	0
Other property and services	0	32,590
	4,915,104	5,052,520
Non-operating grants, subsidies and contributions		
Law, order, public safety	884,503	282,526
Education and welfare	26,443	45,249
Recreation and culture	274,460	20,000
Transport	948,071	1,092,027
	2,133,477	1,439,802
Total grants, subsidies and contributions	7,048,581	6,492,322

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

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 19. 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 period.

Interest earnings

- Loans receivable - clubs/institutions
- Reserve funds
- Other funds
Other interest revenue (refer note 20(b))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
- Loans receivable - clubs/institutions	0	0	0
- Reserve funds	75,738	75,000	79,943
- Other funds	80,260	50,000	51,669
Other interest revenue (refer note 20(b))	63,009	39,100	70,729
	219,007	164,100	202,341

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

	2018	2017
	\$	\$
	21,216	19,395
	21,216	19,395
	53,609	62,249
	53,609	62,249
	20,465	0
	20,465	0

Interest expenses (finance costs)

Long term borrowings (refer Note 13(a))

Rental charges

- Operating leases

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		3,021,278	3,200,586
Restricted		3,954,799	3,774,262
		6,976,077	6,974,848
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Building Reserve	5	686,182	556,072
Refuse Site Reserve	5	376,474	428,322
Community Assisted Transport (CAT) Reserve	5	4,298	8,021
Narrogin Regional Recreation Centre Reserve	5	214,761	180,691
Employee Entitlement Reserve	5	387,576	372,364
Plant, Vehicle & Equipment Reserve	5	333,984	393,454
Economic Development Reserve	5	152,014	148,995
IT & Office Equipment Reserve	5	66,049	15,734
Tourism & Area Promotion Reserve	5	75,470	73,970
HACC Reserve	5	784,351	645,352
CHCP Reserve	5	241,070	165,412
CHSP Reserve	5	160,969	120,088
Road construction reserve	5	301,328	445,302
Asset Valuation reserve	5	30,610	30,000
Landcare Reserve	5	94,846	0
Unspent grants	19	44,817	190,485
		3,954,799	3,774,262

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

4 INVESTMENTS

Financial assets at fair value through profit and loss

At the end of the year

2018	2017
\$	\$
0	0
0	0

The Shire of Narrogin has no investments as at 30 June 2018

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Building Reserve	556,072	270,266	(140,156)	686,182	556,072	60,466	(100,000)	516,538	224,265	331,807		556,072
Refuse Site Reserve	428,322	88,681	(140,529)	376,474	428,322	88,062	(98,000)	418,384	338,389	89,933		428,322
Community Assisted Transport (CAT) Reserve	8,021	5,901	(9,624)	4,298	5,352	100		5,452	9,001	2,848	(3,828)	8,021
Narrogin Regional Recreation Centre Reserve	180,691	83,664	(49,594)	214,761	180,690	83,401		264,091	112,267	68,424		180,691
Employee Entitlement Reserve	372,364	49,248	(34,036)	387,576	372,364	47,745		420,109	334,685	82,087	(44,408)	372,364
Plant, Vehicle & Equipment Reserve	393,454	417,569	(477,039)	333,984	393,454	417,405	(240,000)	570,859	103,984	289,470		393,454
Economic Development Reserve	148,995	3,019	0	152,014	148,995	2,804		151,799	146,190	2,805		148,995
IT & Office Equipment Reserve	15,734	50,315	0	66,049	15,734	50,296		66,030	20,550	15,184	(20,000)	15,734
Tourism & Area Promotion Reserve	73,970	1,500	0	75,470	73,970	1,392		75,362	102,638	1,974	(30,642)	73,970
Unspent Grants & Contribution Reserve	190,485	4,122	(149,790)	44,817	405,908	7,639	(193,715)	219,832	1,075,830	271,283	(1,156,628)	190,485
HACC Reserve	645,352	138,999	0	784,351	596,761	19,715	(10,000)	606,476	597,360	60,202	(12,210)	645,352
CHCP Reserve	165,412	75,658	0	241,070	202,894	3,819	(65,903)	140,810	246,487	5,112	(86,187)	165,412
CHSP Reserve	120,088	81,079	(40,198)	160,969	129,034	47,033		176,067	55,198	73,836	(8,946)	120,088
Road construction reserve	445,302	9,026	(153,000)	301,328	445,302	8,381	(160,000)	293,683	437,336	7,966		445,302
Asset Valuation reserve	30,000	610	0	30,610	30,000	565		30,565	0	30,000		30,000
Long service leave reserve	0			0				0	34,305		(34,305)	0
Plant replacement reserve	0			0				0	208,895		(208,895)	0
Property maintenance reserve	0			0				0	7,590		(7,590)	0
Office equipment reserve	0			0				0	14,521		(14,521)	0
Recreation facilities reserve	0			0				0	35,623		(35,623)	0
Waste site development reserve	0			0				0	81,938		(81,938)	0
Landcare Reserve	0	94,846		94,846	0			0				0
	3,774,262	1,374,503	(1,193,966)	3,954,799	3,984,852	838,823	(867,618)	3,956,057	4,187,052	1,332,931	(1,745,721)	3,774,262

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.

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:

5. RESERVES - CASH BACKED (Continued)

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	facility.
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.
Road construction reserve	Ongoing	To be used to on road construction projects.
Asset Valuation reserve	Ongoing	To fund asset valuations.
Long service leave reserve	June 2017	To be used to fund long service leave requirements.
Plant replacement reserve	June 2017	To be used for the purchase of major plant.
Property maintenance reserve	June 2017	To be used for the ongoing maintenance and improvement of Council buildings
Office equipment reserve	June 2017	To be used for the purchase of Office equipment
Recreation facilities reserve	June 2017	To be used to on road construction projects.
Waste site development reserve	June 2017	To be used for the development and upgrade of recreation facilities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding	
Sundry debtors	
GST receivable	
Provision for Doubtful Debts	
Accrued Income / Payments in Advance	

Non-current

Rates outstanding - pensioners	
--------------------------------	--

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired	
Impaired	

Sundry debtors

Includes:

Past due and not impaired	
Impaired	

	2018	2017
	\$	\$
	332,023	308,033
	1,118,088	251,842
	60,563	65,664
	(37,776)	(60,387)
	4,741	3,599
	1,477,639	568,751
	160,318	166,956
	160,318	166,956

SIGNIFICANT ACCOUNTING POLICIES

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.

Classification and subsequent measurement

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

7. INVENTORIES

Current

Fuel and Materials

Non-current

Land held for resale - cost

Cost of acquisition

	2018	2017
	\$	\$
	7,280	13,775
	<u>7,280</u>	<u>13,775</u>
	177,273	177,273
	<u>177,273</u>	<u>177,273</u>

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

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

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.

Land held for sale (Continued)

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	3,916,000	3,916,000
- Independent valuation 2017 - level 3	6,412,000	6,412,000
- Management valuation 2017 - level 3	20,000	20,000
- Additions after valuation - cost	124,998	0
	10,472,998	10,348,000
Total land	10,472,998	10,348,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	265,000	265,000
- Management valuation 2018 - level 2	200,000	0
- Additions after valuation - cost	1,477,770	875,721
Less: accumulated depreciation	(81,140)	(27,148)
	1,861,630	1,113,573
Buildings - specialised at:		
- Independent valuation 2017 - level 3	41,672,720	41,672,720
- Management valuation 2017 - level 3	15,725	15,725
- Additions after valuation - cost	114,978	0
Less: accumulated depreciation	(1,226,817)	(613,337)
	40,576,606	41,075,108
Total buildings	42,438,236	42,188,681
Total land and buildings	52,911,234	52,536,681
Furniture and equipment at:		
- Independent valuation 2016 - level 3	167,200	167,200
- Management valuation 2016 - level 3	7,760	7,760
- Additions after valuation - cost	141,525	80,160
Less: accumulated depreciation	(68,582)	(22,240)
	247,903	232,880
Plant and equipment at:		
- Independent valuation 2016 - level 2	3,194,914	2,952,383
- Management valuation 2016 - level 2	540,578	396,808
- Additions after valuation - cost	1,533,073	714,922
Less: accumulated depreciation	(626,365)	(292,612)
	4,642,200	3,771,501
Total property, plant and equipment	57,801,337	56,541,062

Notes:

BUILDINGS - NON SPECIALISED

In 2018, the Men's Shed building was identified as not having been previously recognised and reported. This building has now been recognised at a value of 200,000 using a management valuation and is reported under Buildings Non-specialised above.

8. 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	3,303,720	0	3,303,720	36,768,915	0	36,768,915	40,072,635	241,449	3,818,815	44,132,899
Additions	0	0	0	875,721	0	875,721	875,721	52,346	693,290	1,621,357
(Disposals)	(65,000)	0	(65,000)	0	(444,123)	(444,123)	(509,123)	(7,760)	(352,390)	(869,273)
Revaluation increments/ (decrements) transferred to revaluation surplus	7,109,280	0	7,109,280	5,511,980	0	5,511,980	12,621,260	0	0	12,621,260
Depreciation (expense)	0	0	0	(22,169)	(617,214)	(639,383)	(639,383)	(21,655)	(304,143)	(965,181)
Transfers	0	0	0	(42,020,874)	42,136,445	115,571	115,571	(31,500)	(84,071)	0
Carrying amount at 30 June 2017	10,348,000	0	10,348,000	1,113,573	41,075,108	42,188,681	52,536,681	232,880	3,771,501	56,541,062
Additions	0	0	0	345,740	110,358	456,098	456,098	3,418	1,758,826	2,218,342
(Disposals)	0	0	0	0	0	0	0	0	(505,006)	(505,006)
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	200,000	0	200,000	200,000	0	0	200,000
Depreciation (expense)	0	0	0	(28,526)	(613,480)	(642,006)	(642,006)	(42,127)	(383,121)	(1,067,254)
Transfers	124,998	0	124,998	230,843	4,620	235,463	360,461	53,732	0	414,193
Carrying amount at 30 June 2018	10,472,998	0	10,472,998	1,861,630	40,576,606	42,438,236	52,911,234	247,903	4,642,200	57,801,337

8. 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	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	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	3	Cost approach and depreciated replacement cost.	Independent Valuer	July 2017	Price per square metre / market borrowing rate, adjusted for restrictions in use.
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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

9 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	0	16,380,980
- Management valuation 2016 - level 3	0	68,977,130
- Management valuation 2018 - level 3	97,289,534	0
- Additions after valuation - cost	0	2,891,245
Less: accumulated depreciation	0	(1,730,747)
	97,289,534	86,518,608
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	0	1,898,687
- Management valuation 2016 - level 3	0	42,420
- Management valuation 2018 - level 3	2,864,891	0
- Additions after valuation - cost	0	167,283
Less: accumulated depreciation	0	(98,907)
	2,864,891	2,009,483
Infrastructure - Drainage		
- Management valuation 2015 - level 3	0	1,773,915
- Management valuation 2016 - level 3	0	2,806,567
- Management valuation 2018 - level 3	6,975,087	0
- Additions after valuation - cost	0	86,286
Less: accumulated depreciation	0	(128,869)
	6,975,087	4,537,899
Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 3	0	3,036,997
- Management valuation 2018 - level 3	4,748,800	0
- Additions after valuation - cost	0	14,027
Less: accumulated depreciation	0	(65,362)
	4,748,800	2,985,662
Infrastructure - Other		
- Management valuation 2015 - level 3	0	969,912
- Management valuation 2018 - level 3	335,908	0
- Additions after valuation - cost	0	1,164,977
Less: accumulated depreciation	0	(125,581)
	335,908	2,009,308
Infrastructure - Bridges		
- Management valuation 2018 - level 3	2,070,500	0
Less: accumulated depreciation	0	0
	2,070,500	0
Total infrastructure	114,284,720	98,060,960

Notes:

BRIDGE ASSET CLASS

In 2018, the Bridges within the Shire were identified as not having been previously recognised and reported. The bridges have now been recognised at a value of 2,070,500 using a management valuation and is reported under Infrastructure - bridges above.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9. 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Infrastructure - Other	Infrastructure - Bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	85,844,793	2,011,195	4,630,399	3,004,373	1,456,818	0	96,947,578
Additions	2,014,327	48,272	0	14,027	627,852	0	2,704,478
Depreciation (expense)	(1,340,512)	(49,984)	(92,500)	(32,738)	(75,362)	0	(1,591,096)
Transfers							0
Carrying amount at 30 June 2017	86,518,608	2,009,483	4,537,899	2,985,662	2,009,308	0	98,060,960
Additions	1,154,035	88,422	23,340	0	627,153	0	1,892,950
Revaluation increments/ (decrements) transferred to revaluation surplus	10,999,587	819,007	2,506,732	169,428	(165,588)	2,070,500	16,399,666
Depreciation (expense)	(1,382,696)	(52,021)	(92,884)	(34,026)	(93,036)	0	(1,654,663)
Transfers				1,627,736	(2,041,929)		(414,193)
Carrying amount at 30 June 2018	97,289,534	2,864,891	6,975,087	4,748,800	335,908	2,070,500	114,284,720

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost.	Management Value	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost.	Management Value	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost.	Management Value	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost.	Management Value	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost.	Management Value	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost.	Management Value	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each 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.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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.

10. FIXED ASSETS (Continued)

(a) Disposals of Assets

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								
Education and welfare								
NGN219 2017 Toyota Camry (NHC) (PA014D)	19,086	13,636	0	(5,450)				
Community amenities								
NGN00 2016 Kluger 2WD V6 (EMDRS)(PA002C)	32,564	28,181	0	(4,383)				
NGN00 Pajero Sport GLX 2017 EMDRS	33,219	33,391	172	0				
Transport								
NGN9722 1998 Toyota Tipper Ute					0	2,000	2,000	0
NO4792 2012 Dynapac Pad Foot Roller					118,673	75,000	0	(43,673)
NGN10694 Daewoo Wheeled Excavator	22,326	65,000	42,674	0	23,000	20,000	0	(3,000)
1BBN838 Mitsubishi Side Tipping Truck	29,464	10,000	0	(19,464)	30,292	20,000	0	(10,292)
0NO Nissan Pathfinder 2016 EMTRS	30,246	24,571	0	(5,675)				
NO01 2016 Toyota Hilux Dual Cab	46,105	42,135	0	(3,970)				
NGN752 2000 Isuzu Tip Truck (WORKS)	17,865	6,360	0	(11,505)				
0NO LTZ Holden Trailblazer 2017 EMTRS	34,883	35,599	716	0				
1BWY249 2004 Toyota Landcruiser Trooper (SES)	12,553	0	0	(12,553)				
NO01 2017 Holden Colorado MY18 Trailblazer	34,849	35,507	658	0				
0NO LTZ Holden Trailblazer 2018 EMTRS	35,598	35,599	1	0				
Other property and services								
0NGN Nissan Pathfinder 2016 EMCCS	30,246	26,364	0	(3,882)				
1NGN 2016 PRADO DSL WAGON (CEO) (PA001C)	46,862	45,455	0	(1,407)				
1NGN 2017 Pajero Exceed (CEO) (PA001D)	47,080	47,078	0	(2)				
0NGN Ford Escape 2017 EMCCS	32,060	33,022	962	0				
	505,006	481,898	45,183	(68,291)	171,965	117,000	2,000	(56,965)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	28,526	22,169
Buildings - specialised	613,480	617,214
Furniture and equipment	42,127	21,655
Plant and equipment	383,121	304,143
Infrastructure - Roads	1,382,696	1,340,512
Infrastructure - Footpaths	52,021	49,984
Infrastructure - Drainage	92,884	92,500
Infrastructure - Parks and Ovals	34,026	32,738
Infrastructure - Other	93,036	75,362
Infrastructure - Bridges	0	0
	2,721,917	2,556,277

10. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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

Buildings	40 to 100 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- 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

Depreciation (Continued)

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.

11. REVALUATION SURPLUS

	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	Opening	Revaluation	Revaluation	Total	2018	Opening	Revaluation	Revaluation	Total	2017
	Balance	Increment	(Decrement)	Movement on	Closing	Balance	Increment	(Decrement)	Movement on	Closing
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Furniture and equipment	26,635	0	0	0	26,635	26,635	0	0	0	26,635
Revaluation surplus -Plant and equipment	1,093,697	0	0	0	1,093,697	1,093,697	0	0	0	1,093,697
Revaluation surplus - Land and buildings	43,764,496	200,000	0	200,000	43,964,496	31,143,236	12,621,260	0	12,621,260	43,764,496
Revaluation surplus - Infrastructure - Roads	55,217,348	10,999,587	0	10,999,587	66,216,935	55,217,348	0	0	0	55,217,348
Revaluation surplus - Infrastructure - Footpaths	1,006,788	819,007	0	819,007	1,825,795	1,006,788	0	0	0	1,006,788
Revaluation surplus - Infrastructure - Drainage	3,874,105	2,506,732	0	2,506,732	6,380,837	3,874,105	0	0	0	3,874,105
Revaluation surplus - Infrastructure - Parks and Ovals	1,939,087	169,428	0	169,428	2,108,515	1,939,087	0	0	0	1,939,087
Revaluation surplus - Infrastructure - Other	232,743	0	(165,588)	(165,588)	67,155	232,743	0	0	0	232,743
Revaluation surplus - Bridges	0	2,070,500	0	2,070,500	2,070,500	0	0	0	0	0
	107,154,899	16,765,254	(165,588)	16,599,666	123,754,565	94,533,639	12,621,260	0	12,621,260	107,154,899

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued interest on long term borrowings
Accrued salaries and wages
ATO liabilities
Other Creditors
Accrued Expenses

	2018	2017
	\$	\$
	333,512	186,364
	7,565	5,607
	56,981	92,347
	134,393	86,233
	(3,854)	1,168
	8,226	8,226
	536,823	379,945

SIGNIFICANT ACCOUNTING POLICIES

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

Trade and other payables (Continued)

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.

13. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
Loan 125 - Corporate Software & Server Upgra	46,953		46,953	46,953	0	0	1,627	1,626
Loan 128 - Administration Building Extension	410,216		40,862	40,862	369,354	369,354	14,520	13,679
Recreation and culture								
Loan 121B _ Narrogin Regional Leisure Centre	313,915		46,032	46,031	267,883	267,884	18,877	18,344
Loan 126 - Town Hall Renovations	181,540		27,440	27,440	154,100	154,100	8,520	8,017
Transport								
Loan 51 - Shire Depot (*)	35,004		35,004	35,004	0	0	2,279	2,279
Economic services								
Loan 124 - Commercial Property	13,844		13,844	13,844	0	0	550	550
Loan 127 - Industrial Land	140,825		10,158	10,158	130,667	130,667	7,236	7,156
	1,142,297	0	220,293	220,292	922,004	922,005	53,609	51,651

Borrowings

	2018	2017
	\$	\$
Current	129,778	220,293
Non-current	792,226	922,004
	922,004	1,142,297

13. INFORMATION ON BORROWINGS (Continued)

(b) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	
Bank overdraft at balance date	
Credit card limit	
Credit card balance at balance date	
Total amount of credit unused	

	2018	2017
	\$	\$
Bank overdraft limit	400,000	400,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	2,578	7,778
Total amount of credit unused	412,422	407,222
Loan facilities		
Loan facilities - current	129,778	220,293
Loan facilities - non-current	792,226	922,004
Total facilities in use at balance date	922,004	1,142,297
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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.

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.

14. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision

Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	491,772	353,343	845,115
Non-current provisions	0	7,007	7,007
	491,772	360,350	852,122
Additional provision	(139,896)	(93,364)	(233,260)
Balance at 30 June 2018	351,876	266,986	618,862
Comprises			
Current	351,876	244,434	596,310
Non-current	0	22,552	22,552
	351,876	266,986	618,862

(a) Annual leave liabilities: Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
Within 12 months of the end of the reporting period	166,686	323,065
More than 12 months after the end of the reporting period	185,190	168,707
	351,876	491,772

(a) Long Service leave liabilities: Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
Within 12 months of the end of the reporting period	82,956	112,227
More than 12 months after the end of the reporting period	184,030	248,123
	266,986	360,350

SIGNIFICANT ACCOUNTING POLICIES

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.

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

15. NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	6,976,077	4,110,830	6,974,848

**Reconciliation of Net Cash Provided By
Operating Activities to Net Result**

Net result	2,078,028	(1,766,232)	(2,128,230)
Non-cash flows in Net result:			
Depreciation	2,721,917	2,480,898	2,556,277
(Profit)/loss on sale of asset	23,108	54,965	304,281
Loss on revaluation of fixed assets	0		
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(902,250)	35,000	67,898
(Increase)/decrease in inventories	6,495	5,000	(12,576)
Increase/(decrease) in payables	156,878	4,200	(25,611)
Increase/(decrease) in provisions	(233,260)	0	18,655
Grants contributions for the development of assets	(2,133,477)	(1,365,310)	(1,439,802)
Net cash from operating activities	1,717,439	(551,479)	(659,108)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	591,159	458,000
General purpose funding	500	260,992
Law, order, public safety	1,159,538	441,053
Health	110	220
Education and welfare	1,108,133	1,182,908
Housing	290,588	0
Community amenities	2,822,990	1,058,471
Recreation and culture	32,141,985	38,852,596
Transport	119,537,434	108,818,859
Economic services	10,532,771	1,432,909
Other property and services	5,692,486	3,062,768
Unallocated	7,006,950	6,934,849
	180,884,644	162,503,625

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

17. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2018	2017
	\$	\$
	101,977	
	101,977	

The capital expenditure projects outstanding at the end of the current reporting period represent the completion of: Cemetery Upgrade, Gnarojin Park Master Plan, Mayor's Parlour Roof Pitching and the Library Software Upgrade.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

	20,465	2,574
	40,930	7,722
	0	0
	61,395	10,296

SIGNIFICANT ACCOUNTING POLICIES

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 of 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.

Leases (Continued)

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 on a straight line basis over the lease term.

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

18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	88,000	88,000	118,462
President's allowance	23,500	23,500	12,333
Deputy President's allowance	5,875	5,875	3,084
Travelling expenses	44	5,000	214
Telecommunications allowance	5,600	5,600	3,733
	123,019	127,975	137,826

Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	505,802	605,811
Post-employment benefits	72,371	72,914
Other long-term benefits	47,213	13,706
	625,386	692,431

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service benefits accruing during the year.

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	196	200
Purchase of goods and services *	25,229	12,292

* Purchases to the value of 25,229 were made to the following during the financial year: Narrogin Revheads, Narrogin Eagles sporting club, Highbury Tennis Club, Food with Flair and Regional Communication Solutions Pty Ltd.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening			Closing			Closing
	Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Governance							
DLG Merger Funding	176,499		(176,499)	0			0
Structural Reform	400,000	91,000	(491,000)	0			0
General purpose funding							
CLGF R4R (2012/13) Local	358,484		(358,484)	0			0
Interest Received	44,907	14,355		59,262	4,122	(63,009)	375
Law, order, public safety							
SES Subsidy Expenditure	1,516	1,730	(142)	3,104		(3,104)	0
BFB Minor Asset Purchase	7,000			7,000		(7,000)	0
SEMS Local Emergency Awareness	6,774		(2,066)	4,708		(4,708)	0
Bush Fire Expenditure	0	13,617	(3,796)	9,821		(9,821)	0
WA Police State CCTV Strategy				0	100,000	(100,000)	0
SES Fire Shed				0	61,628	(61,628)	0
Education and welfare							
WDC Grant for Regional TAFE	30,000		(30,000)	0			0
Disability Toilet - Changing Places	42,000		(18,000)	24,000		(24,000)	0
Community amenities							
Townscape	1,747		(1,747)	0			0
Wheatbelt Regional Centres Revitalisation	0	30,000		30,000		(30,000)	0
Recreation and culture							
Kidsports	0	32,990	(32,990)	0	16,924	(16,924)	0
Regional Talent	6,903	15,000	(21,903)	0	25,000	(25,000)	0
Club Development Officer	0	20,000	(20,000)	0	25,000	(25,000)	0
Main Roads Art Proposal for Narrogin Link	0	20,000		20,000			20,000
Skate Park Lotterywest				0	274,460	(274,460)	0
CSRFF Project Small Grant Infrastructure Plan				0	15,656	(15,656)	0
Naidoc Week				0	3,000	(3,000)	0
Thank a Volunteer Day				0	1,000	(1,000)	0
Other property and services							
CLGF Youth Development		32,590		32,590		(8,148)	24,442
Total	1,075,830	271,282	(1,156,627)	190,485	526,790	(672,458)	44,817

Notes:

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

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

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

20. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$	2017 \$
Differential general rate / general rate										
Gross rental valuations										
Urban	0.1062	1,699	28,531,352	3,029,231	(15,623)	(16,787)	2,996,820	3,029,231	3,029,231	2,971,572
Rural	0.0619	71	1,196,000	74,078	0	0	74,078	74,078	74,078	60,599
Unimproved valuations										
General UV	0.0060	335	162,864,000	975,555	1,366	(1,283)	975,638	975,555	975,555	942,341
Sub-Total		2,105	192,591,352	4,078,864	(14,257)	(18,070)	4,046,536	4,078,864	4,078,864	3,974,512
Minimum payment										
Gross rental valuations										
Urban	1,062	444	3,245,025	471,528	0	0	471,528	471,528	471,528	460,122
Rural	653	11	82,799	7,183	0	0	7,183	7,183	7,183	22,505
	691	16	105,720	11,056			11,056	11,056	11,056	0
Unimproved valuations										
General UV	691	136	10,885,900	93,976	0	0	93,976	93,285	93,285	70,087
Sub-Total		607	14,319,444	583,743	0	0	583,743	583,052	583,052	552,714
		2,712	206,910,796	4,662,607	(14,257)	(18,070)	4,630,279	4,661,916	4,661,916	4,527,226
Discounts/concessions (refer note 20(b))							0		0	0
Total amount raised from general rate							4,630,279		4,661,916	4,527,226
Specified Area Rate (refer note 20(b))							0		0	0
Movement in Excess Rates							7,228			23,732
Ex-gratia rates							8,274		8,200	8,127
Totals							4,645,781		4,670,116	4,559,085

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment	Instalment	Unpaid Rates
		Plan Admin Charge	Plan Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	5-Sep-17			
Option Two				
First instalment	5-Sep-17	12	5.50%	11.00%
Second instalment	7-Nov-17	12	5.50%	11.00%
Third instalment	9-Jan-18	12	5.50%	11.00%
Fourth instalment	13-Mar-18	12	5.50%	11.00%

	2018		
	2018	Budget	2017
	\$	\$	\$
Interest on unpaid rates	46,777	21,100	53,315
Interest on instalment plan	16,232	18,000	17,414
Charges on instalment plan	34,150	3,000	26,055
	97,159	42,100	96,784

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

21. NET CURRENT ASSETS

Composition of net current assets for
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) 1 July 17 brought forward	3,760,640	2,930,415	2,930,415
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,021,278	3,200,586	3,200,586
Restricted	3,954,799	3,774,262	3,774,262
Receivables			
Rates outstanding	332,023	308,033	308,033
Sundry debtors	1,118,088	251,842	251,842
GST receivable	60,563	65,664	65,664
Provision for Doubtful Debts	(37,776)	(60,387)	(60,387)
Accrued Income / Payments in Advance	4,741	3,599	3,599
Inventories			
Fuel and Materials	7,280	13,775	13,775
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(333,512)	(186,364)	(186,364)
Accrued interest on long term borrowings	(7,565)	(5,607)	(5,607)
Accrued salaries and wages	(56,981)	(92,347)	(92,347)
ATO liabilities	(134,393)	(86,233)	(86,233)
Other Creditors	3,854	(1,168)	(1,168)
Accrued Expenses	(8,226)	(8,226)	(8,226)
Current portion of long term borrowings	(129,778)	(220,293)	(220,293)
Lease liability	0	0	0
User defined	0	0	0
Provisions			
Provision for annual leave	(351,876)	(491,772)	(491,772)
Provision for long service leave	(244,434)	(353,343)	(353,343)
Unadjusted net current assets	7,198,085	6,112,021	6,112,021
Adjustments			
Less: Reserves - restricted cash	(3,954,799)	(3,774,262)	(3,774,262)
Add: Current portion of long term borrowings	129,778	220,293	220,293
Add: Employee Entitlement Reserve	387,576	372,363	372,363
Adjusted net current assets - surplus/(deficit)	3,760,640	2,930,415	2,930,415

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

22. 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,976,077	6,974,848	6,976,077	6,974,848
Receivables	1,637,957	735,707	1,637,957	735,707
	8,614,034	7,710,555	8,614,034	7,710,555
Financial liabilities				
Payables	536,823	379,945	536,823	379,945
Borrowings	922,004	1,142,297	956,145	1,151,499
	1,458,827	1,522,242	1,492,968	1,531,444

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.

22. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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.

Cash is 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.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	69,761	69,748
- Statement of Comprehensive Income	69,761	69,748

Notes:

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

22. 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	35.55%	38.83%
- Overdue	64.45%	61.17%
Percentage of other receivables		
- Current	99.84%	68.94%
- Overdue	0.16%	31.06%

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and 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 Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	536,823	0	0	536,823	536,823
Borrowings	164,388	652,877	236,645	1,053,910	922,004
	701,211	652,877	236,645	1,590,733	1,458,827
2017					
Payables	379,945	0	0	379,945	379,945
Borrowings	263,594	657,865	396,046	1,317,505	1,142,297
	643,539	657,865	396,046	1,697,450	1,522,242

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:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	129,778	135,309	141,097	147,155	148,291	220,375	922,004	3.45%
Weighted average Effective interest rate	4.15%	4.17%	4.18%	4.20%	3.21%	1.80%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	220,292	129,778	135,309	141,097	147,155	368,666	1,142,297	4.48%
Weighted average Effective interest rate	4.06%	4.15%	4.17%	4.18%	3.27%	2.71%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

23. 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 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Public Open Space	72,599	0	0	72,599
Cross Over Bond	25,464	200	(100)	25,564
Town Hall Bond	4,175	3,685	(3,405)	4,455
Other	500	57	(57)	500
Retention Bond	59,127	0	(59,127)	0
BSL Levy	0	15,521	(15,521)	0
BCITF Levy	0	8,641	(8,641)	0
	<u>161,865</u>			<u>103,118</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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 on 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 into the 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 when 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	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.

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:

- | | |
|---|----------------|
| (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities | 1 January 2017 |

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the 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 or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

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

g) Fair value of assets and liabilities

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

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.

h) 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.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

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

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the effective allocation for scarce resources.	Includes the activities of members of council and administration support available to the council for provision for governance of the district. Other costs relate to the task of assisting elected members and electors on matters which do not concern specific Shire services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provisions of infrastructure and services	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community	Supervision and enforcement of various local laws, fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Inspect food outlets and their control, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to the disadvantaged, the elderly, children and youth.	Preschool and other education, children and youth services, elderly and disadvantaged, senior citizens services.
HOUSING	To provide housing to senior employees.	Provision of staff housing.
COMMUNITY AMENITIES	To provide services required by the community.	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	To provide recreational and cultural services to the community.	Maintain public halls, civic centres, aquatic centre, recreational centre and various sporting facilities, Provisions and maintenance of parks, gardens and playgrounds. Operations of Library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construct and maintenance of roads, streets, footpaths, depots parking facilities. Purchase of plant and equipment.
ECONOMIC SERVICES	To promote the Town and its economic wellbeing.	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	To monitor and control the Town's overheads operation accounts and town planning scheme.	Private works operation, plant repair and operation costs, administration overheads, community development overheads and gross salary and wages.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

27. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	5.15	3.53	2.14
Asset consumption ratio	0.99	0.98	0.73
Asset renewal funding ratio	0.69	-	-
Asset sustainability ratio	1.21	1.13	1.42
Debt service cover ratio	9.93	(3.21)	20.53
Operating surplus ratio	(0.01)	(0.52)	0.08
Own source revenue coverage ratio	0.54	0.43	0.48

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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:

In 2017 and 2016 the asset renewal funding ratio was not calculated due to the difficulties in combining Asset Management and Long Term Financial Plans between the Town of Narrogin and Shire of Narrogin.

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	1,186,953	1,190,315	0
Amount of Financial Assistance Grant received in prior year relating to current year.	1,190,315	0	0
Amount of reimbursement for flood damage received	1,366,737	0	0
Expenditure on flood damage re-instatement	1,566,053	0	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	5.14	4.64	1.75
Debt service cover ratio	9.94	0.81	17.23
Operating surplus ratio	(0.01)	(0.35)	(0.01)
Own source revenue coverage ratio	0.48	0.43	0.48



Auditor General

Shire of Narrogin RECEIVED	
Directed to	Dale/Leigh/Frank/ Nicole
	20 DEC 2018
Ref No.	IFM1816151
Property File	
Subject File	12.2.1
Ref.	

INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Narrogin

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Narrogin which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Narrogin:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire'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 the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit 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 my 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO'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's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- 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.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 27 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Narrogin for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 December 2018



Shire of
Narrogin

Love the life

SHIRE OF NARROGIN

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

89 Earl Street, Narrogin

Correspondence to:

PO Box 1145, Narrogin WA 6312

T (08) 9890 0900

E enquiries@narrogin.wa.gov.au

W www.narrogin.wa.gov.au