



# Annual Report 2018-2019

## SHIRE OF NARROGIN

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](http://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 Carolyn Thompson)**

**Skate boarding clinics, conducted by Skateboarding WA, were held in the weeks prior to Youth Week**



*Decorative Shade Sails with indigenous designs were installed at Ashworth Park*

## 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.

## **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.

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



I congratulate and acknowledge the talented Shire Administration led by CEO Dale Stewart and his Executive Team for achieving an outstanding overall 93% of capital projects and under budget for the last financial year.

The Administration has delivered a number of Masterplans that lays down the blueprint for the ongoing development of Narrogin and will assist when sourcing funding for projects in future years. A number of Masterplans have been put to the community and have been established for the development of Gnarojin Park and the Railway Dam, establishment of Walk Trails, a Public Art Strategy and a

feasibility study for a Pump Track & Mountain Bike Trail. Narrogin is enjoying new business momentum and Council continues to look at ways to support and invigorate the township and CBD with such plans.

The year saw the end of the repairs to road damage from summer storms in 2017 that were fixed by the Shire's own crews under the WANDRRA scheme. We were pleased to be able to have our own skilled and local workforce complete these works and should an event occur in the future, the innovative model the Shire of Narrogin laid down may well be taken up by other local governments.

We continue to work at making Narrogin an attractive place for visitors to stop and stay. We get many comments about how tidy and neat Narrogin is from travellers and we have provided a free overnight stop area in both Narrogin and Highbury for tourists with self-contained RVs. The Caravan Park is undergoing renovations to the toilet block and demand for unit-style accommodation has seen the Shire source cabin-style accommodation units which will be built early in 2020.

The new sensory garden at the RW (Bob) Farr Memorial Library has provided an attractive space in the CBD which is well utilised by the Library staff and patrons for activities as well as the general public. Congratulations to all involved in

converting this area into a useful and well-utilised space.

Thank you to the Elected Members. All have shown guidance and dedication to working towards obtaining the desired outcomes of the community's strategic plan. I would like to thank outgoing elected members, Colin Ward, Paul Schutz and Nathan Walker for their dedication, contributions and strategic thinking and welcome re-elected Cr Murray Fisher and new members to Council, Cr Graham Broad, Cr Sophie Lushey and Cr Jacqui Early.

Thank you to all our hard-working volunteers, community groups and clubs,

local leaders and our emergency services personnel who keep us safe and 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 build and grow it. 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



Commencing in May 2018, this was my first full financial year at the helm of the Shire.

I am pleased to report that I have a very passionate, willing and very capable administration through all of the departments of the Shire and similarly very dedicated hardworking teams in our Parks and Gardens, Road Maintenance and Road Construction gangs.

The facilities, assets and services that we enjoy in Narrogin are second to none in regional Western Australia and maintained and presented in a very attractive and effective manner.

The work of the outside crew with completing the WANDRAA flood damage road restoration works is also testament to a highly skilled and dedicated group of people that have completed the works well below budget, saving the Commonwealth over \$2M from the original estimate. The additional hours that many of the works crew had to put in to complete these works on weekends, working traditional days off and countless hours of overtime is acknowledged.

Completing a large array of capital works has been another focus of the Shire this year and projects, large and small are continuing to make our town and environs an attractive and welcoming place to be.

I note that the Narrogin Regional Leisure Centre had a number of unforeseen asset maintenance issues during the year which resulted in a number of days of closures to the aquatic facility and impacted on some netball fixtures. We hope that with investments made to the aquatic plant and also the Recreation Centre's roof, that these inconveniences will not eventuate into the future.

This year has seen a focus on supporting retail outlets in the CBD and marketing of the district as a place to visit and shop 'local'. It is pleasing to see a net increase in retail shops within the CBD, including

Federal Street, as well as the Shire's building assets all leased out to businesses. The confidence and product offering in Narrogin continues to grow and expand and initiatives such as social media marketing, GWN and WINTV advertising, as well as supporting Narrogin Dollars campaigns, all contribute to keeping dollars local, which in turn keeps jobs and employment local.

I would like to thank the Elected Members, especially the Shire President, for their support during the period. A final special

thank you to all employees within the organisation, particularly the hard working Executive Management and Management Teams. The Shire of Narrogin workforce has worked diligently to bring another excellent outcome for the Narrogin residents and ratepayers.



Dale Stewart  
**Chief Executive Officer**

# Elected Members

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



*Shire President  
Mr Leigh Ballard*



*Deputy Shire President  
Cr Tim Wiese*



*Cr Brian Seale*



*Cr Graham Broad*



*Cr Jacqui Early*



*Cr Murray Fisher*



*Cr Clive Bartron*



*Cr Sophie Lushey*



*Cr Geoff Ballard*



*Shire staff undertake Building Surveyor services for several adjoining and nearby local governments.*

# 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.

A consultant was contracted to develop a Tourism Development Strategy for the Shire. The objective of this project is to undertake an extensive audit of the local/regional tourism sector and identify tourism opportunities, game changers, priorities and gaps. Following this audit, the consultant will develop a cohesive strategic framework to inform the Strategy's development. An inception meeting was convened in mid-April 2018 with the consultant to review matters such as the research methodology, project milestones, and stakeholder engagement. A draft strategy will be presented to Council in 2019.

## **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 100% 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 2018/19 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 \$6,209,051 inclusive of Regional Road Group (State Government) and Roads to Recovery (Federal Government) grant funding and the Shire's own contribution of funds.

Storm event (AGRN 743) that occurred in February of 2017 which damaged 57 of the Shire's gravel roads to varying degrees had repair works commencing on 21 August 2017 with completion of works on 15 February 2019.

The Office of Emergency Management (OEM) initially accepted a contractor based claim estimate of approximately \$5,014,683 however due to a shortage of contractors and a relaxation of the regulations Local Governments were permitted to submit in-house repair estimates. An in-house estimate of \$3,829,250 was submitted and accepted.

The Shire's operational work unit has systematically carried out all of the identified repairs to the effected storm damaged roads in addition to programmed annual road and project works effectively and to a high standard.

Total final expenditure for in-house works was \$2,537,911. Some \$1,291,339 less than the estimate approved for an in-house bid, and some \$2,476,772 less than the originally approved contractor model estimate. This represents a saving to the Federal Government of \$2,476,772 over the original contractor basis estimate, or nearly 50% of the original approved campaign budget.

## **Outcome 1.4    Agriculture opportunities maintained and developed**

The Western Australian Planning Commission, on 12 April 2019, gave its approval for the Shire to advertise its Draft Local Planning Strategy (LPS) for public comment. Advertising then commenced and closed on 2 September 2019.

The objective outlined in the LPS is:

*To protect and achieve ecologically sustainable use of all productive agricultural land in the Shire whilst providing diverse and compatible development opportunities in agricultural areas which promote the local economy.*

Some of the strategies outlined in the LPS are;

- Protect rural assets due to the importance of their economic, natural resource, food production, environmental and landscape values, ensuring broad compatibility between land uses.
- Promote the diversification of the Shire's economy by encouraging the development of intensive agriculture, downstream processing of primary produce, diversified industries and further tourism opportunities including farm stay accommodation and ecotourism subject to an adequate buffer being maintained between such uses and surrounding broadacre agricultural activities in order to minimise potential land use conflicts.

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



*New young riders' bike education path installed in the park at Sydney Hall Way.*

## 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 a Youth Strategy in conjunction with the YMCA and to engage with all service providers both locally and regionally within the sector.

### Outcome 2.2 Build a healthier and safer community

Narrogin Homecare continues to provide services to the community serving on average 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 were 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**

The Shire has been successful in obtaining funding from CSRFF to the value of \$19,500 and through this funding the Shire has appointed SGL Consulting Group to develop a Sport and Recreation Infrastructure Plan. A working group, comprising of local sporting groups, has been formed to provide local knowledge and are working closely with the consultants. The Narrogin Sports and Recreation Advisory Networks (NRSAN) have provided comments from their respective groups and the information is being consolidated for presentation to Council for public comment prior to final endorsement by the Shire.

Consultants, Common Ground Trails, were contracted to prepare a Narrogin Mountain Bike Trail and Pump Track Feasibility Study for the Shire. Common Ground is a leading trail and outdoor destination development company. There is a growing momentum in the development of these facilities throughout Australia. Common Ground are strong advocates for creating high quality, accessible facilities that families can use. Multiple local governments have partnered with Common Ground to develop trails and pump tracks around Western Australia.

Project outputs will include: an industry review exploring industry trends; an assessment of the demand for mountain bike trails and a pump track in Narrogin; a review of the condition, usage and potential of existing facilities and infrastructure; and identifying the potential opportunities and constraints that could influence facility locations.

Common Ground commenced a community engagement process in May 2019 which included, online surveys using industry and local social media platforms.

### **2.3.2 Engage and support community groups and volunteers**

The Department of Local Government, Sport and Cultural Industries approved an allocation of \$20,000 for 2018/19 (with an additional \$20,000 for 2019 /20) from its Every Club Funding Program. The funding is to assist with building capacity of community sport and recreation clubs through improvement in their management and governance practices. The Shire is contributing approximately an additional 25% to this funding each financial year as part of the grant conditions. This funding will see the roll out by the Shire of an Upper Great Southern Building Sustainable Clubs Program. The Shire will work collaboratively with the Shires of Williams, Wagin, Cuballing, Pingelly, Brookton and Wickepin as well as Community Resource Centres within the region to deliver this program.

### **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 2018/19 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 for administrative, workshop, gallery and arts related activities.

This financial year's budget allocated to ARtS Narrogin a total of \$45,000 in cash. Of this total, \$30,000 is to cover administration and gallery support and \$15,000 to support the organisation to attract a

range of exhibitions and cultural shows. This total allocation represented an increase of \$10,000 over the 2017/18 financial year. The Shire also provided subsidies on outgoings (rates, water and power) and offered special terms for art exhibitions. The Shire works closely with ARtS Narrogin offering in-kind support in the way of assisting with administrative enquiries and general liaison work.

The Shire contracted a professional urban artist, Chris Nixon, to design and install a public art work at the Gnarojin Park's skate park. This place making initiative was mostly funded by Main Roads WA as part of its Percent for Art Scheme. It had the dual objectives of enhancing the skate park as a public space with exciting and innovative artwork and reducing the likelihood of graffiti vandalism and its associated costs through fostering young local people's sense of ownership of the urban art as well as the skate park precinct itself.

Artsource visited Narrogin in November 2017 as a first step in undertaking the research phase of their work for the development of the Shire's public art policy and strategy. Artsource will visit Narrogin again in early May to run community consultations, part of which includes the delivery of a public art master class for local and regional artists with the aim of building capacity to deliver major public art projects locally.

The Shire allocated funds in its 2018/19 budget for the development of an Artwork Collection Policy. Recognising the need to place priority on developing and maintaining a visual art collection of State, regional and local significance that reflects the cultural aspirations of the community, ensures the preservation and safe keeping of the existing and future collection, maximises the collection's accessibility and enhances its public profile.

## **Outcome 2.4 Cultural and heritage diversity is recognised**

Kulbardi Hill Consulting was contracted to develop a CBD heritage trail. The consultants commenced work in December 2018 and to research and design 10 etched anodised aluminium signs for the CBD. This interpretative signage project will ultimately see the design and installation of some 25 interpretative panels in the CBD along with a Trail Head and footpath markers. The trail will celebrate Narrogin's exceptional heritage buildings. These buildings provide an attractive heritage feel to the CBD and contribute immensely to the streetscape. Interpretative signage will offer residents, visitors and tourists alike with stories about our early settlers and social events during Narrogin's development.

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 Great Southern TAFE (Campus).



*The Western Australian College of Agriculture Narrogin is one of five regional educators in Narrogin.*





*Elected Members annually inspect Shire assets and inspect those of heritage value which are of interest to the Community*

### 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**

Council adopted a Shire of Narrogin Walk Trails Master Plan in April 2019. The Master Plan presents a range of long and short-term strategies to ensure walk trails in Foxes Lair, Railway Dam and Gnarojin Park can be an enjoyable experience for the user and easy to find, navigate and explore. The Master Plan will guide the Shire in showcasing its natural assets. It will inform and educate tourists, visitors and locals alike of the history and value of the Shire's reserves, provoke interest in the area and encourage people to 'stay longer'. It will assist in controlling the impact of users in sensitive, or fragile environments. The trails include five in Foxes Lair, two at Railway Dam and a possible circuit trail at Gnarojin Park. All proposed trails are based on existing trails.

Council adopted the Gnarojin Park Master Plan in March 2019. Gnarojin Park was established in 1992 to celebrate the Centenary of Local Government in Narrogin. The Park is the site of a range of public artworks which convey Noongar and European history. The Masterplan offers a long term strategy for the Park's improvement while maintaining the significant features of the Park, familiar to and valued by, the Narrogin community. It contains a number of design components for the Park including circulation and access, town connections, buffer and safety, key zones, run-off water treatment, bush ecologies, green space and lighting. These design components in turn are linked to key projects including pathway and access upgrades, the installation of lighting for safety, horticultural and wildlife habitat work, construction of community spaces for events and nature based playgrounds.

The Shire at its meeting held on 27 February 2019 adopted the Management Plan for the Railway Dam. 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. In recent years, 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 accepts 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 stakeholders.

Training plays an integral role in developing staff to their full potential to fulfil their roles. Training 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 (Local) Heritage Inventory which takes into consideration buildings of heritage significance that need to be preserved and maintained.

Asset Management Plans for Council assets were developed in 2017/18 and inform 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.



*Shire employees strive to deliver 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.

During the 2018/19 financial year, no new local laws were adopted. In the 2019/20 financial year, the Shire will be reviewing the Health Local Laws and a new Waste Local Law.

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 2018/19 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 disability. 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 2019 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 replaced old and uneven concrete pavers on the Mackie Park footpath and incorporated a non-slip finish.
- The Shire repaired sections of footpath at Gnarojin Park removing cracked concrete due to tree roots causing potential trip hazards and installed a new non slip finish.
- At Dawson's Funeral Home on Federal Street, the Shire removed the old and cracked concrete entry and replaced it with new non slip concrete enabling a smooth entry.

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

- A landscape project saw the redesign of the garden site on the east side of the RW (Bob) Farr Memorial library to incorporate flat accessible areas. A five metre square gazebo was installed with a 1.8 m entry, with seating on three sides and room for wheel chairs. Handrails were installed to assist access from the Library to the gazebo entry. The walkway entry from Fortune Street to the Library door has a gradient of 1:26 and a footpath width of 1220 mm, which is well over legal disability access requirements. New concrete footpaths with a non-slip finish replaced the old unlevelled and cracked concrete paved footpath.
- An access audit of all Council owned buildings was undertaken and Council requested to allocate \$50,000 to works for the 2019/20 year to progress the number of Council owned buildings in the CBD which are wheelchair accessible.
- The Shire installed an accessible ramp at the Old Courthouse Museum removing the existing concrete slab at the main entrance and replacing it with a concrete ramp in accordance with the disability standards.

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

- A monthly video with captions and audio is produced to report the main outcomes of Council's Ordinary Council meetings. An option for high contrast viewing and text enlargement has been included.

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

- Social Inclusion and Disability Awareness Training was offered to all Shire staff. This workshop was aimed at helping participants understand the foundations of inclusion. The interactive workshop promoted a level of knowledge and confidence to ensure Shire staff could be more vigilant about inclusion and more welcoming of all people, particularly those from low-participation backgrounds.

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

- Specific strategies were not implemented. However, the 2018-2023 DAIP contains an implementation plan which includes tasks which facilitate a greater degree of involvement of the

disability sector in networking with Council to provide feedback on the DAIP. This can include matters such as suitable 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.

- During the financial year a Community Engagement Policy was presented to Council for endorsement following a public comment period. This policy acknowledges barriers that prevent or deter people from participating in engagement activities and encourages consideration of ways to minimise them. It recognises people engage with civic life in different ways depending on a number of factors, such as age, background and ability. The policy states that the Shire aims to be responsive to this broad spectrum of needs, and ensures there are multiple engagement methods in various settings, to achieve appropriate community participation.

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

- During the financial year, the Shire successfully negotiated a Memorandum of Understanding (MOU) with local disability service provider, Forrest Personnel. The purpose of this MOU is to set out the terms of engagement between Forrest Personnel and the Shire in order to increase the opportunities and prospects for people with disability to gain employment with the Shire and/or to gain work experience that will increase the opportunities and prospects for them to gain employment within the local government sector.

## 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](http://www.narrogin.wa.gov.au/documents/500/shire-of-narrogin-freedom-of-information-information-statement)

A printed copy can be viewed 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 the 2018/19 year, Council received two requests for information under the Freedom of Information Act, which were provided following consultation with affected parties.

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	2017/18	2018/19
\$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 2018/19 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
CSRFF	Community Sporting and Recreation Facilities Fund
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

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SHIRE OF NARROGIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

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**COMMUNITY VISION**

"A leading regional economic driver and a socially interactive and inclusive community"

Principal place of business:  
89 Earl Street  
Narrogin  
WA 6390

**SHIRE OF NARROGIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Narrogin at 30 June 2019 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 25 day of November 2019



\_\_\_\_\_  
Chief Executive Officer

Dale Stewart

\_\_\_\_\_  
Name of Chief Executive Officer



SHIRE OF NARROGIN  
 STATEMENT OF COMPREHENSIVE INCOME  
 BY NATURE OR TYPE  
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	21(a)	4,838,905	4,780,240	4,645,781
Operating grants, subsidies and contributions	2(a)	4,013,897	3,334,682	4,915,104
Fees and charges	2(a)	1,706,542	1,648,033	1,744,031
Interest earnings	2(a)	250,026	177,100	219,007
Other revenue	2(a)	1,467,106	140,155	730,101
		<u>12,276,476</u>	<u>10,080,210</u>	<u>12,254,024</u>
<b>Expenses</b>				
Employee costs		(5,468,209)	(5,631,002)	(5,100,775)
Materials and contracts		(3,093,318)	(3,766,178)	(3,150,878)
Utility charges		(690,899)	(669,066)	(633,737)
Depreciation on non-current assets	10(b)	(3,631,766)	(2,508,848)	(2,721,917)
Interest expenses	2(b)	(41,325)	(41,325)	(53,609)
Insurance expenses		(260,371)	(250,411)	(251,493)
Other expenditure		(208,086)	(224,388)	(373,956)
		<u>(13,393,974)</u>	<u>(13,091,218)</u>	<u>(12,286,365)</u>
		(1,117,498)	(3,011,008)	(32,341)
Non-operating grants, subsidies and contributions	2(a)	809,023	846,982	2,133,477
Profit on asset disposals	10(a)	14,394	14,305	45,183
(Loss) on asset disposals	10(a)	(159,646)	(138,058)	(68,291)
		<u>663,771</u>	<u>723,229</u>	<u>2,110,369</u>
<b>Net result for the period</b>		<b>(453,727)</b>	<b>(2,287,779)</b>	<b>2,078,028</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(55,384)	0	16,599,666
<b>Total other comprehensive income for the period</b>		<b>(55,384)</b>	<b>0</b>	<b>16,599,666</b>
<b>Total comprehensive income for the period</b>		<b>(509,111)</b>	<b>(2,287,779)</b>	<b>18,677,694</b>

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



SHIRE OF NARROGIN  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		3,581	5,100	49,518
General purpose funding		7,472,292	6,073,827	7,162,111
Law, order, public safety		266,478	52,070	55,983
Health		53,404	11,500	10,920
Education and welfare		1,462,390	1,503,752	1,480,096
Housing		8,668	11,700	9,834
Community amenities		1,080,228	1,058,504	1,268,396
Recreation and culture		194,321	98,854	151,433
Transport		1,275,677	915,496	1,586,139
Economic services		275,187	258,407	314,910
Other property and services		184,250	91,000	164,684
		<u>12,276,476</u>	<u>10,080,210</u>	<u>12,254,024</u>
<b>Expenses</b>				
	2(b)			
Governance		(574,450)	(660,911)	(565,145)
General purpose funding		(274,816)	(277,815)	(186,911)
Law, order, public safety		(526,304)	(616,412)	(488,953)
Health		(256,031)	(270,696)	(208,193)
Education and welfare		(1,505,595)	(1,790,640)	(1,536,667)
Housing		(32,068)	(34,294)	(30,762)
Community amenities		(1,404,043)	(1,498,653)	(1,384,781)
Recreation and culture		(3,131,606)	(2,870,879)	(2,339,745)
Transport		(4,609,520)	(4,340,358)	(4,710,877)
Economic services		(823,228)	(653,803)	(679,511)
Other property and services		(214,988)	(35,432)	(101,211)
		<u>(13,352,649)</u>	<u>(13,049,893)</u>	<u>(12,232,756)</u>
<b>Finance Costs</b>				
	2(b)			
Governance		(12,396)	(12,396)	(16,146)
Recreation and culture		(22,203)	(22,203)	(27,398)
Transport		(90)	(90)	(2,279)
Economic services		(6,636)	(6,636)	(7,786)
		<u>(41,325)</u>	<u>(41,325)</u>	<u>(53,609)</u>
		<u>(1,117,498)</u>	<u>(3,011,008)</u>	<u>(32,341)</u>
Non-operating grants, subsidies and contributions	2(a)	809,023	846,982	2,133,477
Profit on disposal of assets	10(a)	14,394	14,305	45,183
(Loss) on disposal of assets	10(a)	(159,646)	(138,058)	(68,291)
		<u>663,771</u>	<u>723,229</u>	<u>2,110,369</u>
<b>Net result for the period</b>		<b>(453,727)</b>	<b>(2,287,779)</b>	<b>2,078,028</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(55,384)	0	16,599,666
<b>Total other comprehensive income for the period</b>		<b>(55,384)</b>	<b>0</b>	<b>16,599,666</b>
<b>Total comprehensive income for the period</b>		<b>(509,111)</b>	<b>(2,287,779)</b>	<b>18,677,694</b>

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



SHIRE OF NARROGIN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	7,906,681	6,976,077
Trade receivables	5	1,085,183	1,477,639
Inventories	6	7,310	7,280
<b>TOTAL CURRENT ASSETS</b>		<b>8,999,174</b>	<b>8,460,996</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	186,915	160,318
Financial assets at fair value through other comprehensive income	7(b)	105,103	0
Inventories	6	0	177,273
Property, plant and equipment	8	57,798,156	57,801,337
Infrastructure	9	113,800,220	114,284,720
<b>TOTAL NON-CURRENT ASSETS</b>		<b>171,890,394</b>	<b>172,423,648</b>
<b>TOTAL ASSETS</b>		<b>180,889,568</b>	<b>180,884,644</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	611,006	536,823
Borrowings	13(a)	166,658	129,778
Employee related provisions	14	549,544	596,310
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,327,208</b>	<b>1,262,911</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13(a)	975,569	792,226
Employee related provisions	14	288,947	22,552
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,264,516</b>	<b>814,778</b>
<b>TOTAL LIABILITIES</b>		<b>2,591,724</b>	<b>2,077,689</b>
<b>NET ASSETS</b>		<b>178,297,844</b>	<b>178,806,955</b>
<b>EQUITY</b>			
Retained surplus		50,369,084	51,097,591
Reserves - cash backed	4	4,229,579	3,954,799
Revaluation surplus	11	123,699,181	123,754,565
<b>TOTAL EQUITY</b>		<b>178,297,844</b>	<b>178,806,955</b>

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



SHIRE OF NARROGIN  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2017</b>		<b>49,200,100</b>	<b>3,774,262</b>	<b>107,154,899</b>	<b>160,129,261</b>
Comprehensive income					
Net result for the period		2,078,028	0	0	2,078,028
Other comprehensive income	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
<b>Balance as at 30 June 2018</b>		<b>51,097,591</b>	<b>3,954,799</b>	<b>123,754,565</b>	<b>178,806,955</b>
Comprehensive income					
Net result for the period		(453,727)	0	0	(453,727)
Other comprehensive income	11	0	0	(55,384)	(55,384)
Total comprehensive income		(453,727)	0	(55,384)	(509,111)
Transfers from/(to) reserves		(274,780)	274,780	0	0
<b>Balance as at 30 June 2019</b>		<b>50,369,084</b>	<b>4,229,579</b>	<b>123,699,181</b>	<b>178,297,844</b>

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

SHIRE OF NARROGIN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,744,950	4,830,240	4,628,429
Operating grants, subsidies and contributions		4,485,096	4,134,682	4,026,247
Fees and charges		1,706,542	1,648,033	1,744,031
Interest received		250,026	177,100	219,007
Goods and services tax received		658,672	0	728,663
Other revenue		1,467,106	140,155	728,959
		<u>13,312,392</u>	<u>10,930,210</u>	<u>12,075,336</u>
<b>Payments</b>				
Employee costs		(5,252,205)	(5,631,002)	(5,321,241)
Materials and contracts		(3,034,142)	(3,739,178)	(3,002,257)
Utility charges		(690,899)	(669,066)	(633,737)
Interest expenses		(41,325)	(41,325)	(51,651)
Insurance paid		(260,371)	(250,411)	(251,493)
Goods and services tax paid		(670,057)	0	(723,562)
Other expenditure		(208,086)	(224,388)	(373,956)
		<u>(10,157,085)</u>	<u>(10,555,370)</u>	<u>(10,357,897)</u>
<b>Net cash provided by (used in) operating activities</b>	15	<u>3,155,307</u>	<u>374,840</u>	<u>1,717,439</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,942,848)	(2,809,584)	(2,218,342)
Payments for construction of infrastructure		(1,934,464)	(2,379,347)	(1,892,950)
Non-operating grants, subsidies and contributions		809,023	846,982	2,133,477
Proceeds from sale of property, plant & equipment		604,761	742,571	481,898
<b>Net cash provided by (used in) investment activities</b>		<u>(2,463,528)</u>	<u>(3,599,378)</u>	<u>(1,495,917)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(129,777)	(129,978)	(220,293)
Proceeds from new borrowings		350,000	350,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>220,223</u>	<u>220,022</u>	<u>(220,293)</u>
<b>Net increase (decrease) in cash held</b>		912,002	(3,004,516)	1,229
Cash at beginning of year		6,976,077	7,056,233	6,974,848
Cash from Trust Account		18,602		
<b>Cash and cash equivalents at the end of the year</b>	15	<u><u>7,906,681</u></u>	<u><u>4,051,717</u></u>	<u><u>6,976,077</u></u>

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

SHIRE OF NARROGIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	3,760,640	3,686,158	2,930,415
		3,760,640	3,686,158	2,930,415
<b>Revenue from operating activities (excluding rates)</b>				
Governance		3,581	5,100	49,518
General purpose funding		2,677,951	1,293,587	2,531,832
Law, order, public safety		266,478	52,070	55,983
Health		53,404	11,500	10,920
Education and welfare		1,464,072	1,505,434	1,480,096
Housing		8,668	11,700	9,834
Community amenities		1,082,425	1,058,504	1,268,569
Recreation and culture		194,321	98,854	151,433
Transport		1,285,192	924,095	1,630,187
Economic services		275,187	258,407	314,910
Other property and services		185,250	95,024	165,646
		7,496,529	5,314,275	7,668,928
<b>Expenditure from operating activities</b>				
Governance		(586,846)	(673,307)	(581,291)
General purpose funding		(274,816)	(277,815)	(186,911)
Law, order, public safety		(531,446)	(621,664)	(501,506)
Health		(256,031)	(270,696)	(208,193)
Education and welfare		(1,530,966)	(1,808,377)	(1,542,117)
Housing		(32,068)	(34,294)	(30,762)
Community amenities		(1,406,963)	(1,501,758)	(1,389,163)
Recreation and culture		(3,220,874)	(2,893,082)	(2,367,143)
Transport		(4,653,351)	(4,440,066)	(4,753,770)
Economic services		(829,864)	(660,439)	(687,297)
Other property and services		(230,395)	(47,778)	(106,503)
		(13,553,620)	(13,229,276)	(12,354,656)
Non-cash amounts excluded from operating activities	22(a)	4,141,376	2,632,601	2,782,421
<b>Amount attributable to operating activities</b>		1,844,925	(1,596,242)	1,027,108
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		809,023	846,982	2,133,477
Proceeds from disposal of assets	10(a)	604,761	742,571	481,898
Purchase of property, plant and equipment	8(a)	(1,942,848)	(2,809,584)	(2,218,342)
Purchase and construction of infrastructure	9(a)	(1,934,464)	(2,379,347)	(1,892,950)
<b>Amount attributable to investing activities</b>		(2,463,528)	(3,599,378)	(1,495,917)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(129,777)	(129,978)	(220,293)
Proceeds from borrowings	13(c)	350,000	350,000	0
Transfers to reserves (restricted assets)	4	(1,509,148)	(838,009)	(1,374,503)
Transfers from reserves (restricted assets)	4	1,234,368	1,033,367	1,193,966
<b>Amount attributable to financing activities</b>		(54,557)	415,380	(400,830)
<b>Surplus/(deficit) before imposition of general rates</b>		(673,160)	(4,780,240)	(869,639)
<b>Total amount raised from general rates</b>	21	4,794,341	4,780,240	4,630,279
<b>Surplus/(deficit) after imposition of general rates</b>	22(b)	4,121,181	0	3,760,640

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

### CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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 24 to these financial statements.

SHIRE OF NARROGIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	0	5,000	18,552
General purpose funding	2,283,260	1,078,932	2,222,523
Law, order, public safety	222,768	23,670	13,058
Education and welfare	1,288,563	1,302,034	1,299,228
Community amenities	0	3,000	0
Recreation and culture	50,504	78,954	92,387
Transport	138,802	787,992	1,269,356
Economic services	0	14,100	0
Other property and services	30,000	41,000	0
	4,013,897	3,334,682	4,915,104
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	0	884,503
Education and welfare	18,000	0	26,443
Recreation and culture	3,000	50,000	274,460
Transport	788,023	796,982	948,071
	809,023	846,982	2,133,477
<b>Total grants, subsidies and contributions</b>	4,822,920	4,181,664	7,048,581

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 20.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

SHIRE OF NARROGIN  
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FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Significant revenue</b>			
Financial Assistance Grant - General	1,683,856	784,445	1,638,868
Financial Assistance Grant - Roads	599,404	254,487	583,655
Other Road Funding	1,935,490	1,637,564	2,393,368
	4,218,750	2,676,496	4,615,891
<b>Other revenue</b>			
Reimbursement Income - Operating (WANDRRA Funding)	1,013,775	0	1,566,053
Other	453,331	140,155	730,101
	1,467,106	140,155	2,296,154
<b>Fees and Charges</b>			
Governance	2,157	100	99
General purpose funding	45,964	30,100	40,525
Law, order, public safety	36,622	23,400	37,879
Health	29,938	11,500	9,637
Education and welfare	163,868	199,518	175,529
Housing	8,568	11,700	9,834
Community amenities	1,080,228	1,055,504	1,110,911
Recreation and culture	23,061	19,900	23,066
Transport	350	2,504	0
Economic services	257,808	243,807	289,016
Other property and services	57,978	50,000	47,535
	1,706,542	1,648,033	1,744,031
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	90,699	70,000	75,738
Rates instalment and penalty interest (refer Note 20(b))	66,256	53,000	63,009
Other interest earnings	93,071	54,100	80,260
	250,026	177,100	219,007

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**Interest earnings (Continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

SHIRE OF NARROGIN  
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2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Significant expense</b>			
Road Construction Projects	1,557,958	1,742,644	1,260,319
Road Maintenance- WANDRRA	900,540	713,390	1,566,052
Street Upgrades & Museum Carpark	616,329	616,329	0
	<u>3,074,827</u>	<u>3,072,363</u>	<u>2,826,371</u>
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	38,760	41,575	21,216
- Other services	1,000	800	800
	<u>39,760</u>	<u>42,375</u>	<u>22,016</u>
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 13(b))	41,325	41,325	53,609
	<u>41,325</u>	<u>41,325</u>	<u>53,609</u>
<b>Rental charges</b>			
- Operating leases	28,191	24,076	20,465
	<u>28,191</u>	<u>24,076</u>	<u>20,465</u>

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		7,906,681	6,976,077
		<u>7,906,681</u>	<u>6,976,077</u>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		3,312,594	3,021,278
- Restricted cash and cash equivalents		4,594,087	3,954,799
		<u>7,906,681</u>	<u>6,976,077</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Building Reserve	4	873,681	686,182
Refuse Site Reserve	4	435,109	376,474
Community Assisted Transport (CAT) Reserve	4	6,655	4,298
Narrogin Regional Recreation Centre Reserve	4	73,927	214,761
Employee Entitlement Reserve	4	334,863	387,576
Plant, Vehicle & Equipment Reserve	4	454,959	333,984
Economic Development Reserve	4	174,049	152,014
IT & Office Equipment Reserve	4	72,563	66,049
Tourism & Area Promotion Reserve	4	77,202	75,470
Unspent Grants & Contribution Reserve	4, 20	203,773	44,817
HACC Reserve	4	584,487	784,351
CHCP Reserve	4	122,909	241,070
CHSP Reserve	4	347,664	160,969
Road construction reserve	4	329,405	301,328
Asset Valuation reserve	4	31,309	30,610
Landcare Reserve	4	97,024	94,846
Narrogin Airport Reserve	4	10,000	0
		<u>4,229,579</u>	<u>3,954,799</u>
<b>Other restricted cash and cash equivalents</b>			
Bonds & Deposits Held (previously recorded as Trust)	24	18,602	0
Unspent loans	13(d)	345,905	0
<b>Total restricted cash and cash equivalents</b>		<u>4,594,087</u>	<u>3,954,799</u>

**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 with original maturities of three months or less that are readily convertible to known amounts of cash.

**Cash and cash equivalents (Continued)**

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

#### 4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Building Reserve	686,182	187,499	0	873,681	686,182	92,444	(280,000)	498,626	556,072	270,266	(140,156)	686,182
(b) Refuse Site Reserve	376,474	58,635	0	435,109	376,475	56,827	0	433,302	428,322	88,681	(140,529)	376,474
(c) Community Assisted Transport (CAT) Reserve	4,298	2,357	0	6,655	4,297	7,203	(11,500)	0	8,021	5,901	(9,624)	4,298
(d) Narrogin Regional Recreation Centre Reserve	214,761	144,925	(285,759)	73,927	214,761	143,895	(90,000)	268,656	180,691	83,664	(49,594)	214,761
(e) Employee Entitlement Reserve	387,576	8,891	(61,604)	334,863	387,576	7,029	0	394,605	372,364	49,248	(34,036)	387,576
(f) Plant, Vehicle & Equipment Reserve	333,984	516,164	(395,189)	454,959	333,984	431,057	(442,500)	322,541	393,454	417,569	(477,039)	333,984
(g) Economic Development Reserve	152,014	22,035	0	174,049	152,014	21,309	0	173,323	148,995	3,019	0	152,014
(h) IT & Office Equipment Reserve	66,049	6,514	0	72,563	66,049	6,198	0	72,247	15,734	50,315	0	66,049
(i) Tourism & Area Promotion Reserve	75,470	1,733	0	77,203	75,469	1,369	0	76,838	73,970	1,500	0	75,470
(j) Unspent Grants & Contribution Reserve	44,817	203,956	(44,999)	203,774	44,816	811	(4,724)	40,903	190,485	4,122	(149,790)	44,817
(k) HACC Reserve	784,351	44,896	(244,761)	584,486	784,351	14,224	(139,916)	658,659	645,352	138,999	0	784,351
(l) CHCP Reserve	241,070	5,533	(123,694)	122,909	241,070	4,372	(53,213)	192,229	165,412	75,658	0	241,070
(m) CHSP Reserve	160,969	265,056	(78,362)	347,663	160,970	2,919	(11,514)	152,375	120,088	81,079	(40,198)	160,969
(n) Road construction reserve	301,328	28,077	0	329,405	301,328	47,797	0	349,125	445,302	9,026	(153,000)	301,328
(o) Asset Valuation reserve	30,610	699	0	31,309	30,610	555	0	31,165	30,000	610	0	30,610
(p) Landcare Reserve	94,846	2,178	0	97,024	94,846	0	0	94,846	0	94,846	0	94,846
(q) Narrogin Airport Reserve	0	10,000	0	10,000	0	0	0	0	0	0	0	0
	3,954,799	1,509,148	(1,234,368)	4,229,579	3,954,798	838,009	(1,033,367)	3,759,440	3,774,262	1,374,503	(1,193,966)	3,954,799

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:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Building Reserve	Ongoing	To support the acquisition, upgrade or enhancements of buildings within the district.
(b) Refuse Site Reserve	Ongoing	To fund infrastructure development and rehabilitation costs associates with the Shire's tip site as well the purchase and development a regional waste facility.
(c) Community Assisted Transport (CAT) Reserve	Ongoing	To fund the replacement/change over of the CATS vehicle.
(d) 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.
(e) Employee Entitlement Reserve	Ongoing	To fund current and past employee's leave entitlements and redundancy payouts.
(f) Plant, Vehicle & Equipment Reserve	Ongoing	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
(g) Economic Development Reserve	Ongoing	To fund economic development projects that will benefit the district.
(h) IT & Office Equipment Reserve	Ongoing	To fund the purchase and upgrade of computer equipment, software and office equipment.
(i) 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.
(j) 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.
(k) 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.
(l) 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.
(m) 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.
(n) Road construction reserve	Ongoing	To be used on road construction projects.
(o) Asset Valuation reserve	Ongoing	To fund asset valuations.
(p) Landcare Reserve	Ongoing	To fund future natural resource management activities aligned with the principles established in the former NLDC letter dated 6/6/17 (ICR1712270).
(q) Narrogin Airport Reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narrogin Airport.

## 5. TRADE RECEIVABLES

### Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	
Accrued Income / Payments in Advance	

### Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2019	2018
	\$	\$
	399,381	332,023
	647,633	1,118,088
	71,948	60,563
	(38,020)	(37,776)
	4,241	4,741
	<u>1,085,183</u>	<u>1,477,639</u>
	186,915	160,318
	<u>186,915</u>	<u>160,318</u>

## 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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

### Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

**6. INVENTORIES**

	2019	2018
	\$	\$
<b>Current</b>		
Fuel and Materials	7,310	7,280
	<u>7,310</u>	<u>7,280</u>
<b>Non-current</b>		
Land held for resale - cost		
Cost of acquisition	0	177,273
This land is accounted for in the Asset Register and from the 30/06/2018 is no longer an inventory item.	<u>0</u>	<u>177,273</u>
The following movements in inventories occurred during the year:		
<b>Carrying amount at 1 July</b>	184,553	191,048
Inventories expensed during the year	(223,663)	(214,574)
Previously recorded as L&B Asset as well as Land for Resale	(177,273)	0
Additions to inventory	223,693	208,079
<b>Carrying amount at 30 June</b>	<u>7,310</u>	<u>184,553</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.

**NOTE:** in 2018 this asset was recorded both as L&B and Land for Resale - this entry is to reverse that duplication.

**7. OTHER FINANCIAL ASSETS**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>(a) Current assets</b>	0	0
<b>(b) Non-current assets</b>		
Financial assets at fair value through other comprehensive income	105,103	0
	<u>105,103</u>	<u>0</u>
<b>Financial assets at fair value through other comprehensive income</b>		
- Units in Local Government House Trust	105,103	0
	<u>105,103</u>	<u>0</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 23.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) 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	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Artwork	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	10,348,000	10,348,000	1,113,573	41,075,108	42,188,681	52,536,681	232,880	3,771,501	0	56,541,062
Additions	0	0	345,740	110,358	456,098	456,098	3,418	1,758,826	0	2,218,342
(Disposals)	0	0	0	0	0	0	0	(505,006)	0	(505,006)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	200,000	0	200,000	200,000	0	0	0	200,000
Depreciation (expense)	0	0	(28,526)	(613,480)	(642,006)	(642,006)	(42,127)	(383,121)	0	(1,067,254)
Transfers	124,998	124,998	230,843	4,620	235,463	360,461	53,732	0	0	414,193
<b>Carrying amount at 30 June 2018</b>	10,472,998	10,472,998	1,861,630	40,576,606	42,438,236	52,911,234	247,903	4,642,200	0	57,801,337
<b>Comprises:</b>										
Gross carrying amount at 30 June 2018	10,472,998	10,472,998	1,942,770	41,803,423	43,746,193	54,219,191	316,485	5,268,565	0	59,804,241
Accumulated depreciation at 30 June 2018	0	0	(81,140)	(1,226,817)	(1,307,957)	(1,307,957)	(68,582)	(626,365)	0	(2,002,904)
<b>Carrying amount at 30 June 2018</b>	10,472,998	10,472,998	1,861,630	40,576,606	42,438,236	52,911,234	247,903	4,642,200	0	57,801,337
Additions	0	0	461,673	331,614	793,287	793,287	65,308	1,084,253	0	1,942,848
(Disposals)	0	0	0	0	0	0	0	(750,013)	0	(750,013)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	(2,306)	(331,223)	350,315	16,786
Depreciation (expense)	0	0	(130,497)	(615,121)	(745,618)	(745,618)	(55,155)	(412,029)	0	(1,212,802)
Transfers	0	0	0	0	0	0	140,200	(140,200)	0	0
	0	0	41,480	0	41,480	41,480	0	(41,480)	0	0
<b>Carrying amount at 30 June 2019</b>	10,472,998	10,472,998	2,234,286	40,293,099	42,527,385	53,000,383	395,950	4,051,508	350,315	57,798,156
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	10,472,998	10,472,998	2,454,786	42,135,037	44,589,823	55,062,821	395,950	4,051,508	350,315	59,860,594
Accumulated depreciation at 30 June 2019	0	0	(220,500)	(1,841,938)	(2,062,438)	(2,062,438)	0	0	0	(2,062,438)
<b>Carrying amount at 30 June 2019</b>	10,472,998	10,472,998	2,234,286	40,293,099	42,527,385	53,000,383	395,950	4,051,508	350,315	57,798,156

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar assets.	Independent Valuer	June 2016	Price per hectare.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent Valuer	June 2016	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	June 2016	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
<b>Furniture and equipment</b>	3	Cost approach and depreciated replacement cost.	Independent Valuer	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Artwork</b>	2	Market value using recent observable market data for items	Independent Valuer	June 2018	Price per item.
<b>Plant and equipment</b>					
- Independent valuation 2019	2	Market value using recent observable market data for similar plant and equipment	Independent Valuer	June 2019	Market price based on make, size, year of manufacture and condition.
- Independent valuation 2019	3	Cost approach and depreciated replacement cost.	Independent Valuer	June 2019	Purchase 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

9. INFRASTRUCTURE

(a) 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
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	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	0	0	0	1,627,736	(2,041,929)	0	(414,193)
<b>Carrying amount at 30 June 2018</b>	97,289,534	2,864,891	6,975,087	4,748,800	335,908	2,070,500	114,284,720
<b>Comprises:</b>							
Gross 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
<b>Carrying amount at 30 June 2018</b>	97,289,534	2,864,891	6,975,087	4,748,800	335,908	2,070,500	114,284,720
Additions	1,478,216	52,300	2,194	13,203	388,551	0	1,934,464
Depreciation (expense)	(1,547,937)	(71,622)	(139,502)	(537,578)	(22,404)	(99,921)	(2,418,964)
<b>Carrying amount at 30 June 2019</b>	97,219,813	2,845,569	6,837,779	4,224,425	702,055	1,970,579	113,800,220
<b>Comprises:</b>							
Gross carrying amount at 30 June 2019	98,767,750	2,917,191	6,977,281	4,762,003	724,459	2,070,500	116,219,184
Accumulated depreciation at 30 June 2019	(1,547,937)	(71,622)	(139,502)	(537,578)	(22,404)	(99,921)	(2,418,964)
<b>Carrying amount at 30 June 2019</b>	97,219,813	2,845,569	6,837,779	4,224,425	702,055	1,970,579	113,800,220

9. INFRASTRUCTURE (Continued)

(b) 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.	Independent Valuer	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.	Independent Valuer	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.	Independent Valuer	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.	Independent Valuer	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.	Independent Valuer	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.	Independent Valuer	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.

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

Each class of fixed assets within either 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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### 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.

#### Land under roads

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

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

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

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

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

SHIRE OF NARROGIN  
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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019				2019				2018			
	Actual	Actual	2019	2019	Budget	Budget	2019	2019	Actual	Actual	2018	2018
	Net Book	Proceeds	Actual	Actual	Net Book	Proceeds	Budget	Budget	Net Book	Sale	Actual	Actual
	Value	Value	Profit	Loss	Value	Value	Profit	Loss	Value	Proceeds	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	750,013	604,761	14,394	(159,646)	866,324	742,571	14,305	(138,058)	505,006	481,898	45,183	(68,291)
	750,013	604,761	14,394	(159,646)	866,324	742,571	14,305	(138,058)	505,006	481,898	45,183	(68,291)

The following assets were disposed of during the year.

Plant and Equipment	2019		2019	
	Actual	Actual	2019	2019
	Net Book	Sale	Actual	Actual
	Value	Proceeds	Profit	Loss
<b>Law, order, public safety</b>				
1GNZ817 Isuzu FSS 550 3.4 Fire Unit	28,710	27,273	0	(1,437)
<b>Education and welfare</b>				
NGN10179 2006 Mercedes Sprinter	11,500	13,182	1,682	0
NGN219 2018 Toyota Camry	23,891	17,818	0	(6,073)
NGN847 Ford Mondeo 2014	13,259	8,364	0	(4,895)
NGN839 2015 Nissan Altima	18,421	10,000	0	(8,421)
Brush Cutter 2018	861	0	0	(861)
Honda HRU216 Lawn Mower	1,590	0	0	(1,590)
NGN13077 2008 Loadstar Trailer	3,531	0	0	(3,531)
<b>Community amenities</b>				
NGN00 Holden LTZ Trailblazer	33,392	35,589	2,197	0
NGN00 Pajero Sport GLX 2018	33,963	31,043	0	(2,920)
<b>Recreation and culture</b>				
NRRRC Air conditioner	668	0	0	(668)
NRRRC Solar Power Generator 10Kw	66,398	0	0	(66,398)
<b>Transport</b>				
NGN11845 2010 Toro JD GM7210 72 Mower	12,032	5,000	0	(7,032)
NGN677 2014 Toro Zero Turn Ride on Mower	11,477	10,000	0	(1,477)
NO05 2013 Holden Colorado Duel Cab	21,887	18,182	0	(3,705)
NO592 Mitsubishi Triton 2014	7,700	13,818	6,118	0
1NO Nissan Navara Duel Cab 4x4	23,190	21,545	0	(1,645)
NGN802 2013 Mitsubishi Triton Ute	16,099	11,545	0	(4,554)
00NGN Mitsubishi Triton Dual 2015	27,807	18,727	0	(9,080)
ONO LTZ Holden Trailblazer 2018	35,288	35,480	192	0
NO01 2018 Holden Colarado MY18 Trailblazer	35,012	35,152	140	0
ONO LTZ Holden Trailblazer 2018	34,584	35,589	1,005	0
NO01 2018 Holden Colarado MY19	34,445	35,152	707	0
NO1 1999 UD Nissan Diesel Tip Truck	31,147	20,000	0	(11,147)
NO3 1999 UD Nissan Diesel Tip Truck	27,918	20,000	0	(7,918)
ONO LTZ Holden Trailblazer 2019	35,298	36,652	1,354	0
1TNR029 2012 Loadstar Boxtop Tradesman Trailer 7x4	889	0	0	(889)
<b>Other property and services</b>				
002NGN 2016 Holden Cruz	14,299	8,636	0	(5,663)
1NGN 2017 Pajero Exceed	47,323	46,550	0	(773)
NGN0 Holden Cruze 2015	14,099	10,000	0	(4,099)
1NGN 2018 Pajero Exceed	49,868	46,123	0	(3,745)
ONGN Ford Escape 2018	32,341	33,342	1,001	0
Electrical Cable Testing Equipment	1,126	0	0	(1,126)
	750,013	604,762	14,396	(159,647)

SHIRE OF NARROGIN  
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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	130,497	592,952	28,526
Buildings - specialised	615,121	0	613,480
Furniture and equipment	55,155	38,400	42,127
Plant and equipment	412,029	352,633	383,121
Infrastructure - Roads	1,547,937	1,278,335	1,382,696
Infrastructure - Footpaths	71,622	47,512	52,021
Infrastructure - Drainage	139,502	85,636	92,884
Infrastructure - Parks and Ovals	537,578	31,502	34,026
Infrastructure - Other	22,404	81,878	93,036
Infrastructure - Bridges	99,921	0	0
	3,631,766	2,508,848	2,721,917

**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.

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.

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	5 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)	
formation	12 years
pavement	not depreciated
Footpaths - slab	50 years
Sewerage piping	40 years
Water supply piping and drainage systems	50 to 75 years
Other Infrastructure	10 to 50 years
Bridges	75 to 100 years

**Depreciation (Continued)**

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.

## 11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	43,964,496	0	(177,273)	(177,273)	43,787,223	43,764,496	200,000	0	200,000	43,964,496
Revaluation surplus - Furniture and equipment	26,635	0	(2,306)	(2,306)	24,329	26,635	0	0	0	26,635
Revaluation surplus - Plant and equipment	1,093,697	0	(331,223)	(331,223)	762,474	1,093,697	0	0	0	1,093,697
Revaluation surplus - Artwork	0	350,315	0	350,315	350,315	0	0	0	0	0
Revaluation surplus - Infrastructure - Roads	66,216,935	0	0	0	66,216,935	55,217,348	10,999,587	0	10,999,587	66,216,935
Revaluation surplus - Infrastructure - Footpaths	1,825,795	0	0	0	1,825,795	1,006,788	819,007	0	819,007	1,825,795
Revaluation surplus - Infrastructure - Drainage	6,380,837	0	0	0	6,380,837	3,874,105	2,506,732	0	2,506,732	6,380,837
Revaluation surplus - Infrastructure - Parks and Ovals	2,108,515	0	0	0	2,108,515	1,939,087	169,428	0	169,428	2,108,515
Revaluation surplus - Infrastructure - Other	67,155	0	0	0	67,155	232,743	0	(165,588)	(165,588)	67,155
Revaluation surplus - Infrastructure - Bridges	2,070,500	0	0	0	2,070,500	0	2,070,500	0	2,070,500	2,070,500
Revaluation surplus - Investment LG House	0	105,103	0	105,103	105,103	0	0	0	0	0
	123,754,565	455,418	(510,802)	(55,384)	123,876,454	107,154,899	16,765,254	(165,588)	16,599,666	123,754,565

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

**12. TRADE AND OTHER PAYABLES**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Current</b>		
Sundry creditors	265,704	333,512
Accrued salaries and wages	67,608	56,981
ATO liabilities	120,141	134,393
Other Creditors	(121)	(3,854)
Accrued Expenses	139,072	15,791
Bonds & Deposits Held (previously recorded as Trust)	18,602	0
	<u>611,006</u>	<u>536,823</u>

**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 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.

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13. INFORMATION ON BORROWINGS

	2019		2018	
	\$	\$	\$	\$
Current	166,658	129,778		
Non-current	975,569	792,226		
	1,142,227	922,004		

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
Government				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate Software & Server Upgrade	125	WATC *	3.33%	0	0	0	109	0	0	0	0	46,953	0	46,953	1,627	0		
Administration Building Extension	128	WATC *	2.69%	369,354	0	41,968	12,287	327,386	348,510	0	41,968	12,396	306,542	410,216	0	40,862	14,520	369,354
Recreation and culture																		
Narrogin Regional Leisure Centre	121B	WATC *	5.51%	267,883	0	48,681	15,419	219,202	263,930	0	48,682	15,420	215,248	313,915	0	46,032	18,877	267,883
Town Hall Renovations	126	WATC *	3.86%	154,100	0	28,509	6,784	125,591	139,981	0	28,709	6,784	111,272	181,540	0	27,440	8,520	154,100
Transport																		
Shire Depot	51	WATC *	7.19%	0	0	0	90	0	0	0	89	0	35,004	0	35,004	2,279	0	
Economic services																		
Commercial Property	124	WATC *	5.97%	0	0	0	0	0	0	0	0	0	13,844	0	13,844	550	0	
Industrial Land	127	WATC *	4.48%	130,667	0	10,619	6,636	120,048	125,416	0	10,619	6,636	114,797	140,825	0	10,158	7,238	130,667
Accommodation Units	129	WATC *	2.03%	0	350,000	0	0	350,000	0	350,000	0	0	350,000	0	0	0	0	0
				922,004	350,000	129,777	41,325	1,142,227	877,837	350,000	129,978	41,325	1,097,859	1,142,297	0	220,293	53,609	922,004

\* WA Treasury Corporation

SHIRE OF NARROGIN  
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13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Accommodation Units	WATC	Principle & Interest	10	2.03%	350,000	350,000	4,095	350,000	0	345,905
					350,000	350,000	4,095	350,000	0	345,905

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance	Borrowed During Year	Expended During Year	Unspent Balance
		1 July 2018	Year	Year	30 June 2019
Accommodation Units	28 May 19	\$ 0	\$ 350,000	\$ 4,095	\$ 345,905
		0	350,000	4,095	345,905

(e) Undrawn Borrowing Facilities	2019	2018
	\$	\$
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	400,000	400,000
Credit card limit	15,000	15,000
Credit card balance at balance date	1,539	2,578
<b>Total amount of credit unused</b>	<b>413,461</b>	<b>412,422</b>
<b>Loan facilities</b>		
Loan facilities - current	166,658	129,778
Loan facilities - non-current	975,569	792,226
<b>Total facilities in use at balance date</b>	<b>1,142,227</b>	<b>922,004</b>

**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.

**Risk**

Information regarding exposure to risk can be found at Note 23.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	351,876	244,434	596,310
Non-current provisions	0	22,552	22,552
	<u>351,876</u>	<u>266,986</u>	<u>618,862</u>
Additional provision	302,478	230,952	533,429
Amounts used	(272,933)	(40,868)	(313,800)
<b>Balance at 30 June 2019</b>	<u>381,421</u>	<u>457,070</u>	<u>838,491</u>
<b>Comprises</b>			
Current	381,421	168,123	549,544
Non-current	0	288,947	288,947
	<u>381,421</u>	<u>457,070</u>	<u>838,491</u>
	<u>2019</u>	<u>2018</u>	
<b>Amounts are expected to be settled on the following basis:</b>	\$	\$	
Less than 12 months after the reporting date	254,078	166,686	
More than 12 months from reporting date	573,640	427,421	
Expected reimbursements from other WA local governments	10,773	24,755	
	<u>838,491</u>	<u>618,862</u>	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

**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 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.

## 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	7,906,681	4,051,717	6,976,077

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

Net result	(453,727)	(2,287,779)	2,078,028
Non-cash flows in Net result:			
Depreciation	3,631,766	2,508,848	2,721,917
(Profit)/loss on sale of asset	145,252	123,753	23,108
Changes in assets and liabilities:			
(Increase)/decrease in receivables	365,859	850,000	(902,250)
(Increase)/decrease in Trust & bonds held	(18,602)	0	0
(Increase)/decrease in inventories	(30)	2,000	6,495
Increase/(decrease) in payables	74,183	25,000	156,878
Increase/(decrease) in provisions	219,629	0	(233,260)
Grants contributions for the development of assets	(809,023)	(846,982)	(2,133,477)
Net cash from operating activities	3,155,307	374,840	1,717,439

**16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<u>2019</u>	<u>2018</u>
	\$	\$
Governance	571,173	591,159
General purpose funding	0	500
Law, order, public safety	914,436	1,159,538
Health	9,856	110
Education and welfare	1,209,820	1,108,133
Housing	285,288	290,588
Community amenities	2,704,516	2,822,990
Recreation and culture	32,304,273	32,141,985
Transport	118,591,041	119,537,434
Economic services	10,574,574	10,532,771
Other property and services	5,670,632	5,692,486
Unallocated	8,053,959	7,006,950
	<u>180,889,568</u>	<u>180,884,644</u>

## 17. CONTINGENT LIABILITIES

The Shire of Narrogin had no contingent liabilities at 30 June 2019.

## 18. CAPITAL AND LEASING COMMITMENTS

	2019	2018
	\$	\$
<b>(a) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	136,799	101,977
	<u>136,799</u>	<u>101,977</u>
Payable:		
- not later than one year	136,799	101,977

The capital expenditure projects outstanding at the end of the current reporting period represent outstanding orders issued for capital projects prior to 30.06.2019.

### (b) Operating Lease Commitments

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

	2019	2018
	\$	\$
Payable:		
- not later than one year	28,191	20,465
- later than one year but not later than five years	3,612	40,930
	<u>31,803</u>	<u>61,395</u>

## 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.

## 19. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	88,000	88,000	88,000
President's allowance	23,500	23,500	23,500
Deputy President's allowance	5,875	5,875	5,875
Travelling expenses	139	1,000	44
Telecommunications allowance	5,600	5,600	5,600
	<u>123,114</u>	<u>123,975</u>	<u>123,019</u>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	922,628	505,802
Post-employment benefits	120,798	72,371
Other long-term benefits	96,673	47,213
	<u>1,140,099</u>	<u>625,386</u>

#### *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 long service benefits and annual leave benefits accruing during the year.

## 19. RELATED PARTY TRANSACTIONS (Continued)

### 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:	2019	2018
	Actual	Actual
	\$	\$
Sale of goods and services	5,476	196
Purchase of goods and services	10,136	25,229

\* Purchases to the value of \$10,136 were made to the following during the financial year: Narrogin Revheads, with a related party being a member of Council. Highbury Tennis Club also having a member of Council as a related party and Regional Communication Solutions Pty Ltd being operated by a member of Council.

### Related Parties

#### The Shire's main related parties are, as follows:

##### *i. Key management personnel*

Being any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Including any elected members, who are also considered key management personnel.

##### *ii. Other Related Parties*

Being people associated with KMP, who were employed by the Shire under normal employment terms and conditions.

##### *iii. Entities subject to significant influence by the Shire*

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

## 20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup>			Balance <sup>(1)</sup>			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
Interest Received	59,262	4,122	(63,009)	375	1,025	(557)	843
<b>Law, order, public safety</b>							
SES Subsidy Expenditure	3,104	0	(3,104)	0	0	0	0
BFB Minor Asset Purchase	7,000	0	(7,000)	0	0	0	0
SEMS Local Emergency Awareness	4,708	0	(4,708)	0	0	0	0
Bush Fire Expenditure	9,821	0	(9,821)	0	0	0	0
Bushfire Risk Management Coordinator (DFES)	0	0	0	0	172,931	0	172,931
<b>Education and welfare</b>							
Disability Toilet - Changing Places	24,000	0	(24,000)	0	0	0	0
<b>Community amenities</b>							
Wheatbelt Regional Centres Revitalisation - Narrogin CBD Project	30,000	0	(30,000)	0	0	0	0
<b>Recreation and culture</b>							
Main Roads Art Proposal for Narrogin Link Road	20,000	0	0	20,000	0	(20,000)	0
<b>Other property and services</b>							
CLGF Youth Development	32,590	0	(8,148)	24,442	0	(24,442)	0
Administration Traineeship	0	0	0	0	30,000	0	30,000
<b>Total</b>	<b>190,485</b>	<b>4,122</b>	<b>(149,790)</b>	<b>44,817</b>	<b>203,956</b>	<b>(44,999)</b>	<b>203,774</b>

## 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.

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21. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Back Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate												
<b>Gross rental valuations</b>												
Urban	0.108295	1,696	28,360,768	3,071,329	8,727	1,983	3,082,039	3,071,329	0	0	3,071,329	2,996,820
Rural	0.067463	77	1,284,140	86,632	1,035	2,356	90,023	86,632	0	0	86,632	74,078
<b>Unimproved valuations</b>												
General UV	0.00597	312	168,308,000	1,004,800	0	0	1,004,800	1,004,800	0	0	1,004,800	975,638
<b>Sub-Total</b>		<b>2,085</b>	<b>197,952,908</b>	<b>4,162,761</b>	<b>9,762</b>	<b>4,339</b>	<b>4,176,862</b>	<b>4,162,761</b>	<b>0</b>	<b>0</b>	<b>4,162,761</b>	<b>4,046,536</b>
<b>Minimum payment</b>												
	<b>Minimum</b>											
	<b>\$</b>											
<b>Gross rental valuations</b>												
Urban	1,083	443	3,235,865	479,769	0	0	479,769	479,769	0	0	479,769	471,528
Rural	682	8	82,799	5,456	0	0	5,456	5,456	0	0	5,456	7,183
	743	17	261,170	13,374	0	0	13,374	13,374	0	0	13,374	11,056
<b>Unimproved valuations</b>												
General UV	743	161	13,932,900	118,880	0	0	118,880	118,880	0	0	118,880	93,976
<b>Sub-Total</b>		<b>629</b>	<b>17,512,734</b>	<b>617,479</b>	<b>0</b>	<b>0</b>	<b>617,479</b>	<b>617,479</b>	<b>0</b>	<b>0</b>	<b>617,479</b>	<b>583,743</b>
<b>Total amount raised from general rate</b>		<b>2,714</b>	<b>215,465,642</b>	<b>4,780,240</b>	<b>9,762</b>	<b>4,339</b>	<b>4,794,341</b>	<b>4,780,240</b>	<b>0</b>	<b>0</b>	<b>4,780,240</b>	<b>4,630,279</b>
Ex-gratia rates							4,794,341				4,780,240	4,630,279
Rates paid in advance							9,300				0	8,274
<b>Totals</b>							<b>4,838,905</b>				<b>4,780,240</b>	<b>4,645,781</b>

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.

## 21. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	05 Sep 2018			11.00%
<b>Option Two</b>				
First instalment	05 Sep 2018			11.00%
Second instalment	07 Nov 2018	12.75	5.50%	11.00%
Third instalment	09 Jan 2019	12.75	5.50%	11.00%
Fourth instalment	13 Mar 2019	12.75	5.50%	11.00%
		<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
		\$	\$	\$
Interest on unpaid rates		48,231	35,000	46,777
Interest on instalment plan		18,025	18,000	16,232
Charges on instalment plan		41,287	30,000	34,150
		107,543	83,000	97,159

## 22. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
	\$	\$	\$

### (a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

#### Adjustments to operating activities

Less: Profit on asset disposals	10(a)	(14,394)	(14,305)	(45,183)
Less: Movement in liabilities associated with restricted cash		(52,713)	0	0
Movement in pensioner deferred rates (non-current)		(26,597)	0	6,638
Movement in inventory (non-current)		177,273	0	0
Movement in employee benefit provisions (non-current)		266,395	0	15,545
Movement in other provisions (non-current)		0	0	15,213
Add: Loss on disposal of assets	10(a)	159,646	138,058	68,291
Add: Depreciation on assets	10(b)	3,631,766	2,508,848	2,721,917
<b>Non cash amounts excluded from operating activities</b>		<b>4,141,376</b>	<b>2,632,601</b>	<b>2,782,421</b>

### (b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

#### Adjustments to net current assets

Less: Reserves - restricted cash	3	(4,229,579)	(3,759,440)	(3,954,799)
* Add back: Land previously recorded as "held for resale" - duplication		177,273	(177,273)	0
Add: Borrowings	13(a)	166,658	166,658	129,778
Add: Employee Entitlement Reserve		334,863	387,572	387,576
<b>Total adjustments to net current assets</b>		<b>(3,550,785)</b>	<b>(3,382,483)</b>	<b>(3,437,445)</b>

#### Net current assets used in the Rate Setting Statement

Total current assets		8,999,174	4,874,414	8,460,996
Less: Total current liabilities		(1,327,208)	(1,491,931)	(1,262,911)
Less: Total adjustments to net current assets		(3,550,785)	(3,382,483)	(3,437,445)
<b>Net current assets used in the Rate Setting Statement</b>		<b>4,121,181</b>	<b>0</b>	<b>3,760,640</b>

**NOTE:** This Assets was added to L&B Assets and was also previously recorded as "held for resale" - Creating a duplicated entry. This entry is to create the reversal of the error.

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23. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	1.25%	7,906,681	7,903,941	0	2,740
<b>2018</b>					
Cash and cash equivalents	1.45%	6,976,077	6,973,287	0	2,790

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1.00% movement in interest rates on profit and loss and equity*	79,067	69,761

\* Holding all other variables constant

Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade Receivables**

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable: \$38,020. This has been noted at Note 5, as a forecast for the year 1 July 2018 to 30 June 2019 for doubtful debts, and applies to unpaid rates and properties associated with unpaid rates that may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Gross carrying amount	5,930	149,540	89,129	215,701	460,300
<b>01 July 2018</b>					
Rates receivable					
Gross carrying amount	118,170	90,111	81,365	111,962	401,608

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for sundry receivable.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Gross carrying amount	603,831	10,306	23	21,648	635,808
<b>01 July 2018</b>					
Sundry Receivables					
Gross carrying amount	1,102,602	8,801	211	4,001	1,115,615

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### 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 and disclosed in Note 13(e).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	611,006	0	0	611,006	592,404
Borrowings	203,288	711,815	362,895	1,277,998	1,142,227
	814,294	711,815	362,895	1,889,004	1,734,631
<b>2018</b>					
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

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24. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.  
 In previous years bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3.

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$	\$
Public Open Space	72,599	726	0	73,325	0	73,325
Cross Over Bond	25,564	5,903	(17,280)	14,188	(14,188)	0
Town Hall Bond	4,455	3,650	(4,190)	3,915	(3,915)	0
Other	500	0	0	500	(500)	0
	103,118	10,279	(21,470)	91,927	(18,602)	73,325

## 25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the 30th June 2019 to the date of signing, that would have impacted the Shire of Narrogin's financial statements as at the 30 June 2019.

## 26. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies.

In accordance with AASB 9.7.2.15, the Shire of Narrogin has not restated the comparative information which continues to be reported under AASB 139.

There were no adjustments as a result of applying AASB 9.

#### (a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

**26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

- The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:
- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
  - The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 9 category			
	AASB 139 value	Amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Trade receivables*	1,637,957	1,637,957	0	0
Loans and advances	0	0	0	0
Available for sale financial assets	0	0	0	0
	<u>1,637,957</u>	<u>1,637,957</u>	<u>0</u>	<u>0</u>

\* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

**(b) Impairment**

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. The objective of this Standard is to improve and simplify the (incorporating AASB 2014-7 and approach for classification and measurement of financial assets AASB 2014-8) compared with the requirements of AASB 139. Upon adoption of AASB 9, given the nature of the financial assets of the Shire, the adoption of AASB 9 has not had any material effect.

## 27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities. These standards are applicable to future reporting periods and have not yet been adopted.

The Shire is still assessing the impact of these new accounting standards.

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**28. 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.

**SHIRE OF NARROGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**29. ACTIVITIES/PROGRAMS**

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

**PROGRAM NAME AND OBJECTIVES**

**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 of 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 provided 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**

The 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 Shire 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.

### 30. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	3.32	9.67	3.53
Asset consumption ratio	0.98	0.99	0.98
Asset renewal funding ratio	0.65	0.69	-
Asset sustainability ratio	0.77	1.21	1.13
Debt service cover ratio	14.09	9.93	(3.21)
Operating surplus ratio	(0.19)	(0.01)	(0.52)
Own source revenue coverage ratio	0.50	0.54	0.43

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

**Notes:**

In 2017 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.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors 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 2019, 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 2019 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 annual 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 annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual 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 an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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 annual 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 annual 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 annual 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 annual 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 annual 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 annual financial report, including the disclosures, and whether the annual 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) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. Operating Surplus Ratio as reported in Note 30 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. A large number of accounting journal entries were posted by one employee, with no evidence of review by a second employee. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved. This was addressed by the CEO after our interim audit in May 2019.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) 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 ratios for 2017 in Note 30 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

### 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 2019 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.

SANDRA LABUSCHAGNE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
28 November 2019



Shire of  
**Narrogin**  
*Love the life*

## **SHIRE OF NARROGIN**

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](mailto:enquiries@narrogin.wa.gov.au)**

**W [www.narrogin.wa.gov.au](http://www.narrogin.wa.gov.au)**