



Shire of Northam

2013/14 Annual Report



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Shire President's Message

It is with pleasure that I provide, on behalf of Council a summary of the key activities of the Shire of Northam for 2013/14

Vision

Our vision is a key ambition for the Shire. The 2013/2014 vision is as follows:

"Shire of Northam is a vibrant, growing community that is safe, caring and inclusive. We are recognised as a community that values our heritage, preserves our environment and promotes our commerce."

Mission

Our mission as stated in our Strategic Community Plan 2012-2022 is as follows:

"To deliver responsive, sustainable services in a manner that preserves and enhances our environment and lifestyle whilst respecting our heritage and facilitating economic growth"

It is with this mission in mind that the Shire has delivered services in the last financial year.

Integrated Planning and Reporting Framework

This year is the first year operating under the guidance of our 10 year Strategic Community Plan 2012-2022 and 5 year Strategic Corporate Business Plan 2013-2018 which together form the basis of the integrated planning and reporting framework required by the State Government.

Regional Centres Development Plan (Super Towns):

Implementing the growth plan is the new phase of the plan now underway and it has become evident that prioritising the short and medium term strategies is the next task at hand.

Stage 1 of the Health and Emergencies Precinct has been completed. The Wheatbelt GP Superclinic has now commenced construction and the building is taking shape.

The Avon River foreshore developments are underway with Bernard Park Water Playground development having commenced.

The King Creek realignment and drainage piping has been completed and investigation into the dredging of the "Town Pool" from the Avon Bridge to the Weir has been initiated.

Key Projects

The Shire has had a number of priority capital works projects under way in 2013/2014, these include:

- Water recovery at Wundowie for recycling and reuse;
- Oval reticulation at Bakers Hill;
- Recycled water supply to the Northam Race Club project;

- Investigation into feasibility of an Interpretive Centrenear the Visitors Centre; and
- Town Centre drainage study and proposed remedial works.

Chief Executive Officer:

The Shire of Northam appointed Mr. Jason Whiteaker as CEO from 2 September 2013 on a 5 year contract, replacing our acting CEO Allan Middleton. Jason comes to us from the Shire of Collie which is similar in many respects to the Shire of Northam. Collie has been named a Supertown and Jason's experience in respect to this should assist with Northam which is now also a Supertown.

Financial Position

I am pleased to advise that Council again finished the financial year in a comparatively sound position and I refer interested parties to the Financial Reports in this document for full details.

Councillors

It has been a pleasure to work with the 9 other Councillors over the past year to ensure the best outcomes for all residents and ratepayers across the whole Shire. The October 2013 elections saw each sitting Councillors re-elected which is a good sign that the general population is happy with our individual and collective performance as Councillors. I thank each and every one for their commitment to the Shire. Particular thanks go again to the Deputy President of the Shire, Cr. Terry Little, who has been of great assistance to me in fulfilling the role of President.

Cr Steven Pollard
Shire President

Elected Members



Cr Steven Pollard
Shire President
Town Ward



Cr Dennis Beresford
Town Ward



Cr Ray Head
Town Ward



Cr Rob Tinetti
Town Ward



Cr Des Hughes
Town Ward



Cr Kathy Saunders
East Ward



Cr Terry Little
Deputy President
West Ward



Cr Bert Llewellyn
West Ward



Cr Julie Williams
Central Ward



Cr Ulo Rumjanstev
Central Ward



Chief Executive Officer's Report

It is with great pleasure that I present my report on the 2013/14 financial year performance and progress of the Shire of Northam.

I have been with the Shire of Northam since September 2013, consequently my report is presented in this context. With this in mind I would like to sincerely thank and congratulate the staff at the Shire of Northam for their support, dedication and commitment to the Council and the community since my commencement. Led by a committed Executive Management Group the staff have embraced the changes which we have looked to implement in a mostly positive and committed fashion. The general attitude and commitment of the staff is both appreciated and acknowledged.

From an organisational perspective we no doubt have some challenges ahead. None the least of these is the recent past performance of the organisation in regards to employee turnover. In the previous two years our turnover rate has been in excess of 35% per annum, this obviously represents a significant risk to the organisation and our ability to deliver effective and efficient services. It is therefore positive that our turnover rate this financial year has been reduced to approximately 26%. This is however exceeding the internal benchmarks we have established which are to have our turnover rate less than 20%. We have put a number of initiatives in place to assist the organisation achieve this objective and I look forward to a more positive outcome in future years.

Over the past twelve months as an organisation we have committed to developing a culture which is safe, open, accountable and respectful. These key cultural elements are the non-negotiable traits we are endeavouring to embed into the organisation. This is particularly pertinent in relation to safety. It is my strong commitment that the safety of our staff be paramount. Unfortunately performance around our safety systems and processes are less than acceptable with a recent audit indicating that our level of compliance with Australian Standard requirements is less than 30%, this is an area we will improve upon.

It is our objective to bring our safety compliance performance, in relation to Australian Standards, to in excess of 75%. To assist us in achieving this we have re-established focused our Occupational Health & Safety Committee (OHSC), which now consists of a range of staff from across the organisation. The OHSC has recently endorsed a Safety and Risk Management Plan which provides a clear pathway to enable achievement of our compliance objective.

There are a range of organisational and community performance indicators which have been established through a number of planning documents endorsed by Council. These documents include the Shire of Northam Strategic Community Plan, Shire of Northam Corporate Business Plan and the Northam Town site Growth Plan. These are all extremely important documents which are guiding the future development of Northam. The performance indicators within each of these plans have been established to assist the Council and Community track our achievements against our aspirations. Our performance against each of these indicators is contained within the annual report and I would encourage you to look over these.

From a financial perspective the Council is in a sound position which has been consolidated with our performance over the past twelve months. Council has significant cash reserves, set aside to assist Council deliver on longer term strategies and projects, a level of debt which is manageable and within

established parameters and has achieved well against the years budget projections. In saying this the strong performance against budget objectives needs to be viewed in the context of the number of projects which remained incomplete at the end of the financial year. There is an obvious correlation between unfinished projects and the projected large end of year cash surplus. Project management / delivery is an area which we have focused strongly on over the past six months and will be a continuing focus into 2014/15.

The Council will also continue to monitor its operating surplus position. This is an area of some concern which will require further detailed investigations to ensure we are operating in a financially sustainable manner. Over the next twelve months we will be looking at our operating results with the view to improving them to ensure the long term financial sustainability of the organisation.

From a community perspective we are working hard to build a strong relationship with the residents and stakeholders within the Shire. I have personally attempted to engage with a range community members and make myself and my staff as accessible as possible. This is always going to be a challenge in a community which is growing and from my observations eager to see all communities within the Shire prosper. I am committed to continuing with this engagement and very aware of our need to improve in this area.

Finally I would acknowledge the Elected Council. Led by the Shire President, Cr Pollard, the Council have been extremely supportive of the staff over the past nine months , this has certainly made my transition into the Shire of Northam a smooth one.

Jason Whiteaker

Executive Managers



Denise Gobbart
Corporate Services



Kevin Kane / Tom Findlay (Acting)
Engineering Services



Jean McGready
Community Services



Chadd Hunt
Community Infrastructure



Phil Steven
Development Services

Strategic Community Plan

The Shire of Northam's Strategic Community Plan 2012–2022 was adopted at the Special Meeting of Council held on 26 June 2013 and provides the highest level of direction for the Shire.

It is an overarching framework that provides an overview of the significant programs and activities proposed by the Shire over the next ten years.

Our Mission

"To deliver responsive, sustainable services in a manner that preserves and enhances our environment and lifestyle., whilst respecting our heritage and facilitating economic growth"

Our Commitment

- Leadership* to recognise the community's expectations to provide leadership
- Respect* to respect differences in age, culture, values and opinion
- Teamwork* to achieve through the efforts of the team
- Excellence* to aspire to one standard
- Openness* to engender trust through our openness

Our Vision

Shire of Northam is a vibrant growing community that is safe, caring and inclusive. We are recognised as a community that values our heritage, preserves our environment and promotes our commerce.



Strategic Community Plan

Changes to the Community Strategic Plan

At the Ordinary Meeting of Council held 18 June 2014, Council adopted a revised Strategic Community Plan. The following table identifies the adjustments made to the pre-existing Strategic Community Plan;

Page number	Proposed amendment details	Reason for change
12	The Council is reviewing its vision statement to reflect elements around Heritage, Commerce, Lifestyle	To ensure that the Council has a clear concise statement about its vision for the future of the Northam Shire
13	Removed strategy G2.4 – ‘Promote a culture of continuous improvement process’	Removed, incorporated into G2.3 – ‘Operate / Manage organisation in a sustainable manner’
14	Removed strategy G3.2 ‘Enhance the capacity and effectiveness of administrative processes’	Removed, incorporated into G2.3 – ‘Operate / Manage organisation in a sustainable manner’
	Removed strategy G3.3 ‘Provide reporting processes in a transparent, accountable and timely manner’	Removed, incorporated into G2.3 – ‘Operate / Manage organisation in a sustainable manner’
	Removed strategy G3.4 ‘Recruit retain and develop suitably qualified, experienced and skilled staff’	Removed, incorporated into G2.3 – ‘Operate / Manage organisation in a sustainable manner’
15	Rename Performance area from Social to Community	The current Social terminology does not align to other documents such as the Northam Growth Plan, which references Community
	Add C1.7 ‘Provide an environment that enhances and builds on the liveability of the Shire or Northam’	Identified as strategy required to enable staff to action in this area.
	Removed strategy S2.2 ‘Collaborate with stakeholders to update and implement the community safety plan’	Not considered an actionable strategy. Incorporated in Corporate Business Plan
	Removed strategy S2.5 ‘Lobby to maintain adequate police services’	Not considered an actionable strategy. Incorporated in Corporate Business Plan
16	Removed strategy S3.1 ‘Develop a broad recreation master plan for the Shire’	Not considered an actionable strategy. Incorporated in Corporate Business Plan
	Removed strategy S3.3 ‘Provide and facilitate appropriate, accessible recreation services’	Not considered an actionable strategy. Incorporated in Corporate Business Plan as part of strategy S3.1
17	Removed strategy E1.2 ‘Support land use for agricultural production and related industries’	Not considered an actionable strategy. Incorporated in Corporate Business Plan
	Removed strategy E2.4 ‘Facilitate the development of tourism activities associated with the Shire’s diverse natural, social and built heritage’	Not considered an actionable strategy. Incorporated in Corporate Business Plan

18	Removed entire objective E3 'Provide and support an effective and efficient transportation network'	This has been replaced with the new Key Result area (refer below)
19	Removed strategy N1.4 'Provide leadership for energy conservation projects and initiatives'	Not considered an actionable strategy. Incorporated in Corporate Business Plan
	Removed strategy N1.6 'Encourage climate change adaptation planning and mitigation'	To be replaced with a more actionable strategy
	Add strategy N1.6 'Develop an understanding and position on climate change'	Replacing above strategy
	Removed strategy N2.4 'Perform sustainable resource use and land management practices'	Removed
	Remove strategy N2.5 'Create buffer zones to protect the natural environment against development'	Not considered an actionable strategy. Incorporated in Corporate Business Plan
	Remove strategy N2.6 'Support protection of existing & remnant vegetation and revegetation along waterways'	Not considered an actionable strategy. Incorporated in Corporate Business Plan
	Remove strategy N2.7 'Encourage and support community environmental projects'	Not considered an actionable strategy. Incorporated in Corporate Business Plan
21	Add Key Result area 'INFRASTRUCTURE AND RESOURCES' and associated objectives and strategies	Integrates the strategic community plan key result areas with the Northam Growth Plan
22	Add Key Result area 'PUBLIC REALM AND BUILT ENVIRONMENT' and associated objectives and strategies	Integrates the strategic community plan key result areas with the Northam Growth Plan
23-24	Added section around resourcing	Requirement of Act
25-28	Developed Key Performance Indicators	Requirement of Act – have taken indicators primarily from growth plan and other integrated plans

Strategic Community Plan - Key Result Area's

GOVERNANCE				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Accountability & Leadership	Community Satisfaction with Council Communications	Biennial Community Survey (2014, 2016, 2018 etc)	75%	Survey to be undertaken late 2014 early 2015
Corporate Management	Safety – Lost Time Injury Frequency Rate	Number of lost time injuries x 1,000,000 / Total hours worked	<15	17.6
	Staff turnover rate	Number of staff separations*/ Total number of Staff (less casual an Council instigated)	<20%	26%

Organisational Capacity & Capability	Debt Servicing – This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan	Annual Operating Surplus BEFORE Interest and Depreciation / Principal and Interest	>4	2.9
	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past years transactions	Current Assets MINUS Restricted Assets Current Liabilities MINUS Liabilities Associated with Restricted Assets	1:1 (100% or greater)	156%
	Percentage of element identified with the annual Department of Local Government Audit Return identifies as being complied with by the Shire of Northam	# of Audit elements complied with x 100 / Total number of Audit elements Compliance audit for the period 1 st January to 31 st December against the requirements of the Compliance Audit Return	>90%	89

NATURAL ENVIRONMENT

Performance Area	Key Performance Indicator	Formula	Target	Actual
Waste Management	Waste diverted from Landfill	Percentage of		Kerbside Recycling tonnes collected (minus 20% waste products) = 906 tonnes, divided by shire population 10,557 persons (minus 20% population not on service) 8445 persons = 107.3kg per person per year.
Natural Environment	Decrease in nutrients and sediments within Town Pool	Water Sampling (Dept of Water)	Having a healthy Town Pool Having a full Town Pool	Water sampling is not undertaken by Department of Water. AVES undertakes this currently. Unable to determine sediment load impacts at this stage
Water Resources	Decrease in annual Council water consumption	Comparison of water used from June to June	Reduction 60,863KL was used in 2012	64,180KL in 2013

COMMUNITY

Performance Area	Key Performance Indicator	Formula	Target	Actual
Growing, Caring and Healthy	Estimated Residential Population (ERP) of 13,700 for Northam Town SLA	According to ABS 3218.0 (measured annually)	Northam Population to be 20,000 by 2031 (11,165 in 2012)	11,730 in 2013
Public Safety	Reduction in Crime	Reduction in reported assaults http://www.police.wa.gov.au	>190	187
		Reduction in reported burglary http://www.police.wa.gov.au	>246	183
		Reduction in reported graffiti http://www.police.wa.gov.au	>16	14
		Reduction in reported robbery http://www.police.wa.gov.au	>1	8
		Reduction in reported motor vehicle theft http://www.police.wa.gov.au	>26	27
	Regular Local Emergency Management Meetings	Number of meetings held annually	2	2
Recreation Facilities	Community Satisfaction with Council provided recreational facilities	Biennial Community Survey (2014, 2016, 2018 etc)	To be determined	Not Completed

ECONOMIC				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Business & Investment	Unemployment Rate reduces to below WA State average	DEEWR provides statistics	Reduction 4.8% in June 2013	5% in June 2014
	Grow Labour Force Size	DEEWR provides statistics	Above 2.5% pa	2.8%
	Growth in number of businesses employing 50 or more workers with registered address in Northam	ABS 8165.0 provided statistics	Growth Number of industries employing 20-199 for the June 2009 – June 2013 period	15
	Increase in gross regional product (GRP)	ABS provided statistics Statistics only provided for gross state product (GSP)	Growth 240811 in June 2012	252999 in June 2013
Regional Tourism	Number of Visitors to Visitors Centre	Annual visitations counts (through door)	Growth (18,137 for 2012/2013)	17,513
INFRASTRUCTURE & RESOURCES				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Effective and efficient transport network	Asset consumption ratio (ACR)	Depreciated replacement costs of assets (written down value) divided by current replacement costs of depreciated assets.	60%	75.3%
	Asset sustainability ratio (ASR)	Capital expenditure on replacement or renewal of assets divided by the depreciation expense	90%	251%
	Asset renewal funding ratio address in Northam LGA	Net present value of planned capital expenditure based on current Departmental guidance on renewals over ten years divided by the net present value of the required capital expenditures on renewals over the same period	95%	92.3%

PUBLIC REALM & BUILT ENVIRONMENT

Performance Area	Key Performance Indicator	Formula	Target	Actual
Development Opportunities	Current local Planning Scheme in place	Age of Planning Scheme	Reviewed every 4 years or less	10 Months (Last reviewed August 2013)
	Current local Planning Strategy in Place	Age of Planning strategy	Reviewed every 4 years or less	10 Months (Last reviewed August 2013)

Corporate Business Plan

Changes to the Corporate Business Plan

At the Ordinary Meeting of Council held 19 March 2014, Council endorsed the 2014 Corporate Business Plan. The Executive reviewed the 2013 Corporate Business Plan the result of this review is a newly developed corporate business plan which is felt provides more detailed information and direction to all stakeholders.

The format of the plan has changed significantly, although it has utilised the structure of the strategic community plan as its basis. That is the corporate business plan reflects the Councils strategic community plan Vision, Objectives and Strategies.

The process involved a wide range of staff who provided input to;

- Ensure that the plan covers all of the major actions which staff undertake;
- Reconcile staff actions to Council strategies (that is the aim is to ensure that the strategies identified by Council are supported by staff resource);
- Question what we do as staff to try and validate our daily tasks back to ensuring they are contributing to our overall objectives;
- Identify gaps between strategies and actions;
- Confirm organisational alignment. In order to achieve positive organisational outcomes there needs to be a strong alignment between the strategy of the Council and organisational structure. The corporate planning process has identified gaps and highlighted areas which require more (or less) resources, it has also allowed for internal work focus to ensure a strong alignment of tasks and skills.

As a result of the review of the corporate plan there were a number of key specific actions identified which could not be easily categorised into the original key result areas. Consequently two additional areas were identified, being;

- Infrastructure and Resources; and
- Public Realm and Built Environment

Corporate Business Plan - Key Result Area's

HUMAN RESOURCES				
Performance Area	Key Performance Indicator	Formula	Target	Actual
<i>Safe Working Environment</i>				
Workplace Safety	Lost Time Injury Frequency Rate	Number of lost time injuries x 1,000,000 Total hours worked	<15	17.72
Occupational Health and Safety Management	Percentage compliance with AS/NZS 4801:2001 requirements	Average percentage compliance over 10 sections through an independent audit *formal assessment by LGIS to be undertaken	> 76%	28%
<i>Appropriately Skilled Workforce</i>				
Professional Development	Percentage employee satisfaction with professional development opportunities	Average percentage satisfaction across all Departments determined through Tri- Annual Workforce Systems Processes People Audit	>60%	N/A
<i>Retention of Valued Staff</i>				
Staff Turnover	Staff turnover rate	Number of staff separations* Total number of staff (less casual and Council instigated)	<20%	26%

FINANCIAL MANAGEMENT				
Performance Indicator	Definition	Formula	Target	Actual
Budget Management	Percentage variance in actual year to date expenditure (operating or capital) versus budgeted expenditure	$\frac{\text{Actual Expenditure} - \text{Budgeted Expenditure}}{\text{Budgeted Expenditure}} \times 100$	<10%	22.43%
Current Ratio	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions	$\frac{(\text{Current Assets MINUS Restricted Assets})}{(\text{Current Liabilities MINUS Liabilities Associated with Restricted Assets})}$	1:1 (100% or greater)	156%
Debt Service Ratio	This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan	$\frac{\text{Annual Operating Surplus BEFORE Interest and Depreciation}}{\text{Principal and Interest}}$	>4	2.9
Creditor Processing	Percentage of Council creditors paid within 35 days	$\frac{\text{Number Creditors Paid} \leq 35 \text{ days}}{\text{Total Number Creditors}} \times 100$	≥90%	79% (30 days)

GOVERNANCE				
Performance Indicator	Definition	Formula	Target	Actual
Corporate Plan Achievement	Percentage of identified Corporate Actions achieved	$\frac{\text{Corporate Actions undertaken in current year}}{\text{Total Number of Corporate Actions}}$	100%	94.5% (110 tasks of which 6 not undertaken)
Project Delivery	Percentage of Major Projects delivered	$\frac{\text{Number of Major Projects Delivered in current year}}{\text{Total Number of Major Projects Identified in Corporate Plan}}$	100%	52%

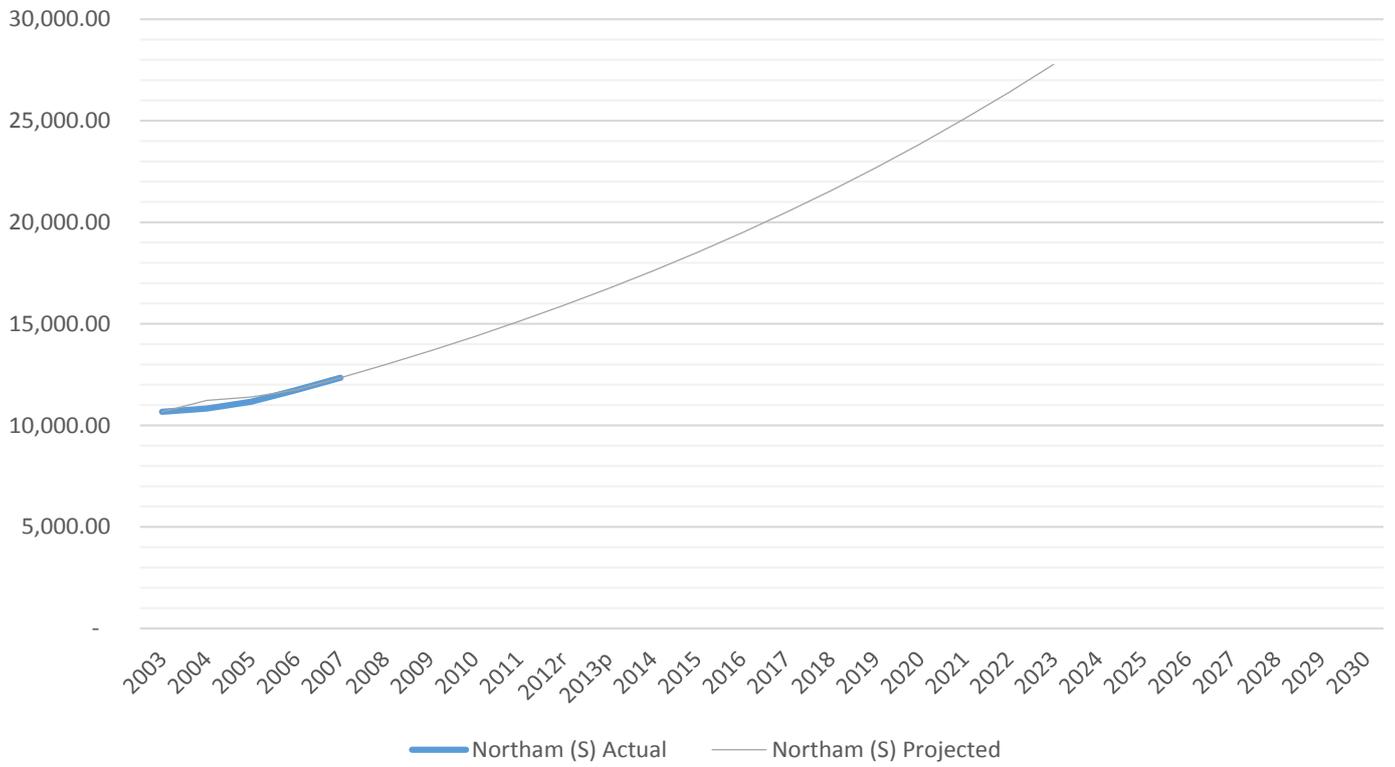
COMPLIANCE				
Performance Indicator	Definition	Formula	Target	Actual
<i>Statutory Planning</i>				
Building License Processing	Average Building Licence processing time	Building license process times to be measured by the official date received and official date licensed issued	≤20 days	35 day average (currently cannot easily distinguish delegated and non-delegated)
Development Application Processing	Average Development Application processing times	Total days to process development applications Total number of development applications Development application process times measured by the official date received and official date approval issued, less any official hold periods recorded	≤30 days (delegated decisions) ≤40 days (non-delegated decisions)	
<i>Local Government Compliance</i>				
Compliance Auditing	Percentage of elements identified within the annual Department of Local Government Audit Return identified as being complied with by the Shire of Northam	# of Audit elements complied with x 100 Total number Audit elements Compliance audit for the period 1st January to 31st December against the requirements of the Compliance Audit Return	≥90%	89.8%

Growth Plan

Growth Plan Key Result Area's

Theme	Key Performance Indicator	Formula	Target	Actual
Total Avon River Catchment Management	Decrease in nutrients and sediments within Town Pool	Water Sampling (Dept of Water)	Having a healthy Town Pool Having a full Town Pool	Water sampling is not undertaken by Department of Water. AVES undertakes this currently. Unable to determine sediment load impacts at this stage
Population and Demographics	Northam Population to be 20,000 by 2031	Estimated Residential population	20,000 for Shire of Northam (2031)	11,730 (2013) (2014 unavailable)
		Estimated Residential population	13,700 for Northam town site (2031)	Not available
		Average ERP growth rate	>5.2%	5.1% (12/13) (13/14 unavailable)
		Residential building approvals	>125 pa	61

Population Movement Performance against aspiration



2013/14 Major Projects

Bakers Hill Water Supply

The pipeline and pump system to transfer treated wastewater and stormwater from the existing storage dam in Wundowie to Bakers Hill has been completed and is now fully operational. The funding for the emergency water supply project was provided through the National Disaster Resilience Program and Royalties for Regions (CLGF).

Bakers Hill Tennis Court Refurbishment

The refurbishment of the Bakers Hill Tennis Courts was undertaken, in conjunction with the Department of Sport and Recreation and the Bakers Hill Tennis Club. The facility was completed ready for the 2014 tennis season.

Wundowie Stormwater Reuse Project

Little work was undertaken on the implementation of this project and will be finalised in the 2014/15 financial year.

Works Depot Relocation

The amalgamation of the former Town and Shire of Northam has provided an opportunity for the Shire to rationalise the land holding set aside for its depot facility. The current combined area of land, approx 30,000sqm, is more than twice what is needed to accommodate a

modern and well equipped Depot.

The Shire has identified site options for its new depot facility and these will be investigated more fully over the next twelve months to ensure adequate design and location. Consideration will be given to the inclusion of a fully equipped workshop, secured covered parking for heavy equipment, modern staff amenities, bulk fuel storage and a purpose built records storage facility.

The project has been put on hold for the current Engineering Management team to review their needs prior to the facility being commenced.

Killara Respite Cottages

Construction of the 16 bedroom respite facility was completed and the cottages are now being utilised for overnight respite care. The

facility was architecturally designed for respite care with specific consideration to dementia patients. Funding was provided through a number of sources including Royalties for Regions (Regional Allocations and Action Agenda Funding), Lotterywest and Home and Community Care.

Bakers Hill Oval Reticulation

The reticulation of the Bakers Hill oval was completed and improvements to the playing surface will be undertaken in subsequent years. The oval will now be able to be utilised through the summer months. Funding for this project was provided by the Department of Sport and Recreation and Royalties for Regions.



2014/15 Proposed Projects

Wundowie Stormwater Reuse Project

This project involves the capture and storage of additional urban stormwater runoff for reuse in existing public open spaces within Wundowie and Bakers Hill. The project involves the construction of a cover on the existing Wundowie Storage Dam, a stormwater harvesting device and improved drainage capture works. Funding is being provided through Wheatbelt NRM and Council.

Killara Respite Facility Stage 2

Finalisation of the next stage of the Killara facility involves the completion of the renovations to the existing day care centre. The majority of works is involved with the upgrading of the existing kitchen facility to bring it up to a full commercial standard and minor renovation works to the remaining building. Funding for this project has been provided through Royalties for Regions (Action Agenda).

Avon River Town Pool Works

Following adoption of several management actions, the improvement to the environment and water quality of the Town Pool will be enacted through the coming financial year. These works are likely to involve dredging of the river during the latter half of 2014/15. Council has committed funds in this year's budget to undertake the required works.

Bernard Park Water Playground

The completion of the ancillary works around the water playground will be completed in the first half of the 2014/15 financial year and the playground will be fully operational at the beginning of summer. The associated works include paving, seating, shade and additional BBQ facilities.



Community Services

Sponsorship & Grants

A large number of sporting and community organisations received financial support through the Shire of Northam Community Funding Program to support a wide range of projects, programs, events and activities.

Funding of over \$ \$94,038.00 was provided to the following recipients for 2013/14:

- Northam Scout Group
- Northam Springfield Football Club
- Northam Country Club – Golf Division
- Northam Lawn Tennis Club
- Northam and Districts Gun Club
- Avon Events and Marketing
- Avon Valley Arts Society
- Wundowie Men's Shed
- Northam BMX Club
- Northam Over 60's Group
- Northam Senior Citizens Social Club
- Northam Sub Branch RSL
- Northam Theatre Group
- Southern Brook Progress Association
- Vintage Sports Car Club of WA
- Bakers Hill Adult Riding Club
- Bakers Hill Golf Club
- Bakers Hill Out of School Hours Care
- Clackline/Muresk Bush fire Brigade
- Northam Christian Ministers Association



The Shire of Northam also provided funding of over \$28,000 to six Progress and Community Associations to assist in the delivery of projects of their choice. Local schools and tertiary institutions have received \$4,140 for awards and scholarships and the Chamber of Commerce has received an amount of \$60,000.

Killara

The Shire of Northam Killara Adult Day Care and Respite provides day, overnight and emergency respite services for frail aged persons, people suffering dementia and people with disabilities.

Killara also provides a weekly service based in Wundowie, offering centre-based day care, functions and a range of activities. There is also a transport service for clients who find it difficult to access Killara.

Services provided at Killara include:

- Centre-based day care
- Social support i.e. community-based support
- Day and half-day outings
- Craft
- Multi-cultural support
- Mens Support Group
- Friendship Group
- Seekers Outing
- Getabout Outings for carers
- Cafe Fliers social group
- Personal Care - health and beauty
- Wednesday Group for people with intellectual disabilities

Referrals can be made through Killara, other agencies, self-referral, the Aged Care Assessment Team or Commonwealth Carelink and Respite Centres. From July 2014, all referrals will be made to Regional Assessment Teams at Commonwealth Carelink and Respite Centres.

To assist in the transportation of clients Killara operates two cars, a service specific van

and a 27 seater bus with a wheelchair lift.

Construction of an expansion to the respite facility commenced in 2012, and is funded by the Shire of Northam, Royalties for Regions Local Government Fund and Lotterywest. The facility opened in November 2013 and is fully operational with two respite cottages, each containing eight bedrooms with ensuite, as well as spacious family, dining, community and lounge areas that will be furnished to create a homely atmosphere.

Libraries

The Shire of Northam operates the Northam Library and the Wundowie Library, with both facilities well utilised by their respective communities.

Both libraries have new stock introduced to their collections on a monthly basis to ensure new selections are available to regular readers, members can also make requests for specific items.

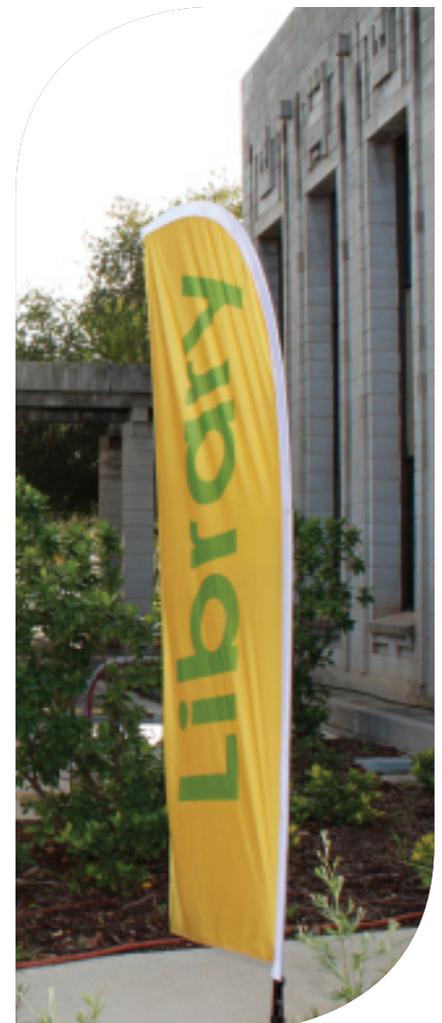
Activities at the libraries include displays, social activities, educational school tours, historical research, book launches and workshops.

Northam Library has introduced Baby Rhyme Time sessions to their Children's Story Time activities to encourage families to introduce books early into their child's life. The Northam Library facilitates a book club and writing group, and also provides a suitable environment that is utilised

for university examinations, consulting groups, study groups and Read Write Now Group.

The Wundowie Library offers scrapbooking classes, Trivial Pursuit game days and a weekly Op Shop is run by the local Church group in the meeting room.

To ensure inclusion and accessibility for all members of the community, the northam Library offer two computers for public use and also delivers to residents that are housebound. This service has 25 patrons with the books selected by staff and delivered on a weekly basis. Deliveries to the Northam Hospital is also provided when requested.



Visitor Centre

The Northam Visitor Centre is ideally located on the banks of the Avon River in Northam, delivering quality visitor services, seven days a week from 9am to 4pm.

In 2013-14 the Centre said goodbye to many members of staff, and welcomed an almost entirely new team. In addition to this, the Shire Events were also relocated to be part of the Visitor Services team.

The Centre hosts an art gallery on behalf of the Avon Valley Arts Society, with quality art work on display and available for sale. The Sense of Place Migrant Display remains a popular visitor attraction and the centre is now also host to interpretive displays by the Wheatbelt Natural Resource Management, the Avon Valley Environmental Group and the Maarli Circle of Elders. These displays feature information on the environment and Aboriginal culture, including artefacts and artwork, and are very well received by all visitors to the centre. Plans have been well underway to test the feasibility of a new interpretive space next to the current Visitor Centre site, and so the potential for the displays is very exciting for Northam.

The centre has revitalised its racking fee program, now known as the VIP program, and once again this is very well received by both local and state-wide businesses alike.

Events

The Shire of Northam coordinated a number of events throughout 2013/14 that contributed to the social wellbeing of the community and attracted thousands of visitors to the Shire. The events were all aimed to appeal to a broad spectrum of ages and interests, and included the following:

- Australia Day Celebrations
- Concerts in the Park Series
- Twilight Movie Series
- Avon River Festival
- Pink Ribbon Walk
- Dog's Day Out
- Avon Valley Christmas Party
- Welcome to Northam



The Shire of Northam also worked collaboratively with other organisations to deliver events to the community, for example the provision of children's activities at the Wundowie Iron Festival, the Flying 50s Vintage Car Rally and the Bakers Hill Motorama.

Recreation Services

Northam Recreation Centre

The Recreation Services has continued to deliver an extensive range of sporting activities through our own Social Sports. Sports included in this program are as follows:

- Floorball
- Mixed Netball
- Badminton
- Table Tennis

Community sporting groups also enjoyed a very full and comprehensive season culminating in some excellent finals competition. The principle sports included are:

- Basketball
- Netball
- Hockey
- Football
- Little Athletics

Northam Pool

The Northam pool underwent refurbishment of the filtration and some hydraulic modifications. These necessary improvements made the 2013/14 season enjoyable for all patrons and staff. For the first time a Dive in Move night was held at the Pool which was very successful. Early morning swimming (6am to 7am through the months of January to March proved popular. Overall last season proved to be popular with large numbers of families attending. The Northam swimming Club also have had a busy and successful year.

Wundowie Swimming Pool

The Wundowie swimming pool also underwent improvements with the replacement of the old chemical dosing systems. The replacement systems are much safer and efficient to use. Wundowie also had a successful season attracting a good number of attendances. The Silver Wings aqua-fitness classes continue to attract good patronage from our more senior clients.

Town/Lesser Hall

Both the Town & Lesser halls continue to attract an interesting array of community events, socials and exhibitions and is an important part of the Recreation Services suite of services.



Corporate Services

Corporate Services is responsible for producing the Shire's Community Strategic Plan Budget and Annual Financial Statements and is required to meet statutory compliance regulations to ensure full accountability and disclosure of information.

This service area is also responsible for the raising and collection of rates, information technology and record keeping, as well as customer service.

The principles used to prepare the 2013/14 Budget were balanced and reflected community needs. A significant portion of the capital works program objectives were met and a range of services were provided to the community within the specified budget.

Corporate services staff continue to develop skills and knowledge to ensure high industry standards are

maintained. With sustained effort the Shire of Northam's reputation in Financial Management terms within the community and the Local Government industry continues to improve.

Reserve Accounts

The Shire is well positioned in regard to Cash-Backed Reserve Accounts with a holding of \$4,848,179 as at 30 June 2014; an increase of \$322,332 or 7.12% on 30 June 2013.

Outstanding Rates

Rate debtors have increased from \$568,857 at 30 June 2013 to \$717,627 at 30 June 2014, although the outstanding rates ratio remained at 7%. Monitoring and collection of outstanding receivables has a direct impact on the cash available to Council, and despite considerable effort to reduce the ratio during 2013/14, this has been to no avail.

Loans and Borrowing

The Shire of Northam is in debt to the Western Australian Treasury Corporation to the extent of \$4,090,667 as at 30 June 2014. These various loans mature over the next 18 years. Of this indebtedness the community has self-supporting loans of \$334,761.

The distribution of Council Purpose Loans is as follows:

Purpose of Loan	Amount
Administration Office	\$ 89,196
CBD Streetscape	\$ 717,729
River Dredging	\$ 12,047
Airstrip Upgrade	\$ 48,570
Recreation Facilities	\$ 2,061,763
Purchase Victoria Oval	\$ 826,601
Total	\$ 3,755,906



Development Services

Town Planning

Statutory Planning

Local Planning Scheme No.6 (LPS6) was gazetted by the WAPC in August 2013, to replace and update the former Town Planning Schemes 3 and 5, which applied to the former local governments that existed prior to amalgamation.

Shire Officers have been familiarising themselves with the LPS6 provisions, and with properties that have been rezoned as part of this process. All Local Planning Policies and procedures subject to previous Town Planning Scheme 3 & Town Planning Scheme 5, have been updated to reflect the intent of Local Planning Scheme No 6.

Subdivisions

During the 2013/2014 financial year, a total of 27 new lots were created including 23 'Rural Residential' 2 'Commercial' and 2 'Residential' zoned lots. There were also 3 subdivisions that incorporated boundary realignments and 2 amalgamations of properties.

2 large Rural Residential subdivisions are currently under construction, further to the approvals granted in 2013/14;

- Lot 2 Oyston Road named 'Wandoo Valley' which has created 14 Rural Residential Lots.
- Lots 2 & 3 Golf Links Road, named 'Mauravillo'. This subdivision is stage one of the Wundowie Northwest Precinct Local Structure Plan, and creates an additional 167 Rural Residential lots.

Developments

A total of 124 development approvals (126 development applications) were issued during the year, including approvals processed under delegated authority and Council decisions at its ordinary meetings. This is a small increase in development activity from the 2012/13 financial year (from 121 applications).

Scheme amendments

During the 2013/14 financial year, no Amendments to Local Planning Scheme No 6 were gazetted and finalised.

Strategic Planning

The Shire is implementing various strategic planning documents that were previously adopted by Council including: Northam Regional Growth Plan, Northam Town Centre Car Parking Strategy, Municipal Heritage Inventory, Northam Bike Plan, and the Northam Commercial & Government Office Accommodation Strategy. Further strategic documents being implemented by Shire Officers have been actively progressed as listed below;

Laneway Strategy

In the 2013/14 financial year the following objectives of the Laneway Strategy were progressed;

- Constructed Laneway 1 – Enfield Terrace.
- Laneway's 4 & 7 – in the process of formalising this laneway as a dedicated road within the Shire.

Land Rationalisation Strategy

The Shire has agreed to sell a number of properties excess to its needs, namely Lots 233 and 234 Kingia Rd, Wundowie, Lot 160 Sims Road, Wundowie, Lots 17 & 18 Chidlow St, Northam, Lot 21 Northam-York Rd, Muluckine, Lot 400 Byfield St, Northam and Lot 402 East St, Northam.

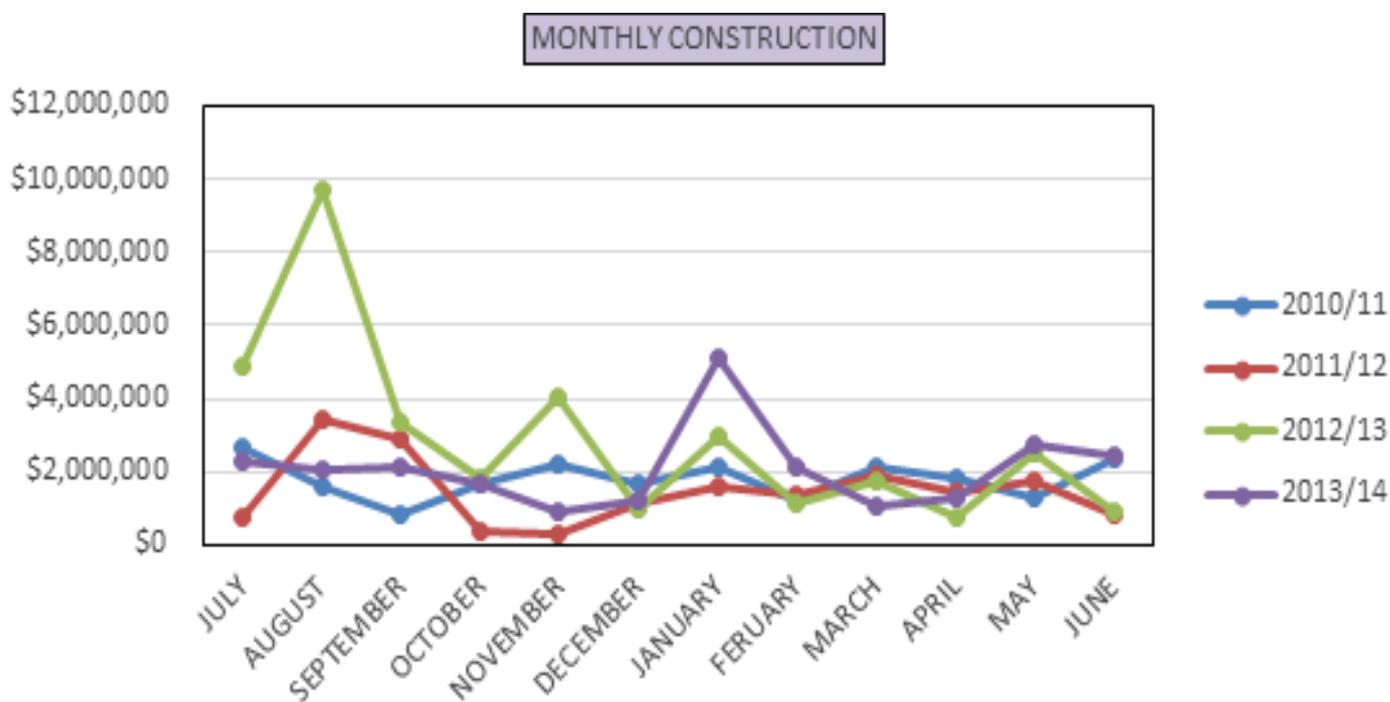
Biodiversity Strategy

At Council's Meeting on 5 March 2014, Council embarked on the process of developing a Local Biodiversity Strategy for the Shire of Northam. A stakeholder meeting was held on 7 May 2014 to set targets for the Strategy. The WA Local Government Association has recognised the Shire's achievement in commencing the process, which is hoped to be finalised in the next 12 months.

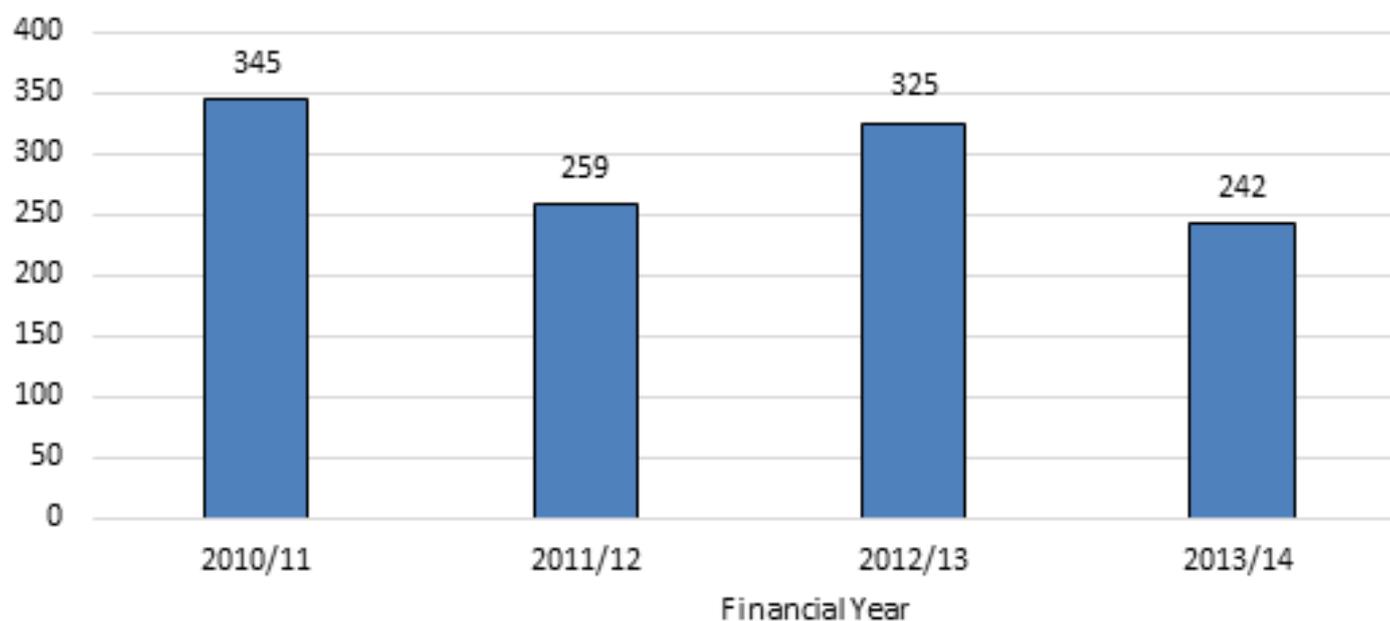
Building

Building approvals

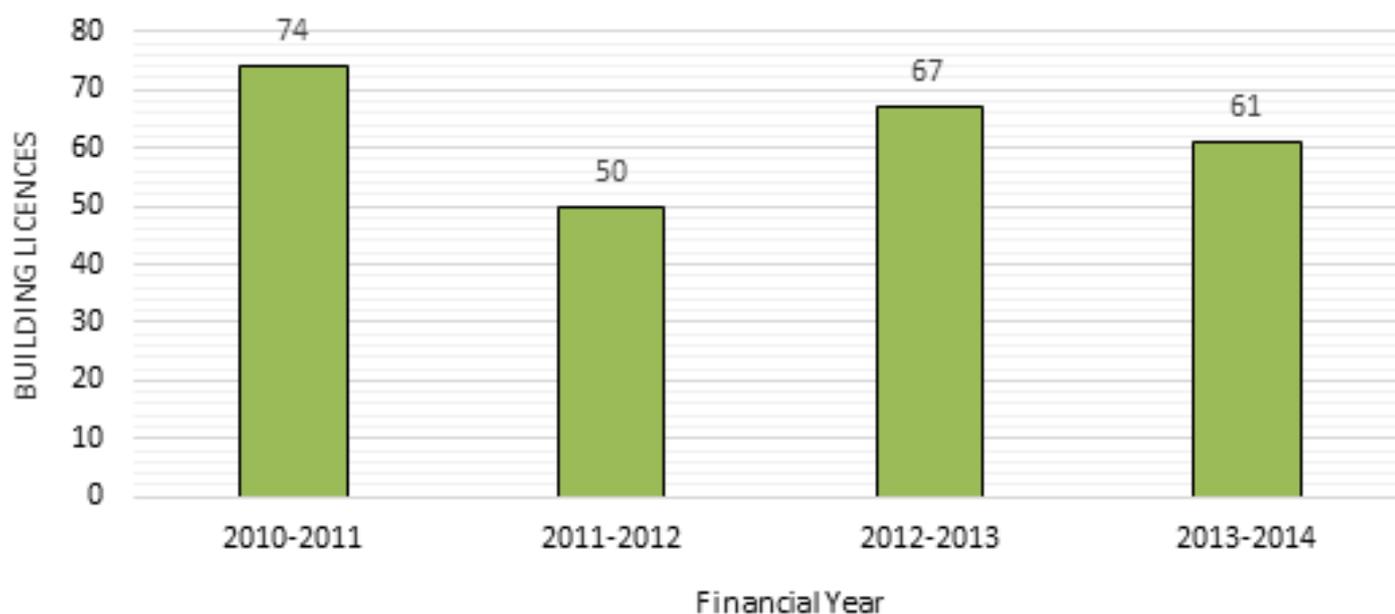
The Shire approved 242 building licences in 2013/2014. The total value of construction was \$25,106,683.



Building Approvals



New Dwellings



Building approvals (242) consisted of 61 new dwellings, 128 building additions & outbuildings, 14 swimming pools, 9 demolitions, 2 signs, 5 factory/ offices, 4 fences/ retaining walls, and 19 from other categories.

Although the number of permits issued is slightly lower than previous years some of the developments are more significant than other years, including offices and teaching rooms at the Wundowie Ambulance Station; Mazda and Holden Car Showroom; an extension to the Killara Aged Care Facility; the Wheatbelt GP Superclinic and two Telecommunication Towers.

The introduction of the new building legislation in 2012 brought about many changes for Builders, Designers and Building Surveyors. The building community is still adapting to the changes and the Shire is continually updating processes and procedures to ensure a smooth application process is achieved.

Building Supervision

It was another busy year in the Building Maintenance Department in addition to the ongoing maintenance schedule and response to repairs and vandalism. Several successful projects were completed with planning and preliminary work for future projects underway.

Projects completed included:

- Wundowie Depot lunch room;
- CCTV cameras installed at the corner of Fitzgerald St and Prince Place;
- Commercial kitchen renovation at the Northam Town Hall;
- Commercial kitchen renovation at the Bakers Hill Pavilion;
- Storage area created for the Shire of Northam Art Collection;
- Niche wall and shelter constructed at the Northam Cemetery;
- Toilet renovations completed at the Wundowie Hall;
- Toilet renovations completed at Apex Park; and
- Preparation of the former St John's building in readiness for renovations for the Wheatbelt NRM.

Preliminary works commenced in 2013/14 for implementation in the next 12 months:

- Commercial kitchen renovation for Killara;
- Landscaping for Bernard Park Water Playground; and
- Grant received for the Old Northam Fire Station.



Health

Various health related programmes have been delivered during the year.

Premises within the Shire that require licensing and ongoing monitoring for compliance include:

1. Lodging Houses;
2. Food Businesses;
3. Offensive Trades;
4. Stables;
5. Public Buildings and Events; and
6. Caravan Parks

Additionally, 159 Stallholders Permits were issued in accordance with Council's Local Law which requires all stallholders to have a permit prior to conducting a stall. Local government is the assessment authority under State legislation for approval of all public events. During the year, 16 large non Shire run events were assessed and approved, including the Wesfarmers Community Concert, Tough Mudder, Avon Descent, Avon Vintage Festival, Avon Gourmet Food & Wine Festival, Northam Agricultural Show, Bakers Hill Christmas Fair, Rotary Team Challenge, Kep Ultra Marathon and Wundowie Iron Festival.

There are 96 Food Businesses registered under the Food Act 2008 in the Shire of which 69 were audited by the Shire's Environmental Health Officers (EHO's) resulting in the issue of 4 Improvement Orders and 10 Voluntary Compliance letters. Additionally 10 complaints received from the community during the year regarding food businesses were responded to by the EHO and 10 packaged food samples were collected and referred to a laboratory for analysis of the label claims.

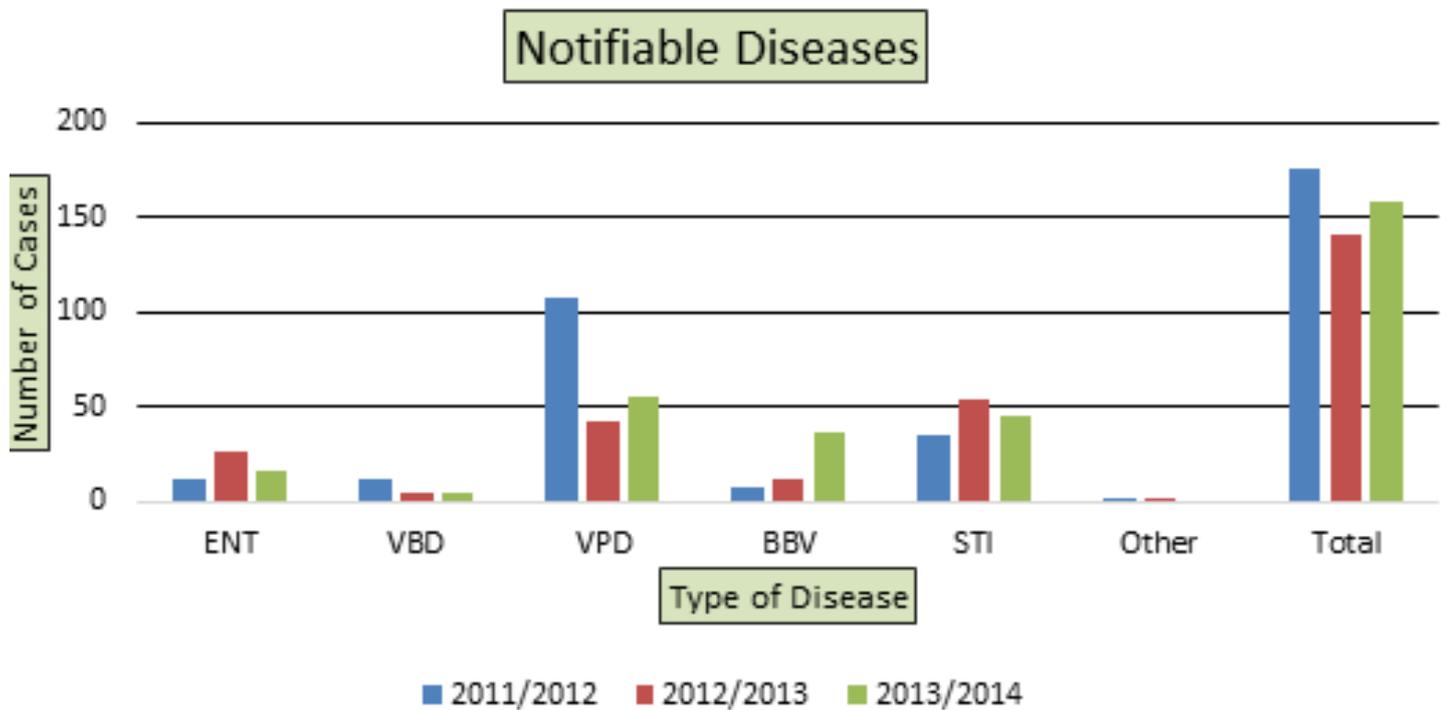
In an effort to improve the amenity of our town, the Shire's EHO's have inspected 23 dilapidated buildings and issued 9 notices under the Health Act 1911. Also the owners of 24 illegally occupied Class 10a sheds have been requested to construct a Class 1a dwelling or move out of the shed, and 7 Notices have been issued in respect to this. Out of 15 requests to the owners or occupants to tidy up their yards, 4 notices were issued.

Installation of new Septic Systems requires prior approval of plans. Following installation, new systems are inspected for compliance and a permit to use is issued. In the 2013/2014 year 32 new septic systems were approved.

Sampling of public swimming pool water and recycled effluent water is also an activity of the Health Section of the Shire. In summer, routine monthly sampling of Public Swimming Pools in the Shire is conducted and samples are sent for analysis to the Path Centre Waters Laboratory in Perth to gauge compliance with the Health (Aquatic Facility) Regulations 2007. During the year, high public safety standards were met and maintained for pools available to the public. The Northam Public Swimming Pool's filtration system was upgraded and water quality was maintained at a very high standard.

During the summer months when the ovals, gardens and reserves are watered with treated wastewater, the Health Section also takes samples which are analysed by the Path Centre Waters Laboratory in Perth. The samples are analysed under the direction of the Department of Health to ensure public safety is maintained. Sampling results for the year were within required standards.

The Health Department of Western Australia has reported to the Shire of Northam the results shown below for Notifiable Diseases for the year 2013/2014.



These results show the number of “vaccine preventable diseases” (VPI) in the Shire of Northam has slightly increased up by 13 cases on last year but still well below the 2011/12 period.

There has however been a significant decrease in the number of “sexually transmitted diseases” (STI) with 45 cases reported this year compared with 54 last year. Similarly the number of “enteric diseases” (ENT) notified has dropped from 26 last year to 16 this period. Conversely “Blood Borne Viruses have steadily increased over the last 3 years with a sharp increase in this period from 12 cases last year to 36 cases (Yongah Hill is included in these statistics). Generally food and vector related notifiable diseases are investigated by the Shire’s Environmental Health Officers whilst other notifiable diseases are followed up by the Wheatbelt Public Health unit.

Waste Management

Approximately 23,500 and 3,000 tonnes of waste material were received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively, for the 2013/2014 financial year.

Of the 23,500 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 14,500 tonnes of waste was landfilled, with the balance recycled, which included green waste, waste oil, tyres, car batteries, scrap metal and E-waste.

Clean green waste was chipped into mulch and has been available by the trailer load, free to all Shire of Northam households.

Monitoring of groundwater at the Old Quarry Road Waste Management Facility was undertaken in September 2013 and April 2014 as required under the licence

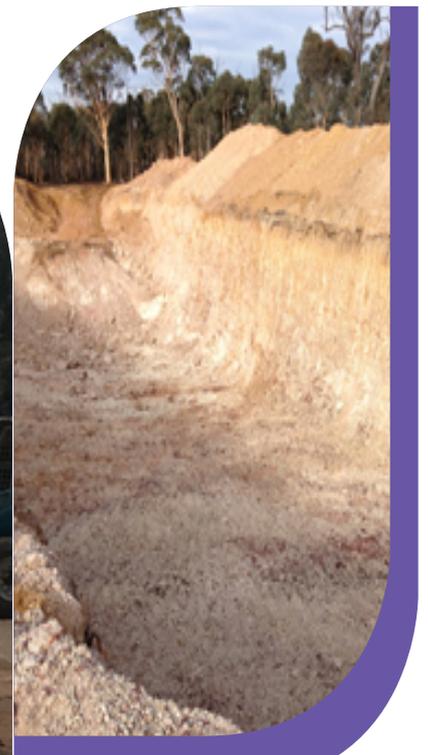
issued by the Department of Environment Regulation for the site. The results were acceptable to the Department of Environment Regulation.

The Old Quarry Road site had further development of the landfill cell with digging undertaken by contractors to increase the cell's capacity, with a volumetric survey undertaken on completion. It was noted that during this round of digging the granite walls of the valley closed in rapidly which is disappointing from a landfill and cover material point of view.

A new gatehouse building was installed late in the financial year at the entrance to the Old Quarry Road Waste Facility. This new building is significantly larger with roller shutters installed for security and also has a digital weighbridge reader located on the outside.

The Inkpen Road Waste Management Facility has for a third year running constructed a new waste cell in accordance with the site management plan. Since celling waste in this manner, vermin and windblown on the site have significantly decreased. Development of the site following the management plan is invaluable in utilizing the site to its maximum capacity and prolonging the years it will be available to the community.

The Inkpen Waste Management facility also had new gatehouse installed, complete with water tank, solar pump and onsite effluent disposal. The building will be completed with landscaping and paving in the coming year.



A free Bulk Bin Collection Service for the Northam town site was found to be a valuable service to residents, with approximately 620 properties utilising these bins. Similarly, the now biannual Bulk Regional Skip Bins located at Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie, for the collection of household hardwaste was well utilised by Shire residents.

The Shire of Northam E-waste collection at the Old Quarry Road Waste Management Facility which has been well supported by the public. Approximately (30) tonnes of E-waste were collected for recycling.

Almost 700 vehicle tyres of various sizes, approximately 470 tonnes of scrap metal and approximately 10 tonnes of vehicle batteries were diverted from the landfills at Old Quarry Road and Inkpen Road Waste Management Facilities in 2013/2014, and sent away for recycling.

The Shire's oil receipt facilities at the Old Quarry Road and Inkpen Landfill Sites have allowed members of the

public to dispose of used oil from residential activities. Waste oil is re-refined for reuse after removal from the site. Approximately 27,400L of waste oil was received and collected for recycling in 2013/2014.

The Shire of Northam, in conjunction with DrumMuster recycled 6366 chemical containers during the 2013/2014 Financial Year.

The Shire purpose built cabinet located in the administration office for recycling items including printer & photocopier cartridges, mobile phones & batteries, general household batteries and fluorescent light globes and tubes has been well frequented. This household hazardous waste (HHW) is transferred to the Shire of Toodyay's HHW Facility, or sent directly to the recycler as is the case of the printer cartridges.

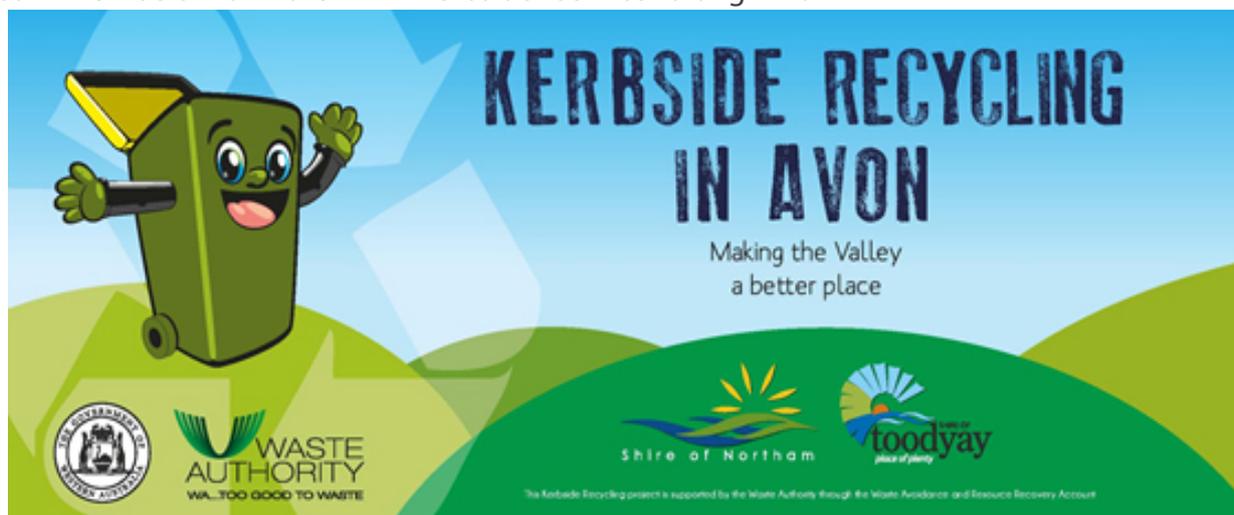
With the successful introduction of Kerbside Recycling to the Shire of Northam approximately 1182.34 tonnes of recyclables were collected from the kerbside service along with

171.60 tonnes from the recycling drop-off points at Old Quarry Road and Inkpen Road Waste Management Facilities.

All 1353.94 tonnes of recyclables were transported to the Southern Metropolitan Regional Council (SMRC) for processing, with an 85% recyclable recovery rate.

The Shire of Northam's Waste Management Coordinator worked with the SMRC to support their bid to obtain grant funding from the Waste Authority of Western Australia. The grant funding was for waste education for the Shire of Northam and Toodyay's AROC Strategic Waste Management Group.

The funding obtained by the SMRC allowed the development and printing of the Shire's of Northam Waste and Recycling Calendars, participating Schools to visit the SMRC recycling facility in Canning Vale and the SMRC Waste Officer to visit several of the schools to conduct waste and recycling activities.



Ranger Services

The Ranger Services Department has had another busy year with the introduction of the Cat Act 2011 which came into full force on the 01 November 2013.

Cats

We were able to secure the services of a Cat Management Facility at Bakers Hill, which handled 156 stray cats since November 2013, of which only 4 had to be euthanized (due to medical condition) thanks to the excellent re-homing programme that the Homeless and Abused Animal Rescue Team (HAART) have provided. A total of 313 pet cats were registered in the Shire of Northam, in accordance with the new cat registration requirements.

Swans

Swans have become another issue that Rangers have focussed on in 2013/14. We are assisting the Parks and Gardens team with the overall management of swans. Over the years our population of white swans has dwindled down to only three due to migration, injuries or natural attrition. Two of our current swans are currently nesting on nine eggs and Rangers have been diligently monitoring their progress.

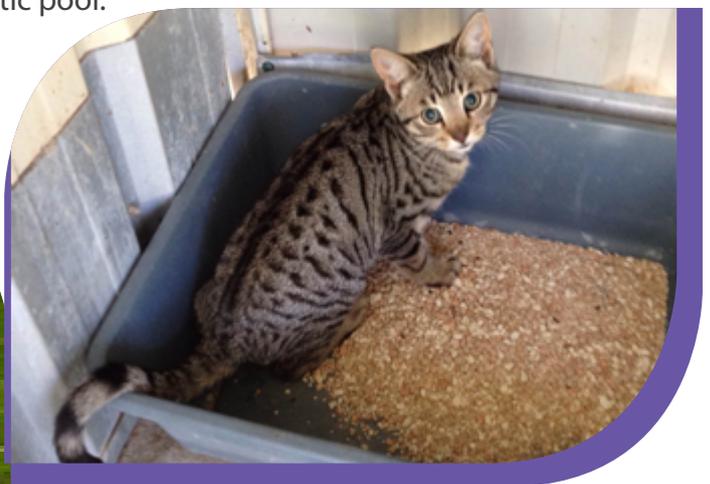
Rangers have introduced a community based volunteer "Swan Watch" which is similar to the neighbourhood watch programme. Local residents and visitors report any mistreatment or concerns that they may have regarding the swans, which results in a rapid response from Rangers.

Investigation has also commenced into potential methods to increase our swan population back to at least twenty swans, as this has been suggested as an optimum number to enable a sustainable genetic pool.

Parking

Rangers have been working with Engineering Services to upgrade and improve parking facilities within the townsite and developing a strategy to commence regular parking patrols in the interest of public safety and to monitor time restricted areas to ensure they are not being abused.

Rangers have undertaken routine patrols, educational programs and responded to concerns of residents, which has resulted in a high number of dog registrations, impoundments and infringements. Impounded vehicles, straying stock and firebreak issues continue to attract the resources of the Rangers, as shown in the summary table below.



DOG CONTROL	
2013/14	Totals
Registration	980
Unregistered	149
Impounds	221
Attacks	55
Multiple Dog Application	19
Kennel Licence/Register	18
Infringements	124

OFF ROAD / ABANDONED VEHICLES	
2013/14	Totals
Impounded Vehicles	17

CAT CONTROL	
2013/14	Totals
Registration	313
Unregistered Cattery	149
Licence/Register	5
Infringements	8

STOCK CONTROL	
2013/14	Totals
Straying Stock	66

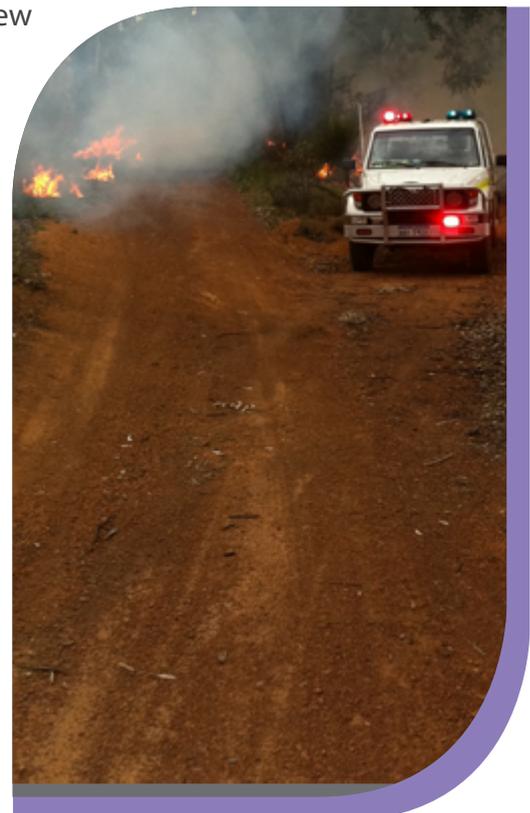
FIRE CONTROL	
2013/14	Totals
Infringements	117

Emergency Services

The Shire of Northam continues to work collaboratively with a range of stakeholders to enhance preparedness for emergency situations, including fire, flood and storms, through the Local Emergency Management Committee. The Shire's Local Emergency Management Coordinator administers the maintenance of buildings, and provision of equipment to the volunteer Bushfire Brigades and SES volunteers.

The members of the Shire of Northam's many fire and emergency service volunteers undertake regular training to increase their capacity to respond to emergency events, and brigades also participate in a range of community events to enhance community awareness of the emergency services and to promote the importance of individuals being prepared for an emergency.

Construction of the Southern Brook Fire shed was completed, and a light tanker for the Bakers Hill Brigade was commissioned, funded through the Emergency Services Levy, with the Southern Brook Bushfire Brigade moving into the new facility.

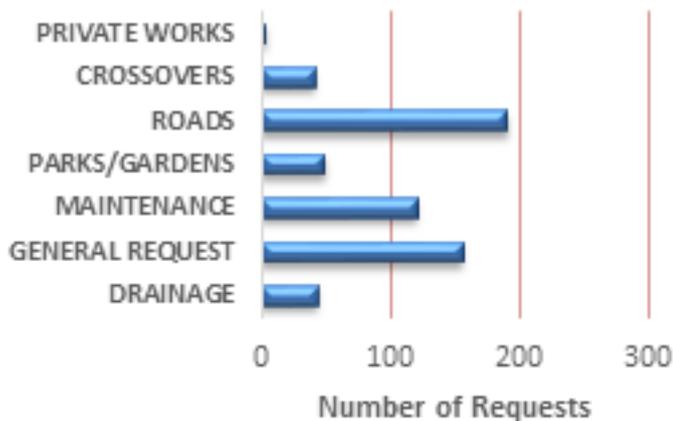


Engineering Services

Engineering Services is responsible for the construction and maintenance of the Shire's infrastructure assets including sealed and unsealed gravel roads, footpaths, verges, timber bridges, drainage structures, non-regulatory signs and road line marking, laneways, on street parking, street and footpath sweeping, parks, gardens, public open spaces, cemetery, Northam airport and the maintenance, servicing and upgrade of the Shire's plant, vehicle and equipment fleet.

In addition to programmed construction and maintenance works Engineering Services received over 600 public works requests categorized in the following fields:

Public Work Requests



Throughout 2013/2014 Engineering Services delivered project works in the following key areas.

Expenditure for 2013 / 2014	
Construction	\$1,426,720
Drainage	\$326,301
Footpath Construction	\$127,039
Footpath Maintenance	\$61,304
Parks & Gardens	\$1,322,142
Airport	\$66,818
Special Projects	\$145,104



Road Resurfacing

Resurfacing roads is a critical component in preserving pavement life, and providing a suitable skid resistance surface. It also improves ride quality and aesthetics for road users and the community. A successful road resurfacing program was delivered in 2013 / 2014 comprising of the following roads the following roads:

- Throssell Street
- Inkpen Street
- Spencer Brook Road
- Spencer Brook –York Road

Footpaths

The Shire of Northam's Local Bike Plan provides direction for the purpose of providing connectivity between schools, recreational facilities and existing crossing points over Avon Bridge and rail lines, also targeting the extension of shared use paths creating a continues route.

A total of \$185,478 was expended on maintenance and construction of footpaths within the Shire. This represents approximately 1.8km of new footpaths across numerous precincts, locations include:

- Avon River Extension (To Newcastle Rd)
- Northy Street
- Gregory Street
- Henry Street Oval car park
- Peel Terrace
- Throssel Street
- Wellington Street
- Selby Street

Road Maintenance

During the year maintenance crews have been actively working across the Shire completing grading and associated maintenance works on gravel roads which is in excess of 300km's.

Routine and preventative maintenance works on sealed roads was completed throughout the network including activities such as road surface repairs, kerb repairs, R.O.W maintenance, culvert replacements and road sweeping. Expenditure

Parks, Gardens and Reserves

This year has produced a warmer than average climate which the Shire has been actively working to mitigate potential adverse effects on sporting fields, gardens and streetscapes.

Opportunities for improvement have been identified for current maintenance practices and future park infrastructure development and construction methodology which will contribute to key target outcomes currently being developed as part of the Shires Asset Management Plan for Parks and Gardens. These strategies has lead to the implementation of cost effective practices to adapt to a changing environmental climate.

Specific focus during the year was aimed toward the review and consequential upgrade of water re-use systems and

associated irrigation networks in the Northam Central Business District, Bernard Park, Henry Street Oval, Bakers Hill Oval, and Wundowie Oval projects, some of which will carry into 2014/15

Drainage

Higher than average, and less predictable category rainfalls have been experienced in recent years resulting in the need for the Shire to review and upgrade existing drainage infrastructure in isolated areas to cope with the changing natural environment.

The Shire has formed a collaborative departmental approach in the delivery of drainage improvement projects including:

- King Creek;
- Hillman Creek;
- Uralia Precinct and
- Fitzgerald Precinct.

Special Projects

Some notable projects were delivered in 2013 / 2014 which included the upgrade of Bakers Hill Tennis Courts completed in time for the Clubs 100th year anniversary with grant assistance from the Department of Sport & Recreation.

The first of the laneway upgrades was also completed costing \$57,182. This laneway forms part of the Shire's laneway review and upgrade strategy which commenced this year.

Enfield Terrace laneway construction involved asphalt placement, drainage and kerbing improvements

Events and Festivals

Throughout the year Engineering Services continued to provide valued support and assistance in preparation of many of the annual events hosted by the Shire of Northam

Cemetery

The Shire provides ongoing grounds maintenance and contracted services for grave digging and facilities upkeep. A total of \$82,769 was expended in 2013 / 2014 for provision of services

Airport

2013/ 2014 saw the completion of Airport infrastructure upgrades totalling \$112,848. An asphalt apron was constructed providing an improved taxiway access.

Plant Replacement

Engineering Services plant and fleet are continually being replaced to ensure the Shire operates with fit for purpose and safe equipment. This year's replacement program included the upgrade of a new 2014 Volvo Road Grader.

Traffic & Road Safety

Throughout the year driver behaviour and traffic related concerns has been an area to receive a higher priority. The Shire has been proactively engaging with community stakeholders to improve and promote traffic and road safety within the Region

Traffic count and information sharing with Main Roads WA, Police and Roadwise Representatives has resulted in greater awareness of current issues for all parties.

A number of road safety improvement projects were delivered in assistance with Regional Road Group funding which included Spencers Brook Road and Spencers Brook York Road. Completed works addressed Seal widening with vegetation clearing and drainage improvements.

Blackspot funded safety improvement projects delivered included the upgrade if intersections:

- Minson Ave / Grey Street
- Grey Street / Gordon Street
- Grey Street / Wellington Street



SuperTowns

Following the announcement of the State Government of the successful business cases under the Regional Centres Development Plan (SuperTowns) program, Council commenced the implementation of the funded projects.

A summary of the work involved is as follows:

- Submission and endorsement by the State Government of the final Northam Regional Centres Growth Plan
- Establishment of the SuperTowns Project Implementation Team
- Commencement of land assembly and road construction works associated with the Avon Health & Emergency Services Precinct
- Finalisation of land purchases involved in the Avon Health Project
- Completed Construction of the King Creek Drainage Project
- Commenced modification to existing Visitor Centre to accommodate revised migrant display, environmental display, Avon Valley Arts Gallery and Aboriginal representatives including Maali Circle of Elders Group
- Concept design commenced for new Aboriginal and Environmental Interpretation Building
- Installation of additional floating islands, refurbishment of existing floating island and remediation works on existing natural river island (work on the natural island undertaken under the direction of Nathan Gough with assistance from Woorloo Prison Farm and donation of material from BGC Quarries)
- Undertook clean-up of Avon Town Pool river banks in conjunction with Avon Valley Environmental Society (AVES)
- Completed detailed monitoring of Town Pool through AVES
- Commenced detailed drainage assessment of Town Centre catchment area



Statutory Reports

Disability Access & Inclusion

Shire of Northam is committed to facilitate the inclusion of people with disability through the improvement of access to its information, services, events and facilities.

In working towards this goal Shire of Northam has worked progressively towards achieving the desired results in the key outcomes, our success includes:

- DAIP available on our Website;
- Confirmed our facilities meet the standard required;
- Improved Shire of Northam staff understanding of how to assist the public to obtain information in other formats; and
- Ongoing community consultation with key stakeholders to guide access and inclusion improvements.

Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the Shire is required to publish an information statement annually which details the process of applying for information under the Act, as well as information that the Shire provides outside the Act. This document is available from the Shire of Northam Administration Centre or the website.

During 2013/14 the Shire received nine Freedom of Information applications. The Act requires that all applications are responded to within 45 days.

National Competition Policy

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses.

Local government will also be affected where local laws unnecessarily affect competition.

The Shire is required to comply with certain policies contained within the Nation Competition Policy statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

Competitive Neutrality

Local Governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income in excess of \$200,000.

The principle of competitive

neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership.

Annual Reports must show that a public benefit test has been conducted for all significant business activities to determine if competitive neutrality is in the public interest.

Compliance with the State Records Act 2000

In accordance with Section 19 of the State Records Act 2000, Local Governments are required under Section 19 to have a Record Keeping Plan that is approved by the State Records Commission (SRC). The purpose of the plan is to provide an accurate reflection of the record keeping program in the organisation, including information regarding the organisation's record keeping system, disposal arrangements, policies, practices and processes.

The Shire is required to ensure records are created, managed and maintained over time and disposed of in accordance with principles and standards issued by the SRC. The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice record keeping in the organisation. The Shire

of Northam’s Record Keeping Plan is reviewed and evaluated at least once every five years for efficiency and effectiveness of the organisation’s record keeping systems. Shire’s Record Keeping Plan was reviewed and approved by the State Records Commission on 2 August 2013. The Record Keeping Plan must be submitted to the State Records Commission for the next review prior to 2 August 2018.

Register of Complaints

The Local Government Act 1995 s5.121 requires the complaints officer of the Local Government to maintain a register of complaints which records all complaints that result in an action under the Local Government Act s5.121 (6)(b) or (c).

The register of complaints is to include, for each recorded complaint:

- Name of Council Member about whom the complaint is made
- Name of the person who makes the complaint
- A description of the minor breach that the standards panel finds has occurred;
- Details of the action taken under LGA s5.110 (6)(b) or (c)

During the 2013/14 financial year there have been no complaints recorded that resulted in an action under LGA s5.110 (6) (b) or (c).

Local Laws

The Local Government Act 1995 requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire’s Local Laws.

Employees Remuneration

Local Government (Administration Regulation) 19B requires the annual report to contain details of the number of employees of the local government entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each such band over \$100,000.

Salary Band	No of Employees
\$100,000 - \$109,000	2
\$110,000 - \$119,000	3
\$120,000 - \$129,000	1
\$130,000 - \$139,000	1
\$140,000 - \$149,000	
\$150,000 - \$159,000	
\$160,000 - \$169,000	
\$170,000 - \$179,000	
\$180,000 - \$189,000	
\$190,000 - \$199,000	
\$200,000 - \$209,000	1

Financial Report

Shire of Northam Financial Report for the Year Ended 30 June 2014

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SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal Place of Business:

395 Fitzgerald Street
NORTHAM WA 6401

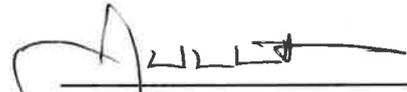
**SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Northam being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 14th day of November 2014



Jason B Whiteaker
Chief Executive Officer

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	7,826,137	7,810,678	7,377,495
Operating Grants, Subsidies and Contributions	28	3,285,739	3,373,209	5,086,412
Fees and Charges	27	3,527,216	3,279,997	2,747,025
Interest Earnings	2(a)	488,633	555,322	687,774
Other Revenue		848,602	675,701	699,936
		<u>15,976,327</u>	<u>15,694,907</u>	<u>16,598,642</u>
Expenses				
Employee Costs		(6,618,247)	(6,755,964)	(6,575,353)
Materials and Contracts		(5,632,929)	(7,041,066)	(5,809,794)
Utility Charges		(724,690)	(744,146)	(735,593)
Depreciation on Non-Current Assets	2(a)	(3,460,111)	(3,495,741)	(3,482,531)
Interest Expenses	2(a)	(272,851)	(276,053)	(296,205)
Insurance Expenses		(599,509)	(595,565)	(532,897)
Other Expenditure		(117,344)	(92,816)	(35,905)
		<u>(17,425,681)</u>	<u>(19,001,351)</u>	<u>(17,468,278)</u>
		(1,449,354)	(3,306,444)	(869,636)
Non-Operating Grants, Subsidies and Contributions	28	2,332,010	4,254,465	3,226,166
Profit on Asset Disposals	20	9,751	2,486,660	249,559
Loss on Asset Disposals	20	(91,077)	(54,236)	(759,589)
		<u>2,250,684</u>	<u>6,686,889</u>	<u>2,716,136</u>
NET RESULT		801,330	3,380,445	1,846,500
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	28,668,366	0	824,365
Total Other Comprehensive Income		<u>28,668,366</u>	<u>0</u>	<u>824,365</u>
Total Comprehensive Income		<u>29,469,696</u>	<u>3,380,445</u>	<u>2,670,865</u>

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

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		38,666	14,200	91,645
General Purpose Funding		10,081,279	10,223,228	11,185,294
Law, Order, Public Safety		345,938	369,924	265,368
Health		36,897	43,500	155,249
Education and Welfare		1,253,330	1,283,572	1,141,021
Housing		33,538	50,201	38,489
Community Amenities		2,656,067	2,354,246	2,063,806
Recreation and Culture		395,843	385,806	589,640
Transport		446,905	430,159	362,606
Economic Services		579,543	467,571	571,063
Other Property and Services		108,321	72,500	134,461
	2(a)	<u>15,976,327</u>	<u>15,694,907</u>	<u>16,598,642</u>
Expenses				
Governance		(824,446)	(946,275)	(847,338)
General Purpose Funding		(238,116)	(298,824)	(280,620)
Law, Order, Public Safety		(1,058,189)	(1,127,159)	(1,029,653)
Health		(436,018)	(413,271)	(554,591)
Education and Welfare		(1,399,084)	(1,440,339)	(1,352,950)
Housing		(76,820)	(96,648)	(99,379)
Community Amenities		(3,135,039)	(3,556,534)	(2,872,706)
Recreation & Culture		(3,401,963)	(3,906,742)	(3,348,161)
Transport		(4,611,647)	(4,583,101)	(4,653,588)
Economic Services		(1,892,488)	(2,275,914)	(2,019,653)
Other Property and Services		(79,020)	(80,491)	(113,434)
	2(a)	<u>(17,152,830)</u>	<u>(18,725,298)</u>	<u>(17,172,073)</u>
Financial Costs				
Governance		(7,290)	(7,366)	(8,967)
Community Amenities		(843)	(991)	(1,173)
Recreation & Culture		(159,196)	(160,424)	(169,520)
Transport		(3,528)	(3,581)	(4,149)
Economic Services		(101,994)	(103,691)	(112,396)
	2(a)	<u>(272,851)</u>	<u>(276,053)</u>	<u>(296,205)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		0	0	783,124
Law, Order, Public Safety		251,461	273,560	269,115
Education and Welfare		950,000	1,002,084	700,000
Recreation & Culture		169,931	1,025,642	120,989
Transport		606,068	854,148	989,401
Economic Services		354,550	1,099,031	363,537
		<u>2,332,010</u>	<u>4,254,465</u>	<u>3,226,166</u>
Profit/(Loss) on Disposal of Assets				
Governance		242	(13,118)	(6,187)
Law, Order, Public Safety		(16,034)	(594)	23,080
Health		0	0	9,207
Education and Welfare		(14,500)	(10,191)	18,000
Community Amenities		0	0	311
Recreation & Culture		(3,637)	177,472	(10,308)
Transport		(45,738)	2,293,559	113,609
Economic Services		(1,659)	(14,704)	(657,742)
		<u>(81,326)</u>	<u>2,432,424</u>	<u>(510,030)</u>
Net Result		<u>801,330</u>	<u>3,380,445</u>	<u>1,846,500</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	28,668,366	0	824,365
Total Other Comprehensive Income		<u>28,668,366</u>	<u>0</u>	<u>824,365</u>
Total Comprehensive Income		<u><u>29,469,696</u></u>	<u><u>3,380,445</u></u>	<u><u>2,670,865</u></u>

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

SHIRE OF NORTHAM
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	9,223,454	13,540,732
Trade and Other Receivables	4	1,985,652	1,397,370
Inventories	5	85,506	7,766
TOTAL CURRENT ASSETS		<u>11,294,612</u>	<u>14,945,868</u>
NON-CURRENT ASSETS			
Other Receivables	4	440,865	689,314
Inventories	5	0	884,118
Property, Plant and Equipment	6	57,493,285	29,096,434
Infrastructure	7	47,717,041	41,710,920
TOTAL NON-CURRENT ASSETS		<u>105,651,191</u>	<u>72,380,786</u>
TOTAL ASSETS		<u>116,945,803</u>	<u>87,326,654</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	2,111,129	1,543,141
Current Portion of Long Term Borrowings	9	592,668	428,143
Provisions	10	741,849	684,502
TOTAL CURRENT LIABILITIES		<u>3,445,646</u>	<u>2,655,786</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	3,498,001	4,150,255
Provisions	10	127,552	115,705
TOTAL NON-CURRENT LIABILITIES		<u>3,625,553</u>	<u>4,265,960</u>
TOTAL LIABILITIES		<u>7,071,199</u>	<u>6,921,746</u>
		<u>109,874,604</u>	<u>80,404,908</u>
EQUITY			
Retained Surplus		75,533,694	75,054,696
Reserves - Cash Backed	11	4,848,179	4,525,847
Revaluation Surplus	12	29,492,731	824,365
TOTAL EQUITY		<u>109,874,604</u>	<u>80,404,908</u>

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

**SHIRE OF NORTHAM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		72,891,349	4,842,694	0	77,734,043
Comprehensive Income					
Net Result		1,846,500	0	0	1,846,500
Changes on Revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>824,365</u>	<u>824,365</u>
Total Comprehensive Income		1,846,500	0	824,365	2,670,865
Transfers from/(to) Reserves		316,847	(316,847)	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2013		75,054,696	4,525,847	824,365	80,404,908
Comprehensive Income					
Net Result		801,330	0	0	801,330
Changes on Revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>28,668,366</u>	<u>28,668,366</u>
Total Comprehensive Income		801,330	0	28,668,366	29,469,696
Transfers from/(to) Reserves		(322,332)	322,332	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2014		<u>75,533,694</u>	<u>4,848,179</u>	<u>29,492,731</u>	<u>109,874,604</u>

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

**SHIRE OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		7,651,660	7,775,678	7,426,154
Operating Grants, Subsidies and Contributions		3,115,362	3,788,282	5,232,549
Fees and Charges		3,416,418	3,239,997	3,145,105
Interest Earnings		508,583	546,322	687,774
Goods and Services Tax		534,701	300,000	643,434
Other Revenue		810,987	394,673	428,204
		<u>16,037,711</u>	<u>16,044,952</u>	<u>17,563,220</u>
Payments				
Employee Costs		(6,552,040)	(6,805,964)	(6,542,321)
Materials and Contracts		(5,210,397)	(6,968,066)	(5,891,692)
Utility Charges		(679,033)	(769,146)	(735,593)
Interest Expenses		(278,447)	(281,099)	(301,252)
Insurance Expenses		(599,509)	(595,565)	(532,897)
Goods and Services Tax		(532,701)	(300,000)	(1,405,953)
Other Expenditure		(61,656)	(62,816)	(182,042)
		<u>(13,913,783)</u>	<u>(15,782,656)</u>	<u>(15,591,750)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,123,928</u>	<u>262,296</u>	<u>1,971,470</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(2,074,222)	(5,853,752)	(6,368,201)
Payments for Construction of Infrastructure		(6,687,727)	(9,260,175)	(4,802,316)
Non-Operating Grants, Subsidies and Contributions		2,332,010	4,254,465	3,226,166
Proceeds from Sale of Fixed Assets		344,980	2,811,103	602,008
Proceeds From Disposal of Land Held for Resale		0	0	33,283
Net Cash Provided by (Used in) Investment Activities		<u>(6,084,959)</u>	<u>(8,048,359)</u>	<u>(7,309,060)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(487,730)	(428,143)	(417,436)
Proceeds from Self Supporting Loans		131,483	71,896	67,798
Net Cash Provided By (Used In) Financing Activities		<u>(356,247)</u>	<u>(356,247)</u>	<u>(349,638)</u>
Net Increase (Decrease) in Cash Held		<u>(4,317,278)</u>	<u>(8,142,310)</u>	<u>(5,687,228)</u>
Cash at Beginning of Year		13,540,732	13,396,316	19,227,960
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>9,223,454</u></u>	<u><u>5,254,006</u></u>	<u><u>13,540,732</u></u>

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

**SHIRE OF NORTHAM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		40,150	14,526	91,645
General Purpose Funding		2,255,142	2,412,550	4,620,923
Law, Order, Public Safety		597,399	644,452	557,563
Health		36,897	43,500	164,456
Education and Welfare		2,203,330	2,289,527	1,859,021
Housing		33,538	50,201	38,489
Community Amenities		2,656,067	2,354,246	2,064,117
Recreation and Culture		565,774	1,588,920	710,629
Transport		1,061,150	3,588,330	1,465,616
Economic Services		934,184	1,566,602	934,600
Other Property and Services		108,321	72,500	104,461
		<u>10,491,952</u>	<u>14,625,354</u>	<u>12,611,520</u>
Expenses				
Governance		(832,979)	(967,085)	(862,492)
General Purpose Funding		(238,116)	(298,824)	(280,620)
Law, Order, Public Safety		(1,074,223)	(1,128,721)	(1,029,653)
Health		(436,018)	(413,271)	(554,591)
Education and Welfare		(1,413,584)	(1,454,401)	(1,352,950)
Housing		(76,820)	(96,648)	(99,379)
Community Amenities		(3,135,882)	(3,557,525)	(2,873,879)
Recreation and Culture		(3,564,796)	(4,067,166)	(3,527,989)
Transport		(4,669,090)	(4,597,146)	(4,657,737)
Economic Services		(1,996,232)	(2,394,309)	(2,789,791)
Other Property and Services		(79,019)	(80,491)	(113,435)
		<u>(17,516,759)</u>	<u>(19,055,587)</u>	<u>(18,142,516)</u>
Net Result Excluding Rates		(7,024,807)	(4,430,233)	(5,530,996)
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	(271,732)
(Profit)/Loss on Asset Disposals	20	81,326	(2,432,424)	510,030
Movement in Deferred Pensioner Rates (Non-Current)		(25,707)	0	48,444
Movement in Employee Benefit Provisions (Non-current)		(20,407)	0	32,913
Depreciation on Assets	2(a)	3,460,111	3,495,741	3,482,531
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(951,070)	(4,488,569)	(4,713,765)
Purchase Furniture and Equipment	6(a)	(88,268)	(126,179)	(64,238)
Purchase Plant and Equipment	6(a)	(922,072)	(1,102,102)	(1,321,083)
Purchase Bushfire Equipment	6(a)	(112,812)	(136,902)	(269,115)
Purchase Playground Equipment	6(a)	0	(70,000)	0
Purchase Roads	7(a)	(4,485,189)	(4,730,281)	(2,156,243)
Purchase Footpaths	7(a)	(127,038)	(266,000)	(177,286)
Purchase Drainage	7(a)	(894,306)	(2,720,058)	(1,705,155)
Purchase Parks & Ovals	7(a)	(826,659)	(1,019,491)	(93,590)
Purchase Other Infrastructure	7(a)	(95,687)	0	0
Purchase Streetscape	7(a)	0	(92,595)	(6,159)
Purchase Bridges & Culverts	7(a)	(146,000)	(219,000)	(500,000)
Purchase Aero	7(a)	(112,848)	(142,750)	(163,883)
Proceeds from Disposal of Fixed Assets	20	344,980	2,811,103	602,008
Repayment of Debentures	21(a)	(487,730)	(428,143)	(417,436)
Proceeds From Disposal of Land Held for Resale		0	0	33,283
Proceeds from Self Supporting Loans		131,483	71,896	67,798
Transfers to Reserves (Restricted Assets)	11	(908,272)	(1,134,265)	(686,790)
Transfers from Reserves (Restricted Assets)	11	585,940	714,209	1,003,637
ADD Estimated Surplus July 1 B/Fwd	22(b)	8,665,671	8,645,102	13,585,003
LESS Estimated Surplus June 30 C/Fwd	22(b)	3,866,776	9,737	8,665,671
Total Amount Raised from General Rate	22(a)	<u>(7,826,137)</u>	<u>(7,810,678)</u>	<u>(7,377,495)</u>

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(c) Cash and Cash Equivalents

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(e) Inventories

General

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

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

Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Mandatory Requirement to Revalue Non-Current Assets (Continued)

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to the previous reporting period (year ended 30 June 2013).

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 Council.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	50 years
Furniture and Equipment	5 years
Computer Hardware/Software	4 years
Tools	4 years
Cars	5 years
Utilities	4 years

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation (Continued)

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

Heavy Vehicles-

-Trucks	5 years
-Graders, Loaders, & Heavy Equipment	10 years
Other Plant and Equipment	10 years

Sealed Roads and Streets

Construction-Road Reconstruction	50 years
original surfacing and major re-surfacing	
- bituminous seals	15 years
- asphalt surfaces	20 years
Car Parks (Sealed)	40 years

Unsealed Gravel Roads

construction/road base/sub grade	50 years
gravel sheet/resheet	10 years
Reserves/Playground Equipment	10 years

Bridges & Culverts

-timber	50 years
-concrete	100 years

Footpaths

-insitu concrete and slabs	40 years
-asphalt, bitumen surfaces	20 years

Kerbing

- concrete	40 years
Street lighting	25 years
Sewerage piping	60 years
Water supply piping	60 years
Parks & Reserves	50 years
Main Drains & Water Retarding Basins	85 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$2,500 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Council 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 Council are consistent with one or more of the following valuation approaches:

Market approach

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council 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 and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment (Continued)

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

(k) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council'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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits (Continued)

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(m) Provisions

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

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

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. The Shire of Northam has a joint venture with the Department of Housing which has been disclosed in Note 16.

(p) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to 'those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) Superannuation

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

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]</p> <p>[AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</p>	December 2012	1 January 2014	<p>Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.</p> <p>It is not expected to have a significant impact on Council.</p>
<p>(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</p> <p>[AASB 132]</p>	June 2012	1 January 2014	<p>This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact the Council’s financial statements.</p>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

Notes:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	23,233	21,250
- Assistance with the finalisation of the annual financial report	2,000	3,324
- Grant acquittals	22,150	14,127
- Other financial assistance	5,792	0
Depreciation		
Non-Specialised Buildings	50,345	58,638
Specialised Buildings	450,136	490,457
Furniture and Equipment	89,990	112,394
Plant and Equipment	463,660	604,785
Bushfire Equipment	112,099	140,981
Roads	1,591,413	1,483,127
Parks & Ovals	76,907	83,425
Drainage	151,695	124,238
Footpaths	173,807	164,943
Streetscape	112,769	112,462
Bridges & Culverts	93,158	90,637
Aero	16,444	16,444
Other Infrastructure	77,688	0
	<u>3,460,111</u>	<u>3,482,531</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	272,851	296,205
	<u>272,851</u>	<u>296,205</u>
Rental Charges		
- Operating Leases	11,640	11,640
	<u>11,640</u>	<u>11,640</u>
(ii) Crediting as Revenue:		
Significant Revenue		
Recreation And Culture	0	271,732
	<u>0</u>	<u>271,732</u>
Other Revenue		
Reimbursements and Recoveries	554,859	351,363
Significant Revenue (Refer Above)	0	271,732
Other	293,743	76,841
	<u>848,602</u>	<u>699,936</u>

This revenue relates to the initial recognition of Crown land under the Shire's control in accordance with amendments to the Financial Management Regulations. It has been classified as Other Revenue by Nature or Type.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
(a) Net Result (Continued)			
Interest Earnings			
- Self Supporting Loans	29,159	0	0
- Reserve Funds	202,875	177,322	208,738
- Other Funds	135,593	240,000	346,375
Other Interest Revenue (<i>refer note 26</i>)	121,006	138,000	132,661
	<u>488,633</u>	<u>555,322</u>	<u>687,774</u>

(b) Statement of Objective

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

COMMUNITY VISION

The Shire of Northam is a vibrant growing community that is safe, caring and inclusive. We are recognised as a community that values heritage, preserves our environment and promotes our commerce.

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws, fire prevention emergency services and animal control.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, pest control, immunisation services and health inspections.

EDUCATION AND WELFARE

Objective:

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

Activities:

Assistance with playgroup centres, senior citizen hall and respite care centre. Provision of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of rental housing, including elderly residents housing.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries and other cultural facilities.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of roads, streets, bridges, drainage works, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Licensing transactions under contract with the Government of WA.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

The regulation and provision of tourism, area promotion, building control. Provision of rural services including weed control and vermin control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

Conditions Over Grants/Contributions		Opening	Received	Expended	Closing	Received	Expended	Closing
Grant/Contribution	Function/ Activity	Balance ⁽¹⁾ 1/07/12	2012/13	2012/13	Balance ⁽¹⁾ 30/06/13	2013/14	2013/14	Balance 30/06/14
		\$	\$	\$	\$	\$	\$	\$
Dept of Local Govt & Reg Dev	Governance	20,000	0	0	20,000	0	(20,000)	0
Department of Local Government	Governance	16,230	0	(16,230)	0	0	0	0
Office of Crime Prevention	Other Law & Order	6,895	0	(6,895)	0	0	0	0
Dept Regional Development	Welfare	1,697,839	35,508	(1,733,347)	0	0	0	0
Dept Environment & Conservation	Environment	493	0	(493)	0	0	0	0
Public Open Space	Recreation	45,262	0	(45,262)	0	0	0	0
Main Roads WA	Transport	179,411	0	(1,837)	177,574	0	0	177,574
Roads to Recovery	Transport	500,000	425,523	(925,523)	0	0	0	0
Grants Commission - United	General Purpose	1,022,325	2,284,016	(2,149,711)	1,156,630	1,313,640	(2,470,270)	0
Grants Commission - Roads	General Purpose	420,454	704,818	(714,906)	410,366	355,357	(765,723)	0
CLGF 2011-2012 FCWP	General Purpose	0	738,124	(43,690)	694,434	0	(504,003)	190,431
Asset Management	Governance	27,947	0	(27,947)	0	0	0	0
Community Strategic	Governance	10,625	0	(10,625)	0	0	0	0
DLG - Work Force Planning	Governance	0	25,000	(20,000)	5,000	0	(5,000)	0
FESA BFB	Fire Prevention	3,820	90,000	(91,768)	2,052	112,128	(87,930)	26,250
FESA Vehicle Replacement	Fire Prevention	0	269,115	(269,115)	0	251,461	(251,461)	0
DLG - Cat Act Miscellaneous	Animal Control	0	2,535	0	2,535	0	(2,535)	0
DLG- Cat Sterilisation	Animal Control	0	7,500	0	7,500	7,500	(3,840)	11,160
FESA - SES	Other Law Order	5,289	25,884	(25,862)	5,311	45,725	(40,101)	10,935
Crime Prevention - Trailer	Other Law Order	12,065	0	(4,910)	7,155	0	(7,155)	0
Crime Prevention - CCTV	Other Law Order	20,049	0	(20,049)	0	0	0	0
Crime Prevention - Youth Space	Other Law Order	25,000	0	0	25,000	0	(25,000)	0
Crime Prevention - CCTV	Other Law Order	0	25,000	0	25,000	0	(25,000)	0
DEEWR - Sustainability OSHC	Care of Families	0	4,892	(4,892)	0	12,400	(12,400)	0
Aust Sport -OSHC	Care of Families	0	4,426	(4,426)	0	2,737	(2,737)	0
DEEWR - Sustainability Vacation	Care of Families	0	9,784	(9,784)	0	7,440	(7,440)	0
Department of Regional Development	SoN Killara	0	700,000	(700,000)	0	0	0	0
Dept Environ & Conserv	Sanitation - House	0	268,240	(268,240)	0	114,962	(114,962)	0
Dept Reg Devel & Lands	Town Planning	215,328	0	(138,415)	76,913	0	(39,218)	37,695
Dept Reg Devel & Lands	Town Planning	4,814,550	0	(1,871,621)	2,942,929	0	(2,845,157)	97,772
Dept Reg Devel & Lands	Town Planning	3,655,435	0	(1,780,972)	1,874,463	0	(740,114)	1,134,349
Sustainability Environment	Public halls, Civic Centre	48,489	48,489	(73,602)	23,376	0	(23,376)	0

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

Conditions Over Grants/Contributions		Opening	Received	Expended	Closing	Received	Expended	Closing
Grant/Contribution	Function/ Activity	Balance ⁽¹⁾ 1/07/12	2012/13	2012/13	Balance ⁽¹⁾ 30/06/13	2013/14	2013/14	Balance 30/06/14
		\$	\$	\$	\$	\$	\$	\$
Dept Sport & Rec - Kids Sport	Other Rec & Sport	33,030	0	(24,495)	8,535	50,000	(56,894)	1,641
Writing WA Inc	Libraries	0	3,939	(3,939)	0	0	0	0
Lotterywest	Other Culture	0	72,500	(72,500)	0	0	0	0
MRWA - Black Spot	Transport	28,431	144,400	(160,031)	12,800	126,908	(114,304)	25,404
WALGGC	Transport	0	146,000	0	146,000	0	(146,000)	0
MRWA - Regional Road Group	Transport	0	160,643	(160,643)	0	422,736	(422,736)	0
MRWA - Direct Grant	Transport	0	131,738	(131,738)	0	142,004	(142,004)	0
RADS - Airport	Aerodromes	0	75,500	(75,500)	0	56,424	(56,424)	0
WALGA - Road Safety	Tourism	0	19,003	(15,196)	3,807	27,822	(5,339)	26,290
WALGA - Road Safety Avon Descent	Tourism	0	1,000	(1,000)	0	0	0	0
WALGA - Road Safety Xmas Carnival	Tourism	0	1,000	(1,000)	0	0	0	0
Lotterywest - Concerts in the Park	Tourism	0	8,000	(8,000)	0	0	0	0
Lotterywest - Flying 50	Tourism	0	5,015	(5,015)	0	0	0	0
Community Arts Network	Other Economic	505	0	(505)	0	0	0	0
NDRP - Bakers Hill Water Supply	Other Economic	0	216,500	0	216,500	205,722	(422,222)	0
Wheatbelt NRM - Bakers Hill	Other Economic	0	98,059	(15,200)	82,859	147,089	(11,390)	218,558
Lotterywest - Community Bus	Other Economic	0	48,978	(48,978)	0	0	0	0
Dept Regional Development	SoN Killara	0	0	0	0	700,000	(557,749)	142,251
Lotterywest	SoN Killara	0	0	0	0	250,000	(250,000)	0
Dept Sport & Rec- Bakers Hill Hard	Other Rec & Sport	0	0	0	0	34,482	(34,482)	0
Dept Sport & Rec- Install Retic Bakers	Other Rec & Sport	0	0	0	0	135,449	(135,449)	0
Lotterywest - Arvo Anson	Other Culture	0	0	0	0	13,700	(13,700)	0
Lotterywest - Event Sponsorship	Tourism	0	0	0	0	20,000	(20,000)	0
Avon Decent Sponsorship	Tourism	0	0	0	0	34,000	(27,000)	7,000
Total		12,809,472	6,801,129	(11,683,862)	7,926,739	4,589,686	(10,409,115)	2,107,310

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,267,965	1,088,146
Restricted		6,955,489	12,452,586
		<u>9,223,454</u>	<u>13,540,732</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Aged Accommodation Reserve	11	249,145	232,105
Employee Liability Reserve	11	512,931	545,189
Housing Reserve	11	234,208	225,269
Office Equipment Reserve	11	118,133	123,050
Plant & Equipment Reserve	11	487,733	582,571
Recreation Reserve	11	30,226	48,309
Road & Bridgeworks Reserve	11	623,888	635,182
Refuse Site Reserve	11	182,085	155,898
Regional Development Reserve	11	114,375	129,289
Speedway Reserve	11	130,201	125,231
Community Bus Replacement Reserve	11	30,039	9,656
Septage Pond Reserve	11	245,028	196,241
Killara Reserve	11	148,921	175,380
Stormwater Drainage Projects Reserve	11	46,521	6,272
Recreation and Community Facilities Reserve	11	625,572	413,642
Administration Office Reserve	11	470,224	452,276
Council Building & Amenities Reserve	11	147,308	93,594
River Town Pool Dredging Reserve	11	273,667	215,130
Parking Facilities Construction Reserve	11	162,328	151,324
Art Collection Reserve	11	15,646	10,239
Unspent Grants	2(c)	2,107,310	7,926,739
		<u>6,955,489</u>	<u>12,452,586</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		717,627	568,858
Rate Debtors Legal		118,964	108,742
Sundry Debtors		795,312	517,733
GST Receivable		0	2,000
Loans - Clubs/Institutions		214,569	71,896
Debtors - Pensioner Rebates		14,700	21,233
Emergency Services Levy		35,995	29,239
Debtors - Rubbish Charges		92,118	53,251
Accrued Income		34,017	53,968
Less Provision For Doubtful Debts		(37,650)	(29,549)
		<u>1,985,652</u>	<u>1,397,370</u>
Non-Current			
Rates Outstanding - Pensioners		320,672	294,964
Loans - Clubs/Institutions		120,193	394,349
		<u>440,865</u>	<u>689,314</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	60,461	7,766
Land Held for Resale	25,045	0
	<u>85,506</u>	<u>7,766</u>
Non-Current		
Land Held for Resale - Cost	0	884,118
Development Costs	0	0
	<u>0</u>	<u>884,118</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	15,568,600	0
- Cost	0	1,047,578
	<u>15,568,600</u>	<u>1,047,578</u>
Land Vested In and Under the Control of Council at:		
- Independent Valuation 2014	1,315,000	0
- Cost	0	271,732
	<u>1,315,000</u>	<u>271,732</u>
Total Land	<u>16,883,600</u>	<u>1,319,310</u>
Non-Specialised Buildings at:		
- Independent Valuation 2014	2,847,000	0
- Cost	0	2,784,587
Less: Accumulated Depreciation	0	(865,869)
	<u>2,847,000</u>	<u>1,918,718</u>
Specialised Buildings at:		
- Independent Valuation 2014	33,372,000	0
- Cost	0	26,168,955
Less: Accumulated Depreciation	0	(4,717,559)
	<u>33,372,000</u>	<u>21,451,396</u>
Total Buildings	<u>36,219,000</u>	<u>23,370,114</u>
Total Land and Buildings	<u>53,102,600</u>	<u>24,689,424</u>
Furniture and Equipment at:		
Cost	860,659	1,879,742
Less Accumulated Depreciation	(625,487)	(1,595,426)
	<u>235,172</u>	<u>284,316</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Plant and Equipment at:		
- Management Valuation 2013	317,230	317,230
- Additions after Valuation - Cost	922,072	0
- Independent Valuation 2013	2,574,858	2,974,464
Less Accumulated Depreciation	<u>(463,360)</u>	<u>0</u>
	<u>3,350,800</u>	<u>3,291,694</u>
Bushfire Equipment at:		
- Independent Valuation 2013	801,000	831,000
- Additions after Valuation - Cost	112,812	0
Less Accumulated Depreciation	<u>(109,099)</u>	<u>0</u>
	<u>804,713</u>	<u>831,000</u>
Playground Equipment at:		
Cost	29,700	29,700
Less Accumulated Depreciation	<u>(29,700)</u>	<u>(29,700)</u>
	<u>0</u>	<u>0</u>
Tools at:		
Cost	3,756	3,756
Less Accumulated Depreciation	<u>(3,756)</u>	<u>(3,756)</u>
	<u>0</u>	<u>0</u>
	<u><u>57,493,285</u></u>	<u><u>29,096,434</u></u>

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy) unless there are some restrictions or other factors associated with the land which resulted in the land being deemed to be valued using Level 3 inputs.

These restrictions and other factors including zoning, area, usage or topography which resulted in a reduced degree of confidence applying a typical valuation method based on direct comparable sales evidence. The value of these lands were derived by making the necessary adjustments to the closest available market evidence in order to reflect the current (highest and best) use to which the land is zoned. Given the significance of the Level 3 inputs into the overall fair value measurement these lands are deemed to have been valued using Level 3 inputs.

With regard to specialised and non-specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised and non-specialised building assets are deemed to have been valued using Level 3 inputs.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings (Continued):

These 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.

The revaluation of these assets resulted in an overall increase of \$28,668,366 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

With regard to land vested in and under the control of Council, these assets were originally recognised as at 30 June 2013 at deemed cost where cost was effectively the fair value at the date of recognition.

As land vested in and under the control of Council is Crown Land restricted as to usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage.

These included both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is deemed to have been valued using Level 3 inputs.

These 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.

Due to the mandatory fair value measurement framework as detailed in Note 1(f), Land Vested in and under the control of Council required a fair value assessment to occur in the current year.

This was performed by management at 30 June 2014 on the same basis as the prior year deemed cost valuation was arrived at.

Plant and Equipment:

Bushfire Equipment:

Both plant and equipment and bushfire equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(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.

		Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Transfer to Infrastructure	Transfer From Land Held For Resale	Depreciation (Expense)	Carrying Amount at the End of Year
		\$	\$	\$	\$	\$	\$	\$	\$
Freehold Land	(Level 2)	888,702	26,961		8,482,363	0	874,574	0	10,272,600
Freehold Land	(Level 3)	158,876	0	0	5,152,624	0	(15,500)	0	5,296,000
Land Vested In and Under the Control of Council	(Level 3)	271,732	0	0	1,043,268	0	0	0	1,315,000
Total Land		1,319,310	26,961	0	14,678,255	0	859,074	0	16,883,600
Non-Specialised Buildings	(Level 3)	1,918,718	0	0	431,943	546,684	0	(50,345)	2,847,000
Specialised Buildings	(Level 3)	21,451,396	924,109	0	13,558,168	(2,111,537)	0	(450,136)	33,372,000
Total Buildings		23,370,114	924,109	0	13,990,111	(1,564,853)	0	(500,481)	36,219,000
Total Land and Buildings		24,689,424	951,070	0	28,668,366	(1,564,853)	859,074	(500,481)	53,102,600
Furniture and Equipment		284,316	88,268	0	0	(47,422)	0	(89,990)	235,172
Plant and Equipment	(Level 2)	3,291,694	922,072	(399,306)	0	0	0	(463,660)	3,350,800
Bushfire Equipment	(Level 2)	831,000	112,812	(27,000)	0	0	0	(112,099)	804,713
Total Property, Plant and Equipment		29,096,434	2,074,222	(426,306)	28,668,366	(1,612,275)	859,074	(1,166,230)	57,493,285

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Cost	64,845,692	60,360,503
Less Accumulated Depreciation	<u>(37,848,402)</u>	<u>(36,256,990)</u>
	26,997,290	24,103,513
Footpaths		
- Cost	7,111,758	6,984,720
Less Accumulated Depreciation	<u>(3,714,969)</u>	<u>(3,541,162)</u>
	3,396,789	3,443,558
Drainage		
- Cost	10,200,149	9,305,844
Less Accumulated Depreciation	<u>(4,950,852)</u>	<u>(4,799,157)</u>
	5,249,297	4,506,687
Parks & Ovals		
- Cost	4,457,177	3,496,648
Less Accumulated Depreciation	<u>(1,747,166)</u>	<u>(1,666,213)</u>
	2,710,011	1,830,435
Other Infrastructure		
- Cost	2,307,817	320,299
Less Accumulated Depreciation	<u>(698,824)</u>	<u>(211,756)</u>
	1,608,993	108,543
Streetscape		
- Cost	3,818,279	3,818,279
Less Accumulated Depreciation	<u>(1,083,483)</u>	<u>(970,714)</u>
	2,734,796	2,847,565
Bridges & Culverts		
- Cost	8,855,860	8,709,860
Less Accumulated Depreciation	<u>(4,615,167)</u>	<u>(4,522,009)</u>
	4,240,693	4,187,851
Aero		
- Cost	864,419	751,571
Less Accumulated Depreciation	<u>(85,247)</u>	<u>(68,803)</u>
	779,172	682,768
	<u>47,717,041</u>	<u>41,710,920</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. INFRASTRUCTURE (Continued)

(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.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Transfer to Property Plant & Equipment \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	24,103,513	4,485,189	0	0	1	(1,591,413)	26,997,290
Footpaths	3,443,558	127,038	0	0	0	(173,807)	3,396,789
Drainage	4,506,687	894,306	0	0	(1)	(151,695)	5,249,297
Parks & Ovals	1,830,435	826,659	0	0	129,824	(76,907)	2,710,011
Other Infrastructure	108,543	95,687	0	0	1,482,451	(77,688)	1,608,993
Streetscape	2,847,565	0	0	0	0	(112,769)	2,734,796
Bridges & Culverts	4,187,851	146,000	0	0	0	(93,158)	4,240,693
Aero	682,768	112,848	0	0	0	(16,444)	779,172
Total	<u>41,710,920</u>	<u>6,687,727</u>	<u>0</u>	<u>0</u>	<u>1,612,275</u>	<u>(2,293,881)</u>	<u>47,717,041</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,896,412	1,320,087
Net Tax Liability	9,621	593
Accrued Interest on Debentures	50,643	56,239
Accrued Salaries and Wages	149,557	161,869
ESL Payable	4,896	4,353
	2,111,129	1,543,141

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	592,668	428,143
	592,668	428,143
Non-Current		
Secured by Floating Charge Debentures	3,498,001	4,150,255
	3,498,001	4,150,255

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current		
Provision for Annual Leave	490,281	410,738
Provision for Long Service Leave	251,568	273,764
	741,849	684,502
Non-Current		
Provision for Long Service Leave	127,552	115,705
	127,552	115,705
	869,401	800,207

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2013	410,738	389,469	800,207
Additional provision	273,930	26,637	300,567
Amounts used	(194,387)	(36,986)	(231,373)
Balance at 30 June 2014	490,281	379,120	869,401

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Aged Accommodation Reserve			
Opening Balance	232,105	232,104	225,986
Amount Set Aside / Transfer to Reserve	25,110	25,360	18,383
Amount Used / Transfer from Reserve	(8,070)	(11,745)	(12,264)
	<u>249,145</u>	<u>245,719</u>	<u>232,105</u>
(b) Employee Liability Reserve			
Opening Balance	545,189	545,190	520,123
Amount Set Aside / Transfer to Reserve	69,702	72,221	25,066
Amount Used / Transfer from Reserve	(101,960)	(101,960)	0
	<u>512,931</u>	<u>515,451</u>	<u>545,189</u>
(c) Housing Reserve			
Opening Balance	225,269	225,269	215,731
Amount Set Aside / Transfer to Reserve	8,939	9,182	9,538
Amount Used / Transfer from Reserve	0	0	0
	<u>234,208</u>	<u>234,451</u>	<u>225,269</u>
(d) Meat Inspection Reserve			
Opening Balance	0	0	67,051
Amount Set Aside / Transfer to Reserve	0	0	2,816
Amount Used / Transfer from Reserve	0	0	(69,867)
	<u>0</u>	<u>0</u>	<u>0</u>
(e) Office Equipment Reserve			
Opening Balance	123,050	123,050	117,840
Amount Set Aside / Transfer to Reserve	9,883	10,015	5,210
Amount Used / Transfer from Reserve	(14,800)	(14,800)	0
	<u>118,133</u>	<u>118,265</u>	<u>123,050</u>
(f) Plant & Equipment Reserve			
Opening Balance	582,571	582,572	736,170
Amount Set Aside / Transfer to Reserve	225,599	273,745	262,151
Amount Used / Transfer from Reserve	(320,437)	(361,253)	(415,750)
	<u>487,733</u>	<u>495,064</u>	<u>582,571</u>
(g) Recreation Reserve			
Opening Balance	48,309	48,308	46,263
Amount Set Aside / Transfer to Reserve	1,917	1,969	2,046
Amount Used / Transfer from Reserve	(20,000)	(50,277)	0
	<u>30,226</u>	<u>0</u>	<u>48,309</u>
(h) Road & Bridgeworks Reserve			
Opening Balance	635,182	635,182	577,577
Amount Set Aside / Transfer to Reserve	25,206	45,889	57,605
Amount Used / Transfer from Reserve	(36,500)	0	0
	<u>623,888</u>	<u>681,071</u>	<u>635,182</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (Continued)			
(i) Refuse Site Reserve			
Opening Balance	155,898	155,898	182,887
Amount Set Aside / Transfer to Reserve	46,187	46,354	28,011
Amount Used / Transfer from Reserve	(20,000)	(20,000)	(55,000)
	<u>182,085</u>	<u>182,252</u>	<u>155,898</u>
(j) Regional Development Reserve			
Opening Balance	129,289	129,290	119,017
Amount Set Aside / Transfer to Reserve	10,131	10,270	10,272
Amount Used / Transfer from Reserve	(25,045)	0	0
	<u>114,375</u>	<u>139,560</u>	<u>129,289</u>
(k) Speedway Reserve			
Opening Balance	125,231	125,231	119,929
Amount Set Aside / Transfer to Reserve	4,970	5,104	5,302
Amount Used / Transfer from Reserve	0	0	0
	<u>130,201</u>	<u>130,335</u>	<u>125,231</u>
(l) Community Bus Replacement Reserve			
Opening Balance	9,656	9,656	50,493
Amount Set Aside / Transfer to Reserve	20,383	20,393	12,141
Amount Used / Transfer from Reserve	0	0	(52,978)
	<u>30,039</u>	<u>30,049</u>	<u>9,656</u>
(m) Septage Pond Reserve			
Opening Balance	196,241	196,341	130,446
Amount Set Aside / Transfer to Reserve	48,787	9,002	65,795
Amount Used / Transfer from Reserve	0	0	0
	<u>245,028</u>	<u>205,343</u>	<u>196,241</u>
(n) Killara Reserve			
Opening Balance	175,380	233,775	529,889
Amount Set Aside / Transfer to Reserve	12,669	9,528	43,269
Amount Used / Transfer from Reserve	(39,128)	(154,174)	(397,778)
	<u>148,921</u>	<u>89,129</u>	<u>175,380</u>
(o) Stormwater Drainage Projects Reserve			
Opening Balance	6,272	6,272	6,007
Amount Set Aside / Transfer to Reserve	40,249	40,257	265
Amount Used / Transfer from Reserve	0	0	0
	<u>46,521</u>	<u>46,529</u>	<u>6,272</u>
(p) Recreation and Community Facilities Reserve			
Opening Balance	413,642	413,642	396,128
Amount Set Aside / Transfer to Reserve	211,930	212,374	17,514
Amount Used / Transfer from Reserve	0	0	0
	<u>625,572</u>	<u>626,016</u>	<u>413,642</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (Continued)			
(q) Administration Office Reserve			
Opening Balance	452,276	452,276	433,126
Amount Set Aside / Transfer to Reserve	17,948	18,434	19,150
Amount Used / Transfer from Reserve	0	0	0
	<u>470,224</u>	<u>470,710</u>	<u>452,276</u>
(r) Council Building & Amenities Reserve			
Opening Balance	93,594	93,594	60,072
Amount Set Aside / Transfer to Reserve	53,714	253,815	33,522
Amount Used / Transfer from Reserve	0	0	0
	<u>147,308</u>	<u>347,409</u>	<u>93,594</u>
(s) River Town Pool Dredging Reserve			
Opening Balance	215,130	215,130	158,036
Amount Set Aside / Transfer to Reserve	58,537	58,768	57,094
Amount Used / Transfer from Reserve	0	0	0
	<u>273,667</u>	<u>273,898</u>	<u>215,130</u>
(t) Parking Facilities Construction Reserve			
Opening Balance	151,324	151,323	144,916
Amount Set Aside / Transfer to Reserve	11,004	6,168	6,408
Amount Used / Transfer from Reserve	0	0	0
	<u>162,328</u>	<u>157,491</u>	<u>151,324</u>
(u) Art Collection Reserve			
Opening Balance	10,239	10,239	5,007
Amount Set Aside / Transfer to Reserve	5,407	5,417	5,232
Amount Used / Transfer from Reserve	0	0	0
	<u>15,646</u>	<u>15,656</u>	<u>10,239</u>
TOTAL RESERVES	<u><u>4,848,179</u></u>	<u><u>5,004,398</u></u>	<u><u>4,525,847</u></u>
Total Opening Balance	4,525,847	4,584,342	4,842,694
Total Amount Set Aside / Transfer to Reserve	908,272	1,134,265	686,790
Total Amount Used / Transfer from Reserve	<u>(585,940)</u>	<u>(714,209)</u>	<u>(1,003,637)</u>
TOTAL RESERVES	<u><u>4,848,179</u></u>	<u><u>5,004,398</u></u>	<u><u>4,525,847</u></u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

(a) Aged Accommodation Reserve

Provision of future capital works requirements for aged units at Kuringal Village , Wundowie and other sites within the Shire of Northam. Funds not expected to be used in a set period as further transfer to the reserve account.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

11. RESERVES - CASH BACKED (continued)

(b) Employee Liability Reserve

Provision for employees future liability commitments i.e. Annual leave, long service requirements and negotiated gratuities and sickness payouts. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.

(c) Housing Reserve

Reserve established for future construction of Community Housing in Wundowie.
Funds not expected to be used in a set period.

(d) Meat Inspection Reserve

Provision for possible future losses in meat inspection operations in the event of abattoir closure.
No further transfers will occur as the service is no longer provided.

(e) Office Equipment Reserve

Acquisition and upgrading of Council offices, furniture, computers and general equipment.
Funds not expected to be used in a set period as further transfer to the reserve account are expected as the funds are utilised.

(f) Plant & Equipment Reserve

Acquisition and upgrading of the Council works plant and general equipment in accordance with the plant replacement program. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.

(g) Recreation Reserve

Development and improvement of recreation and sporting facilities within the Shire of Northam.
It is anticipated that this reserve will be fully utilised 2014/2015.

(h) Road & Bridgeworks Reserve

Provision for upgrading of road and bridge infrastructure within the Shire of Northam. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated.

(i) Refuse Site Reserve

Development of refuse Sites andn related infrastructure and equipment, including provision for future replacement facility and/or site. Funds are not expected to be used in a set period transfers to the reserve account are anticipated.

(j) Regional Development Reserve

To provide for future projects wherby a broader range of development ideas may be required to be encouraged on a regional basis, in consultation with other stakeholders and/or Local Governments. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

(k) Speedway Reserve

To provide funds for possible future rehabilitation works required at Northam Speedway site on Fox Road Northam. No date has been specified for the use of this reserve.

(l) Community Bus Replacement Reserve

To provide for future replacement of the Shire of Northam Community Buses. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

(m) Septage Pond Reserve

To provide funds for future upgrades and maintenance to septic ponds and related infrastructure. Funds are not expected to be used in the set period as further transfers to the reserve account are anticipated

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

11. RESERVES - CASH BACKED (continued)

(n) Killara Reserve

To provide a fund for surplus funds from Killara operations and restricted cash for any unspent Killara grants. No date has been specified for the use of this reserve.

(o) Stormwater Drainage Projects Reserve

To provide funds for stormwater drainage projects. No date has been specified for the use of this reserve.

(p) Recreation and Community Facilities Reserve

To provide a fund for Recreation and Public Facilities within the Shire of Northam. No date has been specified for the use of this reserve. 2% of the net rates levied each year are set aside for provision of recreation and sport facilities.

(q) Administration Office Reserve

To provide a fund for the expansion or relocation of the Shire of Northam Administration Centre. No date has been specified for the use of this reserve.

(r) Council Building & Amenities Reserve

Provision for the maintenance and upgrading of Council buildings and amenities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

(s) River Town Pool Dredging Reserve

Provision for dredging and maintenance of the River Town Pool. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated.

(t) Parking Facilities Construction Reserve

Provision for the future car parking facilities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

(u) Art Collection Reserve

Provision for the care and maintenance of the Shire of Northam's art collection, including acquisitions and disposal. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS

	2014	2013
	\$	\$
<p>Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:</p>		
(a) Land		
Opening Balance	0	0
Revaluation Increment	14,678,255	0
Revaluation Decrement	0	0
	<u>14,678,255</u>	<u>0</u>
(b) Buildings		
Opening Balance	0	0
Revaluation Increment	13,990,111	0
Revaluation Decrement	0	0
	<u>13,990,111</u>	<u>0</u>
(b) Plant & Equipment		
Opening Balance	505,738	0
Revaluation Increment	0	505,738
Revaluation Decrement	0	0
	<u>505,738</u>	<u>505,738</u>
(c) Bushfire Equipment		
Opening Balance	318,627	0
Revaluation Increment	0	318,627
Revaluation Decrement	0	0
	<u>318,627</u>	<u>318,627</u>
TOTAL ASSET REVALUATION SURPLUS	<u>29,492,731</u>	<u>824,365</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>9,223,454</u>	<u>5,254,006</u>	<u>13,540,732</u>

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

Net Result	801,330	3,380,445	1,846,500
Depreciation	3,460,111	3,495,741	3,482,531
(Profit)/Loss on Sale of Asset	81,326	(2,432,424)	510,030
(Increase)/Decrease in Receivables	(471,317)	(260,620)	441,836
(Increase)/Decrease in Inventories	(52,693)	(3,267)	28,967
Increase/(Decrease) in Payables	567,987	325,505	(858,815)
Increase/(Decrease) in Employee Provisions	69,194	11,381	18,319
Grants Contributions for the Development of Assets	(2,332,010)	(4,254,465)	(3,226,166)
Non-Current Assets recognised due to changes in legislative requirements	<u>0</u>	<u>0</u>	<u>(271,732)</u>
Net Cash from Operating Activities	<u>2,123,928</u>	<u>262,296</u>	<u>1,971,470</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	15,000
Credit Card Balance at Balance Date	(682)	(1,743)
Total Amount of Credit Unused	<u>114,318</u>	<u>113,257</u>
Loan Facilities		
Loan Facilities - Current	592,668	428,143
Loan Facilities - Non-Current	3,498,001	4,150,255
Total Facilities in Use at Balance Date	<u>4,090,669</u>	<u>4,578,398</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

14. CONTINGENT LIABILITIES

The Shire of Northam had no contingent liabilities at 30 June 2014.

15. CAPITAL AND LEASING COMMITMENTS	2014 \$	2013 \$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	7,760	11,640
- later than one year but not later than five years	0	7,760
- later than five years	0	0
	7,760	19,400

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	65,774	3,152,003
- plant & equipment purchases	0	51,195
Payable:		
- not later than one year	65,774	3,203,198

The capital expenditure project outstanding at the end of the current reporting period represents the completion of the 2013/14 footpath construction program and installation of the pipeline from Wundowie to Bakers Hill.

The capital expenditure project outstanding at the end of the prior reporting period represents the Killara Cottage Respite Buildings and the construction of a road from Mitchell Avenue to near the hospital site, a Ferris Mower and Commodore Sedan.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

16. JOINT VENTURE ARRANGEMENTS

The Shire together with the Department of Housing and works have a joint venture housing arrangement for the provision of 8 aged care accommodation units at Lot 410 Kuringal Road Wundowie. The joint venture has been established since 1996.

Land & Buildings (#S406,9155,9156,LB-0905)	790,000	584,522
Less: Accumulated Depreciation	0	(198,079)
	<u>790,000</u>	<u>386,443</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	6,330,734	885,055
General Purpose Funding	1,052,999	2,340,830
Law, Order, Public Safety	2,125,232	1,512,235
Health	109,115	83,901
Education and Welfare	5,034,297	3,792,148
Housing	1,513,413	983,594
Community Amenities	5,607,964	4,848,010
Recreation and Culture	32,293,951	19,055,540
Transport	44,436,294	40,101,824
Economic Services	7,605,717	3,843,741
Other Property and Services	473,592	232,880
Unallocated	10,606,450	9,646,896
	<u>117,189,758</u>	<u>87,326,654</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

18. FINANCIAL RATIOS	2014	2013	2012
Current Ratio	1.48	1.18	1.14
Asset Sustainability Ratio	0.68	1.24	1.25
Debt Service Cover Ratio	2.90	3.36	5.91
Operating Surplus Ratio	(0.12)	(0.12)	0.06
Own Source Revenue Coverage Ratio	0.71	0.63	0.68

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 64 of this document.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Town Hall Bond	0	4,000	(1,500)	2,500
Lesser Hall Bond	400	500	0	900
Nomination Deposits	0	800	(800)	0
POS - Cash in Lieu	293,253	28,910	(18,000)	304,163
Bonds Building	36,000	0	(500)	35,500
Crossovers Bond	91,392	0	(4,500)	86,892
Recreation Centre Bond	400	700	(700)	400
Facilities Bond	500	0	(300)	200
Footpath/Kerbing Deposit	89,500	39,500	(35,500)	93,500
Retentions	37,977	141,911	0	179,888
Sundry Trust	8,310	0	0	8,310
Building & Construction Industry Training Fund	0	49,628	(49,628)	0
Builders Reg Board Levy	0	29,792	(29,792)	0
Standpipe Key	5,850	800	(50)	6,600
Resited Dwellings	7,200	0	0	7,200
Deposits - Extractive Industries	249,494	8,179	0	257,673
Other	14,873	6,850	(3,740)	17,983
Other Rental Bond	400	0	0	400
Animal Traps Bond	55	615	(540)	130
Storm Damage Donations	175	0	0	175
	<u>835,779</u>			<u>1,002,414</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
CEO Vehicle PN1212 Asset MV1214	25,790	39,444	27,273	26,000	1,483	(13,444)
EMCorps Vehicle PN1102 Asset MV1102	22,868	23,674	21,627	24,000	(1,241)	326
Law, Order, Public Safety						
CESC Vehicle PN1102 Asset 9255	16,657	11,562	9,364	10,000	(7,293)	(1,562)
Ranger Vehicle PN1010 Asset MV1010	18,286	9,032	9,545	10,000	(8,741)	968
Bakers Hill Asset 378 1CPT104	27,000	0	27,000	0	0	0
Education and Welfare						
Killara Omega Mgr PN1020 Asset HNK0001	15,251	29,062	7,909	15,000	(7,342)	(14,062)
Killara 3 Holden Omega PN0907 Asset 9242	15,067	11,129	7,909	15,000	(7,158)	3,871
Recreation and Culture						
EMComms Vehicle PN1101 Asset MV1101	20,910	17,894	17,273	20,000	(3,637)	2,106
Wundowie Yak Lot 311 Asset S222	0	24,634	0	200,000	0	175,366
Transport						
PN002 Volvo Grader 710B 2004 Asset S655	110,000	32,532	72,000	150,049	(38,000)	117,517
PN0813 N3651 Mitsubishi Canter 4T Asset 9215	22,000	6,998	28,950	33,619	6,950	26,621
P589 Isuzu NKR 2T Truck N4963 2004 Asset 989	21,000	0	16,364	40,317	(4,636)	40,317
P5040 N9324 Toyota Hilux Mtce Ute Asset 9060	12,500	0	5,455	12,145	(7,045)	12,145
P590 Toyota Hilux Grader Ute Asset 990	6,000	0	3,636	12,145	(2,364)	12,145
PN1104 N10686 Nissan Navara Const Super Asset MV1104	0	16,779	0	12,145	0	(4,634)
P450 JD Z Track Ride on Mower 2008 Asset 9109	1,650	7,330	1,500	1,500	(150)	(5,830)
PN5042 Toyota Hilux Tray Top Wundowie Asset 9062	10,925	0	12,152	0	1,227	0
PN010 5 Tonne Tipper Truck Asset 9110	35,454	0	33,735	0	(1,719)	0
Shire Depot Assets 259	0	40,801	0	2,136,079	0	2,095,278
Shire Depot Assets 260	0	9,684	0	9,684	0	0
Shire Depot Asset 261	0	2,417	0	2,417	0	0
Shire Depot Asset 262	0	26,257	0	26,257	0	0
Shire Depot Asset 266	0	11,125	0	11,125	0	0
Shire Depot Asset 488	0	13,621	0	13,621	0	0
Economic Services						
Snr Building Vehicle N042 Asset 9254	12,954	0	12,433	0	(521)	0
PM Cominf Vehicle PN1015 Asset MV1015	17,950	25,313	18,041	20,000	91	(5,313)
Coordinator Supertowns Vehicle PN1203 Asset MV1204	14,044	19,391	12,814	10,000	(1,230)	(9,391)
	426,306	378,679	344,980	2,811,103	(81,326)	2,432,424

Profit	9,751	2,486,660
Loss	(91,077)	(54,236)
	<u>(81,326)</u>	<u>2,432,424</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 215 - Admin Office Renovations	115,183	0	25,987	25,987	89,196	89,196	7,289	7,365
Community Amenities								
Loan 210 - River Dredging	17,547	0	5,500	5,500	12,047	12,047	843	991
Recreation and Culture								
Loan 206 - Northam Country Club **	221,377	0	35,137	35,137	186,240	186,240	12,550	12,636
Loan 208 - Northam Country Club **	34,090	0	4,249	4,249	29,841	29,841	2,396	2,465
Loan 219 - Northam Bowling Club **	141,095	0	22,415	22,415	118,680	118,680	7,731	7,999
Loan 222 - Northam Trotting Club **	69,682	0	69,682	10,095	0	59,587	5,195	3,665
Loan 223 - Recreation Facilities	766,506	0	90,896	90,896	675,610	675,610	43,647	45,688
Loan 224- Recreation Facilities	1,042,187	0	31,897	31,897	1,010,290	1,010,290	67,475	67,703
Loan 226 - Recreation Facilities	388,241	0	12,378	12,378	375,863	375,863	20,202	20,268
Transport								
Loan 221 - Airstrip Upgrade	58,964	0	10,394	10,394	48,570	48,570	3,528	3,581
Economic Services								
Loan 217 - CBD Streetscape	776,624	0	138,146	138,146	638,478	638,478	41,787	42,921
Loan 218 - CBD Streetscape	94,203	0	14,952	14,952	79,251	79,251	5,001	5,377
Loan 225 - Victoria Oval Purchase	852,699	0	26,097	26,097	826,602	826,601	55,207	55,393
	4,578,398	0	487,730	428,143	4,090,668	4,150,254	272,851	276,052

(**) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

The Shire had no new loan borrowings during the year ended 30 June 2014.

(c) Unspent Debentures

The Shire had no unspent debentures as at 30 June 2014.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2002 to assist with short term liquidity
The balance of the bank overdraft at 1 July 2013 and 30 June 2014 was \$nil.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
00 Non Rateable	0.0000	692	1,587,260	0	0	0	0	0	0	0	0
01 GRV -Townsite	9.7018	2,928	36,365,266	3,532,095	22,137	262	3,554,494	3,528,087	23,000	600	3,551,687
02 GRV - Northam Commercial/Industrial	10.8064	249	11,298,400	1,217,384	7,207	4,926	1,229,517	1,220,950	1,000	100	1,222,050
05 Agricultural Local	0.5226	481	153,306,000	802,269	8,183	3,756	814,208	801,177	6,000	100	807,277
06 Agricultural Regional	0.4331	210	112,043,000	484,353	1,833	(260)	485,926	485,258	6,000	100	491,358
07 Rural Small Holding	0.5958	549	96,238,000	573,386	953	0	574,339	573,386	4,000	100	577,486
Sub-Totals		5,109	410,837,926	6,609,487	40,313	8,684	6,658,484	6,608,858	40,000	1,000	6,649,858
Minimum Payment	Minimum \$										
01 GRV -Townsite	790	954	4,307,907	754,450	0	0	754,450	753,660	0	0	753,660
02 GRV - Northam Commercial/Industrial	790	43	177,888	33,970	0	0	33,970	33,970	0	0	33,970
05 Agricultural Local	790	155	12,738,910	122,450	0	0	122,450	122,450	0	0	122,450
06 Agricultural Regional	790	200	22,714,600	158,000	0	0	158,000	158,000	0	0	158,000
07 Rural Small Holding	790	101	12,559,000	79,790	0	0	79,790	79,790	0	0	79,790
Sub-Totals		1,453	52,498,305	1,148,660	0	0	1,148,660	1,147,870	0	0	1,147,870
Ex-Gratia Rates							7,807,144				7,797,728
Excess Rate Receipts							12,953				12,950
Discounts (refer note 25.)							6,040				0
							0				0
Total Amount Raised From General Rate							7,826,137				7,810,678

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus 1 July 13 Brought Forward	<u>3,866,776</u>	<u>8,665,671</u>	<u>8,645,102</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	2,267,968	1,088,146	2,465,390
Restricted	6,955,487	12,452,586	10,930,926
Receivables			
Rates Outstanding	717,627	568,857	568,857
Rate Debtors Legal	118,964	108,742	108,742
Sundry Debtors	795,312	517,733	533,660
Debtors - Rubbish Charges	92,118	53,251	53,251
Accrued Income	34,018	53,968	53,968
Less Provision For Doubtful Debts	(37,650)	(29,549)	(29,549)
GST Receivable	0	2,000	2,000
Loans - Clubs/Institutions	214,569	71,896	71,896
Debtors - Pensioner Rebates	14,700	21,233	21,233
Emergency Services Levy	35,995	29,239	29,239
Inventories			
Fuel and Materials	60,461	7,766	7,766
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(1,896,412)	(1,320,087)	(1,153,670)
Accrued Interest on Debentures	(50,643)	(56,239)	(56,239)
Accrued Salaries and Wages	(149,557)	(161,869)	(161,869)
Net Tax Liability	(9,621)	(593)	(593)
ESL Payable	(4,896)	(4,353)	(4,353)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(592,668)	(428,143)	(428,143)
Provisions			
Provision for Annual Leave	(490,281)	(410,738)	(410,738)
Provision for Long Service Leave	(251,568)	(273,764)	(273,764)
<u>Net Current Assets</u>	<u>7,823,923</u>	<u>12,290,082</u>	<u>12,328,010</u>
Less:			
Reserves - Restricted Cash	(4,848,177)	(4,525,847)	(4,584,343)
Loans - Clubs/Institutions	(214,569)	(71,896)	(71,896)
Add:			
Secured by Floating Charge Debentures	592,668	428,143	428,143
Leave Liability Reserve	512,931	545,189	545,188
Surplus	<u>3,866,776</u>	<u>8,665,671</u>	<u>8,645,102</u>

Difference

There was a difference between the Surplus 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus Carried Forward position as disclosed in the 2013 audited financial report, due to minor changes in sundry debtors and creditors.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any specified area rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment	Write-Off	N/A	0	1,000

Council did not offer a discount on rates.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%		88,465	100,000
Interest on Instalments Plan	5.50%		26,545	29,000
Charges on Instalment Plan		10	36,480	39,000
Pensioner Deferred Rate Interest	3.95%		5,996	9,000
			157,486	177,000

Ratepayers had the option of paying rates in one instalment due on 23 October 2013, two equal instalments due on 23 October 2013 and 23 December 2013 or four equal instalments due on 23 October 2013, 23 December 2013, 24 February 2014 and 24 April 2014. Administration Charges and interest applied to the final three instalment.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

27. FEES & CHARGES	2014	2013
	\$	\$
Governance	908	2,835
General Purpose Funding	74,948	68,756
Law, Order, Public Safety	84,787	41,770
Health	36,353	144,332
Education and Welfare	188,639	93,524
Housing	33,493	37,365
Community Amenities	2,407,907	1,732,151
Recreation and Culture	283,035	244,028
Transport	47,538	39,040
Economic Services	348,953	300,172
Other Property and Services	20,655	43,052
	<u>3,527,216</u>	<u>2,747,025</u>

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

28. GRANT REVENUE

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

	2014	2013
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	3,285,739	5,086,412
Non-Operating Grants, Subsidies and Contributions	2,332,010	3,226,166
	<u>5,617,749</u>	<u>8,312,578</u>
By Program:		
Governance	166	76,357
General Purpose Funding	1,676,617	3,788,832
Law, Order, Public Safety	416,814	482,688
Health	454	10,917
Education and Welfare	1,983,712	1,681,920
Housing	0	1,124
Community Amenities	114,962	331,655
Recreation and Culture	233,631	219,995
Transport	814,285	1,143,336
Economic Services	377,108	514,345
Other Property and Services	0	61,409
	<u>5,617,749</u>	<u>8,312,578</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>91</u>	<u>94</u>
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SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

30. ELECTED MEMBERS REMUNERATION	2014	2014	2013
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	182,000	182,000	77,000
President's Allowance	48,000	48,000	40,000
Deputy President's Allowance	12,000	12,000	10,000
Travelling Expenses	10,672	13,000	12,356
ICT Expenses	35,000	35,000	0
Telecommunications Allowance	0	0	23,110
IT Allowance	0	0	10,000
	<u>287,672</u>	<u>290,000</u>	<u>172,466</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT

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

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets				
Cash and cash equivalents	9,223,454	13,540,732	9,223,454	13,540,732
Receivables	2,426,517	2,086,684	2,426,517	2,086,684
	<u>11,649,971</u>	<u>15,627,416</u>	<u>11,649,971</u>	<u>15,627,416</u>
Financial Liabilities				
Payables	2,111,129	1,543,141	2,111,129	1,543,141
Borrowings	4,090,669	4,578,398	3,721,417	4,148,654
	<u>6,201,798</u>	<u>6,121,539</u>	<u>5,832,546</u>	<u>5,691,795</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks.

	2014	2013
	\$	\$
Impact of a 1% movement in interest rates on cash		
- Equity	92,345	135,407
- Statement of Comprehensive Income	92,345	135,407

Notes:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	90%	95%
- Overdue	10%	5%

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	2,111,129	0	0	2,111,129	2,111,129
Borrowings	690,434	2,431,259	2,737,431	5,859,124	4,090,669
	<u>2,801,563</u>	<u>2,431,259</u>	<u>2,737,431</u>	<u>7,970,253</u>	<u>6,201,798</u>
<u>2013</u>					
Payables	1,543,141	0	0	1,543,141	1,543,141
Borrowings	704,195	2,770,446	3,157,483	6,632,124	4,578,398
	<u>2,247,336</u>	<u>2,770,446</u>	<u>3,157,483</u>	<u>8,175,265</u>	<u>6,121,539</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2014</u>								
Borrowings								
Fixed Rate								
Debentures	0	12,047	89,196	687,048	384,171	2,918,207	4,090,669	6.15%
Weighted Average Effective Interest Rate	0.00%	6.12%	6.96%	5.81%	5.93%	6.23%		
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	17,547	115,183	835,588	3,610,080	4,578,398	6.09%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.02%	6.67%	5.72%	6.16%		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF NORTHAM**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Northam, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the shire's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

AUDITOR'S OPINION

In our opinion, the financial report of the Shire of Northam is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF NORTHAM (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) There are no matter that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 64 of this report we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 14 November 2014
Perth, WA

**SHIRE OF NORTHAM
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2014	2013	2012
Asset Consumption Ratio	0.753	0.769	N/A
Asset Renewal Funding Ratio	0.923	0.884	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$

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

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for 2012 have not been reported as financial information is not available.