



Shire of Northam

2010/11 Annual Report

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Shire President's Message

It is with pleasure that I provide this report on some of the key activities of the Shire of Northam for 2010/11 on behalf of Council.

I am pleased to again report that the Shire is in a sound financial position and full reports are included within this document for the information of readers. Our overall aim is to provide value for money services, rather than create organisational wealth; however each is reliant on the other to a large degree.

Infrastructure:

A number of significant pieces of physical infrastructure have been under construction during this year.

The Recreation Centre at the Jubilee Oval complex is a major investment in community infrastructure that we believe will serve the Shire and wider region well into the future. Federal, State, Local Government and borrowed funds have made this project possible and I thank the financial

contributors for their support and congratulate the building team, led by Cooper and Oxley Builders.

The Sound Shell in Bernard Park is a major addition to the performing arts aspect of the Shire and will be a useful addition to the cultural activities that occur in the Shire. The creative use of I.e.d. lighting enables the structure to be clearly visible 24 hours a day.

The Wundowie Hall extension has been well received by users and the Shire is proud to have been able to help address the local community needs with this facility.

The Federal Government has announced that a new Immigration Detention Centre will be constructed in the Shire and after encountering a number of hurdles; this centre

should be commissioned in 2011/12 to house a maximum of 600 detainees at any one time.

Northam Development Plan:

A key report into the design of the Northam town site was undertaken and a development plan approved by Council this year. This plan, together with the next iteration of the Local Planning Scheme and Strategy, will guide development over the coming years.

Local Planning Scheme #6 and Local Planning Strategy:

These two key guidance documents were heavily developed in draft form during the year and should be adopted in final form in 2011/12 once community input is received and considered.

Regional Centres
Development Plan (Super
town):

The Shire has regulatory responsibility for the town site of Northam and in May this year the town was named as a super town meaning it is a key town servicing its region. The Shire is to prepare a "Growth and Implementation Plan" during 2011/12 demonstrating how above average economic growth and population expansion should occur into the future.

I believe that the Council is in a solid position to continue to develop services for the community and I again thank my fellow Councillors and our staff for their ongoing contributions towards our successes.

Cr Steven Pollard
Shire President





Elected Members



Cr Steven Pollard
Shire President
Town Ward



Cr Chantelle D'Ascenzo
Town Ward
Resigned 1 February
2011



Cr Ray Head
Town Ward



Cr Rob Tinetti
Town Ward



Cr Des Hughes
Town Ward



Cr Kathy Saunders
Deputy President
East Ward



Cr Terry Little
West Ward



Cr Bert Llewellyn
West Ward



Cr Michael Letch
Central Ward



Cr Ulo Rumjanstev
Central Ward



Chief Executive Officer's Report

This past financial year has been one of the most rewarding in that it has seen a number of significant projects and opportunities come to fruition thanks to the hard work and commitment of staff, community organisations and partnership with government agencies.

It is pleasing to again report that the annual community meetings provided positive feedback on the Shire's services and identified some new opportunities. Unfortunately, the Shire continues to experience problems with effective and timely communication between it and residents on a range of matters, such as planning outcomes, recreation or administration. I am confident that introduction of the monthly newspaper notice board, direct email opportunity and once-off public meetings and/or displays at the Boulevard Shopping Centre are

delivering improved outcomes.

The most significant issue to impact on the Shire during 2010/11 has been the Commonwealth Government's announcement regarding the establishment of the Yongah Hill Immigration Detention Centre. Notwithstanding the possible economic and employment benefits, the Centre presents a number of challenges, particularly to nearby residents. The delays experienced and uncertainty about the numbers of detainees enhanced the concerns of some. I congratulate the Shire President, Steven Pollard, for his efforts in keeping the media and community informed.

On 29 January 2011 a storm resulted in significant property and vegetation damage throughout the Shire. The impact of the storm varied from minor to significant damage and I extend

the Shire's appreciation to all those who assisted in responding to this traumatic event. The strong community support and quick response made a difficult time less stressful for all involved.

Whilst these unexpected distractions were challenging and time consuming the Shire pressed ahead with major infrastructure improvements and though not all projects were finished as at 30 June 2011, I am pleased to report:

New Recreation Centre
Despite some delays experienced due to power and oval reticulation issues, the project is substantially completed and will be available early in the new financial year.

Sound Shell – Bernard Park
The Sound Shell has been completed with some minor works to be finalised in 2011/12, e.g. lighting, lawn area and footpath realignment.

Wundowie Hall
Completed - This project has added significantly to the amenity and meeting facilities available to the community in and around Wundowie.

Other projects of note that have been undertaken during 2010/11 include:

- Clackline – Toodyay Road - works on this regional road are now complete;
- Irishtown Road – shoulder/drainage completed, seal widening in 2011/12
- Withers Street – reconstruct and seal completed
- King Creek Drainage - Stage 1 completed
- Library – new roof and lift installed
- Old Railway Station improvements finalised
- Bert Hawke car park sealed
- Bert Hawke playground equipment upgrade
- Grass Valley Hall car park sealed

The Shire, in partnership with its AROC local governments of Chittering,

Dowerin, Goomalling, Toodyay and Victoria Plains allocated its regional funding available under the Country Local Government Fund to enable the Shire of Northam to proceed, in 2011/12, with the construction of the new Killara Respite facility. This facility will deliver improved respite care opportunities for the Avon region.

Following on from my report last year in respect to the Shire's solid year on year population growth and the opportunities it will bring, the Shire undertook a number of strategic planning initiatives, such as the Northam Parking Review, Northam Townsite Laneway Review and Minson Avenue Design Guidelines to better place the Shire to deal with changing circumstances.

The Council's commitment to strategic planning has been vindicated by the announcement by the Minister for Regional Development and Lands that the State's population is expected to double

in the next twenty years and that he sees regional towns such as Northam as part of the solution. In 2011/12 the Shire will move into the "supertowns" program and its efforts during the past year have put it in a sound position to capitalise on this opportunity.

Staff turnover continues to be with us and, in the true spirit of local government opportunity, it always will be. During the year we welcomed on board Karen Dore - Community Development Officer, Tom Findlay - Principal Works Supervisor, Colin Hassell - Manager Recreation Services and Kaye Weaver - Librarian.

I wish to thank all staff for their ongoing commitment and efforts and extend on behalf of the Shire, appreciation to all volunteer bush fire brigade members, community groups and individuals that have assisted over these past twelve months.

Neville Hale
Chief Executive Officer

Executive Managers



Denise Gobbart
Corporate Services



Chadd Hunt
Development Services



Ian Bartlett
Engineering Services



Phil Steven
Regulatory Services

Plan for the Future Overview

Mission and Values

The Shire of Northam's Plan for the Future 2010–2020 was adopted at the Special Meeting of Council held on 2 June 2010 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.

The Plan expresses the Shire's Mission in the following terms:

"To deliver responsive, sustainable services in a manner that preserves and enhances our environment and lifestyle."

Values

Leadership: we recognise the community's expectations to provide leadership

Respect: we respect differences in age, culture, values and opinion

Teamwork: we achieve through the efforts of the team

Excellence: we aspire to one standard

Openness: we engender trust through our openness



Plan for the Future

The Plan is structured into six key result areas that will guide the Shire's principal activities. The six key result areas are:

- Planning Ahead For Social, Cultural and Community Development
- Building our Community
- Communicating and Marketing
- Developing our Shire
- Developing our Organisation
- Providing Physical Infrastructure and Caring for the Natural Environment

2010/11 Major Projects

Recreation Facilities Redevelopment Stage One

The Shire of Northam has commenced construction of the new Northam Recreation Centre which consists of three indoor multipurpose sprung timber courts with viewing area, new Administration area, mezzanine club offices, three multipurpose activity rooms, crèche, hospitality and viewing area overlooking the oval. The redevelopment also includes the construction of four multipurpose outdoor courts (including lighting) and the extension and lighting of Henry Street Oval to become the feature oval of the precinct. The facility will provide residents and visitors with the latest updated sporting and community facilities within the townsite of Northam.

Cultural Precinct Stage One

The Wheatbelt Development Commission and Shire of Northam funded a major renovation of the old Northam Railway Station, involving replacement of ceilings, polishing floors, installation of ceiling fans, repair of the verandah

and roof sheeting, and installation of a security system. This has enhanced the appearance of the historic building which is a tourist attraction, improve the presentation of displays by community groups, and add years of life to the building.

Bernard Park Sound Shell

With funding from the Shire, Royalties for Regions, Regional and Local Community Infrastructure Program and Department of Culture and Arts, the Shire has constructed a multi-function Sound Shell in Bernard Park for the use for concerts, drama, movies and other events. The stage allows for reasonable size bands, and the design matches in with the park and provides a view through to the river.

Throssell Memorial Restoration

The restoration and rededication of the gravesite of the former Premier, the Hon. George Throssell was made possible through funding from the Department of the Premier and Cabinet and the Wheatbelt Development Commission.

The restoration work involved the removal of the existing headstones and memorials, the provision of a new rendered brick wall, foundation and top blocks to match the existing memorial along with the supply of new headstone foundations and a concrete floor.

Town Pool Floating Islands

The Shire has constructed a 15-panel floating island on the Avon River (Town Pool), which integrates plants that aerate and remove nutrients from the river. The funding from the Department of Environment, the project also involves installing stormwater traps to prevent litter entering the river, plus revegetation of the river banks.

Library and Old Post Office (Avon Valley Arts Inc) Conservation Plan

As the first stage of a project to replace the ageing roof of the Library and Old Post Office, Lotterywest funded a conservation plan for each of the buildings. This will also allow future maintenance and remediation work to reflect

2010/11 Major Projects

Northam Airport Power Upgrade

With funding from the Regional Headworks Program, the Shire provided underground 3-phase power for the Northam Airport, which allows increased power capacity of 22kV for the benefit of private and commercial hangar owners. Previously, the demand of power on one site potentially reduced the availability to other sites, the upgrade will potentially attract more patrons of the Northam Airport.



2010/11 Proposed Projects

Works Depot Relocation

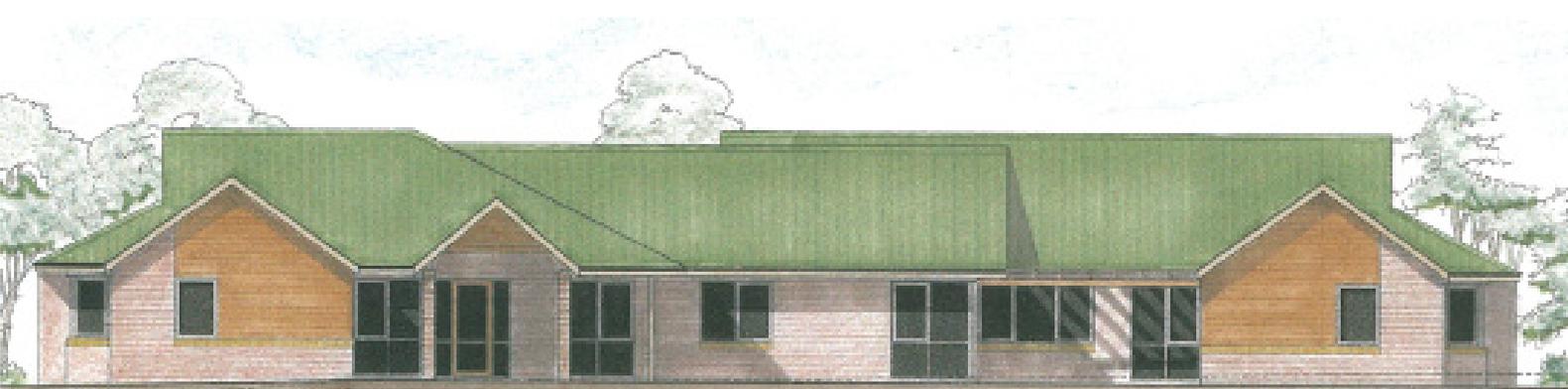
The amalgamation of the former Town and Shire of Northam has provided an opportunity for the Shire to rationalise the land holding set aside for its depot facility. The current combined area of land, approx 30,000m², is more than twice what is needed to accommodate a modern and well equipped Depot.

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 and bulk fuel storage.

Killara

The Shire intends to build a respite centre co-located with Killara at 2 Burgoyne Street, Northam. This new respite centre would comprise 12 rooms with en-suites. The respite centre would be designed on a 20 bed footprint so as to allow for future growth in respite and day care services for the aged and people with disabilities. Killara's client base is young adults (18 years plus) and the aged. The target market includes:

- Frail aged people;
- People with dementia and/or challenging behaviours
- People with moderate, severe or profound disability
- People with special needs (CALD1, rural and remote, financially disadvantaged, ATSI2, etc) and
- Carers of any of the above people



Corporate Services

Corporate Services is responsible for producing the Shire's Plan for the Future, 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, community development, human resources, information technology and record keeping as well as customer service.

The budgeting principles used to prepare the 2010/11 budget were balanced and reflected community needs. A significant portion of the capital works program objectives were met and a full and efficient range of services was provided to the community within the specified budget.

Finance

With sustained effort Shire of Northam's reputation in Financial Management terms in the Community and the Local Government Industry has improved significantly. Staff within the service area are to be applauded for work undertaken and

their continual desire to improve skills and knowledge.

Reserve Accounts

The Shire is well positioned in regard to Cash-Backed Reserve Accounts with a holding as at 30 June 2011 of \$4,592,497; a decrease of \$655,055 or 12.5% on 30 June 2010.

Loans and Borrowing

The Shire of Northam is in debt to the Western Australian Treasury Corporation to the extent of \$4,990,999 as at 30 June 2011. These various loans mature over the next 10 years. Of this indebtedness the community has self supporting loans of \$597,968.

The distribution of Council Purpose Loans is as follows:

| | |
|---------------------------|-------------|
| Administration Office | \$162,243 |
| CBD Streetscape | \$1,151,998 |
| Visitors/Tourism | \$40,453 |
| River Dredging | \$27,603 |
| Airstrip Upgrade | \$77,934 |
| Recreation Facilities | \$2,032,800 |
| Purchase of Victoria Oval | \$900,000 |
| | \$4,393,031 |



Outstanding Rates

Rate debtors have decreased from \$566,180 at 30 June 2010 to \$521,629 at 30 June 2011 resulting in the outstanding rates ratio decreasing from 9% to 7%. Although the outstanding rates balance has decreased the ratio is still at a level that raises concern. Monitoring and collection of outstanding receivables has a direct impact on the cash available to Council. Considerable effort will be taken to further reduce this ratio during 2011/12.

Long Term Capital Works Program

In conjunction with the Plan for the Future the shire adopted a Long Term Capital Works Program, this is a lead in to the new Integrated Planning and Reporting Framework required by the Department of Local Government. This plan will be subject to regular reviews in line with our long term financial planning.

Community Funding

A large number of sporting and community groups benefited from the Shire's Community Grants Program in 2010/11 with \$81,685 distributed to 32 local community organisations including:

- Avon Valley Greyhound Racing Association;
- Avon Valley Showjumping & Pony Club

- Avon Youth
- Bakers Hill Adult Riding Club
- Bakers Hill RSL Sub-Branch
- Dorntj Koorliny Art Group
- Lions Club
- Northam & Districts Historical Society
- Northam Army Camp Heritage Association
- Northam Bowling Club
- Northam Christian Ministers Association
- Northam Church of Christ
- Northam Country Club - Golf Division, Northam Country Club
- Northam Country Club - Tennis Division
- Northam Equestrian Park
- Northam Harness Racing
- Northam Heritage Forum
- Northam Lawn Tennis Club
- Northam Netball Association
- Northam Over 60s Group
- Northam Pistol Club
- Northam Playgroup
- Northam Senior Citizens Social Club
- Northam Sub-Branch RSL
- Northam Theatre Group
- Northam Toy Library
- SAFE Avon Valley
- Safer Northam Committee
- Share & Care Community Services
- Silver Wings Senior Citizens' Group
- Southern Brook Golf Club
- Volunteer Bush Fire

Local residents representing the State at Interstate / Overseas Competitions who have received support from the Shire of Northam include Ryan Van Beek (State AFL Under 15's), Graham Rymer (Karate), Isaac Temby (State Hockey), Cassandra Lardner (State Calisthenics) and Wado Ryu (Karate, Overseas Grading).

The six local Progress and Community associations received funding of \$27,000 to be spent within their locality on activities and projects of their choice.

Local schools received \$2,100 in support of annual prizes and scholarships.

Additional funding was allocated to the following groups:

- Avon Valley Arts Inc -\$49,500
- Chamber of Commerce - \$60,000
- Northam Agricultural Society - \$2,895, plus in-kind support
- Avon Tourism Inc - \$30,500
- Vintage Sports Car Club of WA Inc - \$15,000
- Wundowie Iron Festival - \$13,000

Killara Adult Day Care and Respite Centre

The Killara Adult Day Care and Respite Centre (Killara) provides services for the frail aged and people with disabilities and their carers, offering a variety of programmes aimed at supporting clients to maintain their independence.

Programs based at Killara are run daily and provide:

- Daily social activities promoting wellness;
- Daily respite
- Overnight respite (selected nights during the fortnight)
- A weekly morning men's group
- A weekly meeting for young adults with a disability, and
- A weekly day centre program at Wundowie

As well as programs based at the centre, Killara also hosts a men's group, mixed group outings, lunch outings for small groups, and a quarterly Carer's Group Meeting.

Young adults with a disability have participated in the 'Art for Learning' program, run in conjunction with C.Y. O'Connor Institute. This has been very successful and will continue in the following financial year.

The Killara Day Centre at Wundowie has relocated

into the new extension of the Wundowie Hall.

The Killara Advisory Group, established as a link between Killara and the community, and to support clients, their carers and staff, is going strongly.

A partnership with the Umbrella Multicultural Community Care Services Inc. has been established which will commence July 2011. The Multicultural group meets monthly on a Wednesday, and is for clients who come from an ethnic background. The Umbrella Multicultural Community Care Services are providing staff and ethnic food and activities for the clients to enjoy.



| Year | Clients | Service Hours | Meals | Transport Trips |
|---------|---------|---------------|-------|-----------------|
| 2006/07 | 136 | 51,804 | N/A | N/A |
| 2007/08 | 155 | 52,148 | N/A | N/A |
| 2008/09 | 205 | 52,811 | 7011 | 8249 |
| 2009/10 | 228 | 51,340 | 6984 | 8274 |
| 2010/11 | 225 | 50,494 | 6746 | 8014 |

Libraries

The renovations at the Northam Library have steadily progressed throughout the year. The work on the roof, painting, lift, new stairs and new carpet are complete; with a new door and circulation desk to be completed in the near future. Patrons of the Library are regularly impressed by the improvements making positive comments regarding the progress of the space and the services provided.

Staff at Northam and Wundowie Libraries continue to offer a high level of customer service. There has been a small but steady increase in the number of people using the services provided by the library as they realise the improvements in the building and in the access to services.

The Northam Library continued the Storytime sessions for toddlers on Wednesday mornings with more than 25 children and their families enjoying the stories, songs and activities. With the assistance of volunteer Nola Chamberlain the Library runs a Pyjama Storytime once a month on a Tuesday evening. Both sessions are thoroughly enjoyed by all the participants and encourage numeracy and

literacy in young children.

Both the Northam and Wundowie Libraries participate in the Better Beginnings Program for parents and babies.

The Northam Library once again hosted a Tax Help volunteer giving eligible Shire resident's assistance in filling out their tax returns.

There is a very successful Book Club meeting in the Library once a month, sharing the White Swan Room facilities with a weekly Writer's group and the Friends of the Library.

The Wundowie Community Resource Centre runs a successful weekly Trivial Pursuit club,

The Wundowie Community Resource Centre is creating an accurate timeline for the history of Wundowie. Material has been on display at the Centre and is being added to regularly.



| | Northam | Wundowie |
|-------------------------|-------------|----------|
| Items Issued | 56,311 | 8,114 |
| Library Members | 3,496 | 874 |
| Inter-Library Loans | 3,194 | 688 |
| Reference Enquiries | 27,744 | 8,542 |
| Reservations | 3,337 | 673 |
| Use of Public Computers | 1,737 hours | N/A |

Events

The Shire of Northam staged and promoted a wide range of events throughout 2010/11 which attracted thousands of spectators and visitors of all age groups to the region and added vibrancy and excitement to the Shire.

- Avon Valley Arts Folk, Roots & Dance Festival
- Avon Valley Christmas Carnival

Some of the major events included

- Australia Day Celebrations
- Concerts in the Park
- Flying 50 Family Fun Day
- German Car Day
- Avon River Festival & Avon Descent
- Pink Ribbon Community Walk
- Dogs Day Out



Citizenship Ceremonies

Six Citizenship Ceremonies were conducted in 2010/11, with around 26 people becoming Australian Citizens.

A popular ceremony was held as part of the Australia Day Celebrations in Bernard Park and incorporated a barbecue breakfast.

Northam Visitor Centre



The Northam Visitor Centre is open seven days a week, from 9am to 5pm weekdays and 9am to 4pm weekends and public holidays, and is located on the corner of Grey Street and Minson Avenue, Northam.

The Visitor Centre is a welcoming one stop shop for the region and provides information, maps, souvenirs and an accommodation booking service for everything in and around Northam.

Tourism is an integral part of the Shire's economy, and the 2010/11 financial year has seen the opening

of the Railway Station Museum and the Mayoral Chambers.

With the worldwide economic downturn there has been a decline in overseas visitors and tourists. One of Northam benefits is its close proximity to Perth enabling visitors to make a short trip or stay in a our region which fits into their budgets. The visits of "grey nomads" from interstate stays is on a steady increase.

Most of our clientele are interstate middle-aged ("grey nomad") who are completing a trip around Australia. Stopping into Northam on route to and from our capital city before heading into and beyond the Shire of Northam.

Sundowners held on an average once every six to eight weeks with attendance by the members heading in the right direction with memberships up from the year.

| | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|--------------------------------------|----------|----------|----------|----------|
| Visitors through the Visitor Centre | 16,879 | 16,827 | 13,505 | 14,047 |
| Stock Sales | \$35,310 | \$27,963 | \$19,750 | \$24,055 |
| Accommodation Bookings | \$31,141 | \$55,425 | \$80,786 | \$79,083 |
| Commission on Accommodation Bookings | \$2,286 | \$5,495 | \$12,185 | \$12,000 |
| Conference Room Income | \$8,638 | \$10,050 | \$10,525 | \$14,874 |

Development Services

Planning Services

Subdivisions

During the 2010/11 financial year, a total of 27 lots were created including nine Residential, four Rural Residential, two Agricultural Local, six Agricultural Regional, two Community Purpose and four reserves.

A number of other subdivisions are currently in preliminary engineering approval stages which are anticipated to commence construction in the 2011/2012 financial year.

Developments

A total of 167 development approvals were issued during the financial year, including home

occupations, reduced setbacks, sea containers, oversized outbuildings, commercial developments, extractive industries, group dwellings and relocated dwellings. This is a significant increase in development activity from the 2010/11 financial year.

Scheme Amendments

During the 2010/11 financial year, one Amendment to Town Planning Scheme No 5 (former Town of Northam Planning Scheme) was gazetted and finalised.

In addition, two amendments to Town Planning Scheme No 3 (former Shire of Northam Planning Scheme) were

gazetted and finalised whilst two amendments were initiated but were not finalised as at the end of the financial year.

Statutory Planning

Major strategic documents for the Shire have been developed, including the Northam Development Plan 2011, Laneway Review 2011 and the Minson Avenue Design Guidelines 2011.

Council will consider the final adoption of draft Local Planning Scheme No.6 in the 2011/12 year.



Recreation Services

During the 2010/11 financial year, the Recreation Services team have continued to develop and deliver a range of programs and services to the Northam community. This has resulted in a range of ongoing and new opportunities for Shire residents to participate in.

Recreation Centre Programs

Recreation Centre staff currently plan and deliver a range of sporting programs of both a competitive and social nature. The Centre also hosts a number of sporting clubs, including Indoor Hockey, Basketball and Netball, particularly between October and April, which take up three weeknights and also some weekend use.

During the 2010/11 financial year, the Northam Recreation Centre ran a number of programs including Floorball, Volleyball, Fast Net and Touch Football. These programs attracted over 2,200 participants to the Recreation Centre.

Events

The following events were planned and delivered by Recreation Services.

- Pink Ribbon Community Walk - 2 October 2010;

- Northam Christmas Community Fun Day - 5 December 2010
- Northam Swimming Christmas Party - 17 December 2011
- Wundowie Swimming Pool Australia Day Party - 26 January 2011
- Northam Triathlon - 27 March 2011
- Bakers Hill Fun Day at the Bakers Hill Progress Association Swap Meet - 17 April 2011 and
- Wundowie Fun Day at the Wundowie Iron Festival - 15 May 2011

Volunteers have been an integral part of all events organised by the Recreation Centre.

Child Care Service

The Northam Out of School Hours and Vacation Care continued to run during the 2010/11 financial year. The service caters for five to twelve year olds and offers after school care and a school holiday program. Included in the care is a bus pick up from school, which allows the service to be more accessible for families.

During the School Holiday Program the children had the opportunity to go on a number of excursions including Midland Ace Cinemas, Bernard Park, Whiteman Park, The Maze, Perth Zoo, Scitech, York Park and Kids Paradise.

The majority of these excursions were fully booked and are a very popular feature of the Vacation Care program.

Recreation Facility Works and Maintenance

The following upgrades and maintenance were undertaken:

- New play equipment with shade sails installed at Bert Hawke;
- New roof and carpet at the Northam Town Hall due to storm damage
- The majority of construction of the new Recreation Centre was carried out. The new facility will include three indoor courts, three activity/meeting rooms, hospitality area, kitchen, crèche, enclosed playground, six sporting club offices, four outdoor courts, and a restored oval with lighting.

Facility Bookings

Recreation Services are responsible for hiring out a number of facilities within the Shire of Northam. These include the Northam Recreation Centre, Northam Town Hall, Lesser Hall, Memorial Hall, Bert Hawke Oval, Jubilee Oval and Henry Street Oval along with the hiring of Mount Ommaney, Bernard Park, and the outdoor basketball courts on Arnold Street.

Northam Swimming Pool

Throughout the pool season, the Northam Swimming Pool is used for a number of events and is also hired by a number of organisations. Activities and events held during 2010/11 included in-term and vacation swimming lessons, water aerobics, Northam and Districts Swimming Club training, I swam in a Drought and the Northam Interschool Swimming Carnival. At the end of the season, the Northam Swimming Pool had over 40,300 people through the gates.

Early Morning Swimming commenced at the Northam Swimming Pool on 17 January 2011 after Expressions of Interest

were collected to gauge the need for this service. The program was held on Monday, Wednesday and Friday mornings between 6.00am and 7.00am. Early morning swimming finished on 25 March 2011, with an average of 10.1 people attending each session.

Wundowie Swimming Pool

Over the 2010/11 season, the Wundowie Swimming Pool had a total attendance of over 12,400 people. Events held at the Wundowie Swimming Pool, included in-term and vacation swimming lessons, Silver Wings Aerobic Classes, Toodyay, Bakers Hill and Wundowie Swimming Carnival and I Swam in a Drought.



Engineering Services

Engineering Services continued to develop the amenities and infrastructure of the Shire of Northam during the 2010/11 financial year.

Engineering team has had a very busy last 12 months with construction of major projects and the clean up from storm damage in January which is still continuing.

A total of \$1,402,299 was spent on road improvements with major projects including Clackline Toodyay Road, Stage 1 - Irishtown Road, Clydesdale Road, Wundabiniring Road, Dempster Road, Vanzetti Road, Sermon Road, Bodeguro Road, Boondine Road, Purkiss Drive, Withers Street and Berry Brow Road.

Footpaths

A total of \$204,703 was spent on footpaths located at Charles Street, Morrell Street, Gordon Place, Elizabeth Place, Chidlow Street and Fermoy Avenue. A footbridge was constructed on Yilgarn Avenue across the Mortlock River as part of the dual use path.

Parks and Gardens

A total of \$627,927 was spent on the upkeep and improvement of all parks and gardens within the Shire. The re-development of George Nuich Park commenced.

Drainage

Budget amount of \$276,144 was spent on the ongoing maintenance

program and storm water drainage inspections and cleaning.

\$209,739 was spent on Stage 1 of King Creek drainage project including 1800 diameter pipes laid in Duke Street.

Events and Festivals

During 2010/11, Engineering Services continued to provide valuable assistance to the many and varied events hosted throughout the Shire of Northam.



Health Services

Health

A number of premises have received a health licence from Regulatory Services for various activities conducted at those premises throughout the year. Additionally a large number of these premises have been inspected for compliance with relevant legislation requirements.

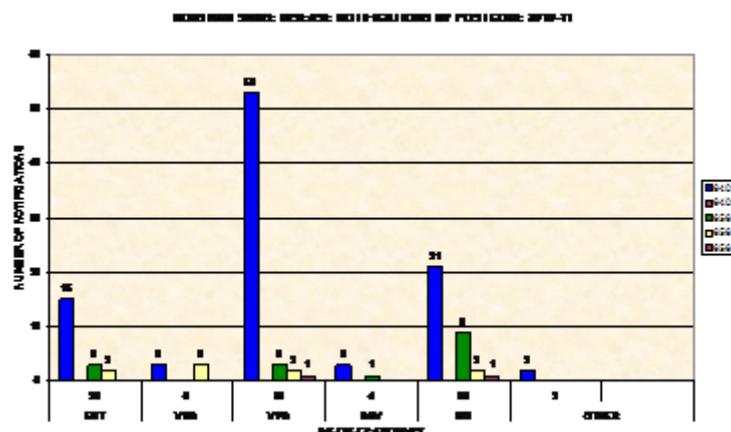
Installation of new Septic Systems require prior approval of plans, new systems are inspected during installation and a permit to use is issued if installed correctly. In the 2010/11 year 53 septic systems were approved.

Sampling of public swimming pool water and recycled effluent water is also an activity of Regulatory Services. In summer, routine monthly sampling of Public Swimming Pools in the Shire is conducted and the results sent for analysis to gauge compliance with the Health (Aquatic Facility) Regulations 2007 and to ensure that high public safety standards are met and maintained. During the summer months when the ovals, gardens and reserves are

watered with recycled effluent water, samples are taken on a monthly basis and the water is analysed by the Path Centre Waters Laboratory. The samples are analysed under the direction of the Department of Health to ensure public safety is maintained.

There has been a slight increase in the cases of reported communicable diseases from within the Shire. These cases include:

| Type of condition | 2009/10 | 2010/11 |
|-------------------------------|---------|---------|
| Enteric diseases | 17 | 20 |
| Vector-borne diseases | 2 | 6 |
| Vaccine preventable diseases | 38 | 59 |
| Blood-borne viral diseases | 2 | 4 |
| Sexually transmitted diseases | N/A | 33 |
| Other diseases | 0 | 2 |
| Total | 59 | 124 |



Notifications of communicable diseases within the Shire during 2010/11 were slightly higher than in previous years. The increase in vaccine preventable diseases is due to influenza/swine flu being notifiable. The increase in the total communicable disease numbers is also due to the number of sexually transmitted disease cases being made available to the Shire from the Health Department of Western Australia.

Waste Management and Recycling

Approximately 25,000 and 2,000 tonnes of waste material respectively were received at the Old Quarry Road and Inkpen Road Waste Management Facilities for the financial year.

The increase in the volume of waste being received at our Waste Management Facilities for the year 2010 – 2011 been attributed to some major developments such as the demolition of the Shire's Old Recreation Centre as well as the major storm event in February 2011.

The significant volume of green waste which resulted from the storm event was subsequently recycled in the form of chipping for mulch and was made available to all residents of the Shire.

Brick rubble from the Shire of Northam's old recreation centre building was also recycled by being crushed for internal roads and storm water drainage. The aggregate generated has been used onsite at the waste management facility.

The Old Quarry Road Waste Management Facility had ground water monitoring undertaken in August 2010 and April 2011 as required under the licence issued by the Department of Environment and

Conservation (DEC) for the site. A new ground water monitoring bore was also installed on the site to ensure adequate samples could be taken in the drier part of the sampling period.

A second hand Komatsu wheel loader was purchase for the Inkpen Road Waste Management Facility. The new machine is heavier in weight which will allow for

greater rubbish compaction rates to be achieved on the site.

Communications have commenced with the DEC in regards to extending the life of the Inkpen Road Waste Management Facility. The Shire has been working with the DEC on the requirements of an application for approval to extend the capacity of the facility. An extension of the facility would allow the consideration of further infrastructure to be installed on the site in the future such as a gatehouse, recycling station and weighbridge.

The free Bulk Bin Collection Service for the Northam town site was observed to be a valuable service to the residents with approximately 500 residential properties utilising these bins. Similarly the Bulk Regional Skip Bins periodically located at Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie for the collection of household junk were utilised effectively by Shire residents.

approximately 500 residential properties utilising these bins. Similarly the Bulk Regional Skip Bins periodically located at Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie for the collection of household junk were utilised effectively by Shire residents.

The 'Drop Off Recycling Points' at Old Quarry Road and Inpken Road Waste Management Facilities, Peel Terrace Northam, Clackline, Bakers Hill, Wundowie, Grass Valley, and El Caballo continue to receive increasing public support. Due to the popularity of the paper and cardboard bins at the Peel Terrace drop off point, the weekly service rate was required to be increased.

The Shire of Northam undertook an E-waste collection at the Old Quarry Road Waste Management Facility. Over eight (8) tonnes of E-waste was collected in the programme which ran for approximately five months and the recycling fees were cover almost entirely by grant funding obtained by the Shire from Commonwealth Government.

The Shire is continuing its recycling services with

regards to the disposal of printer and photocopier cartridges, mobile phones, batteries and general household batteries. This service have been participated in well by the community and feedback on the program from individuals to Council staff has been very positive.

The Shire recycled approximately 190 tonnes of aluminium cans, steel cans, glass and plastic containers, cardboard and paper which were collected from the various at the drop-off points, with all recyclable components sent off for recycling.

Over 920 various sized vehicle tyres, approximately 431.94 tonnes of scrap metal and approximately 13 tonnes of batteries were diverted from landfill in 2010/2011 and sent for recycling.

Oil acceptance facilities at the Landfill Sites has allowed members of the public to dispose of used oil from residential activities which is sent to a processor for re-refining and reuse. Approximately 31,600L of waste oil was received and collected for recycling in 2010/2011.

The Shire of Northam, in conjunction with Drummuster recycled 4,496 chemical containers during financial year

Meat Inspectors

In the 2010/11 financial year 17,173 cattle carcasses were inspected at PR Hepple & Sons Abattoir. The numbers processed are a slight decrease from the previous year of 19,461.



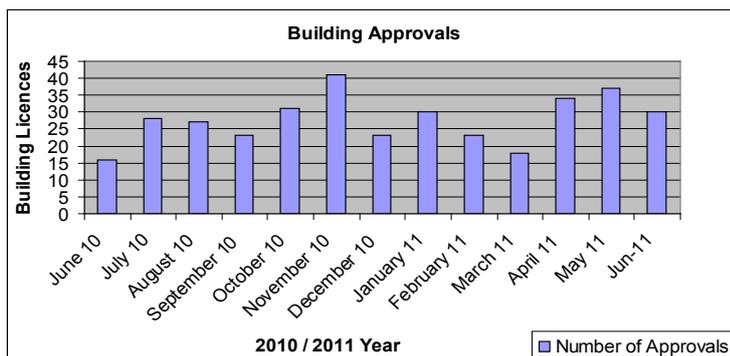
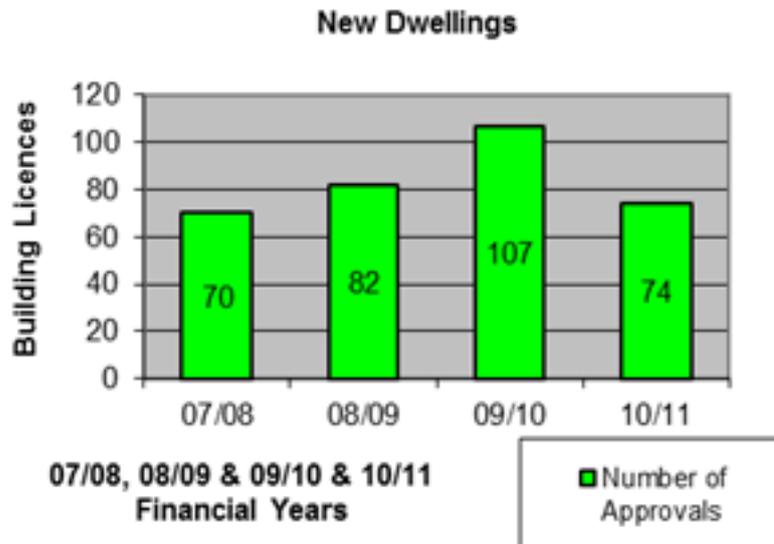
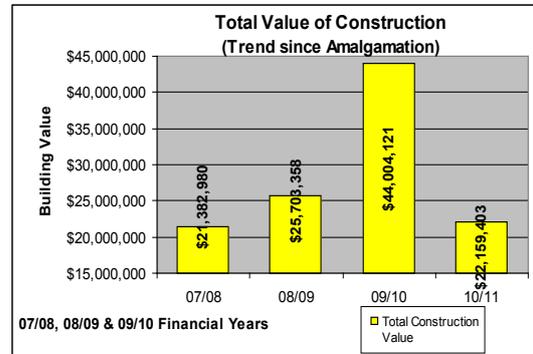
Building Control

The Shire approved 356 building licences in 2010/11. The total value of construction value was \$22,159,403.

Building approvals consisted of 74 new dwellings, 229 building additions & outbuildings, 16 swimming pools, 10 demolitions, 4 signs, 12 factory/ offices and 11 fences/ retaining walls.

Some of the larger development works approved in the financial year included construction of the Council's new Recreation Centre, the Sound Shell in Bernard Park, Office and Teaching Rooms for TAFE at Meenar Industrial Park.

Under normal circumstances, licenses are issued within ten working days.



Rangers Services

A Pilot Program aimed at improving the relationship that Rangers have with the community and to educate and provide the opportunity of meaningful employment for indigenous peoples in our community. This program is the first of its type in Western Australia and for this shire to have the foresight and drive to engage the community, at this level of commitment is genuinely inspiring. The Shire has had many enquiries from around Australia as many local governments are keeping a keen eye on our progress.

The aim of this program is reduce the number of dog complaints and other issues that relate

to companion animals, but also to dramatically reduce the appalling conditions that family pets find themselves in. There is a need to be able to talk to the indigenous community in a respectful and understanding way and have them engage us in the same manner.

This program gives us unique opportunity to do this as the participants work closely, on a daily basis so they can get to know the Community Rangers, we are getting the same message across in a more positive environment. Through this engagement it is hoped that there will be a lasting relationship to the betterment of the whole

community.

The Big Day out for Dogs was very successful, in aid of raising the profile of companion animals and in turn there is a new found respect for animals which the community recognises and this will ensure that the animals in the community are treated with respect.

The Shire's Animal Management Facility has seen major improvements including new retaining walls, brick paving, stencilled concrete paths, new fencing, and security cameras in operation, new exercise areas.



SAFE volunteers work tirelessly in rescuing and re-housing of these animals not only from this Shire but the whole Avon region. Many of these dogs are now in the Prison program, assisting in fulfilling the lives of the people who are incarcerated who in turn give care back to the unclaimed and unwanted companion animals.

Ranger Services this year have given kennels in the Shire though inspection and issued many work and improvement notices. Many being closed due to the lack of acceptable sanitation and accommodation, for those who have had orders placed, time limits are in place and Ranger Services will work in a harmonious way to ensure compliance is met. Ranger Services envision that this will be a yearlong compliance project but the end result will be a high standard in kennel establishments. A code of conduct was developed to ensure these establishments operate within the guidelines.

Dog Registrations are up from 380 in 2010 to in excess of 1,000 in 2011, which has come from door knocks and hours of speaking to the community on a range of

issues. Applications for additional dogs are up as a result of Ranger Services visiting many homes in the west of the Shire.

Cats are a huge area of complaint and without any legislative frame work this has been a very difficult area to control. We are however trapping and with the help of Avon SAFE these cats are being taken to the cat haven. There is currently a Cat Bill before parliament to introduce measures to ultimately reduce the large number of stray cats being euthanized each year, to encourage responsible cat ownership, and to provide for better management of the unwanted impacts of cats on the community and environment.

Fire break inspections and hazard reduction continues to be a priority to ensure that our community is aware of its obligations in regard to fire mitigation.

Emergency Services

Shire of Northam
Emergency Services had a busy year with numerous fires and the significant storm event in January 2011.

The Shire has made continual improvement in the emergency management field, such as the appointment of a Local Recovery Coordinator and the appointment of a dedicated Community Emergency Services Coordinator.

The Shire has been successful in receiving significant funding to aid in building community resilience with projects such as; the development of further emergency water supplies in areas where the existing supply is insufficient and increased funding for fuel hazard management on reserves.

The WA Emergency Radio Network has been successfully rolled out for the 2011/2012 fire season which will provide a radio network for emergency services that is more compatible with residents needs.

Statutory Reports

Disability Access & Inclusion

The Shire of Northam has continued its commitment to providing improved access for people with disabilities.

Access has been improved to several Shire facilities this year which includes the installation of a lift in the Northam Library.

The Kuringal aged care units in Wundowie have had the wheel chair ramp modified so the gradient of the ramp is now 1/14 which is required under Australian Standards.

The Old Northam Railway Station building was completed with the installation of a disabled toilet and the customer service counter of the Shire of Northam Administration Building has also been modified to disabled access standards in the completed renovations.

The Shire also regularly sweeps concrete footpaths of loose stones, installs kerb ramps in new footpaths, and requires provisions for disabled people in new commercial buildings and where major alterations have been undertaken in existing

buildings.

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 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 Shire of Northam Administration Centre or the website.

During 2010/11 the Shire received one Freedom of Information application, and one referral for third party consultation. 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 State Record Acts 2000

The Shire of Northam has developed a Record Keeping Policy and Record Keeping Plan to meet the compliance requirements of the State Records Act 2000 and the requirements of the State Records Commission of WA, Standard 2 – Record Keeping Plans and Principle 6 – Compliance.

The Records Keeping Plan is reviewed and evaluated at least once every five years for efficiency and effectiveness of the organisation's record keeping systems.

The Shire of Northam has in place a record keeping training program ensuring that all Councillors and staff are aware of their roles and responsibilities in operating and maintaining the Records Keeping System.

The efficiency and effectiveness of the record keeping training program is reviewed on an annual basis. The Shire of Northam induction program addresses employee roles and responsibilities in regard to their compliance with the organisations record keeping plan.

Registrar 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 s5.110 (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; and Details of the actions taken under LGA s5.110 (6) (b) or (c).

During the 2010/11 financial year there were 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.

During 2010/11 Council adopted a Pest Plant Local Law and amendments were instigated on the following Local Laws:

- Fencing;
- Waste

Employment 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.

Shire of Northam Emergency Services had a busy year with numerous fires and the significant storm event in January 2011.

The Shire has made continual improvements in the emergency management field, such as the appointment of a Local Recovery Coordinator and the appointment of a dedicated Community Emergency Services Coordinator. The Shire has been successful in receiving significant funding to aid in building community resilience with projects such as; the development of further emergency



| Salary Band | Number of employees |
|-----------------------|---------------------|
| \$100,000 - \$109,000 | 2 |
| \$110,000 - \$119,000 | 0 |
| \$120,000 - \$129,000 | 0 |
| \$130,000 - \$139,000 | 0 |
| \$140,000 - \$149,000 | 0 |
| \$150,000 - \$159,000 | 0 |
| \$160,000 - \$169,000 | 1 |

Financial Report

SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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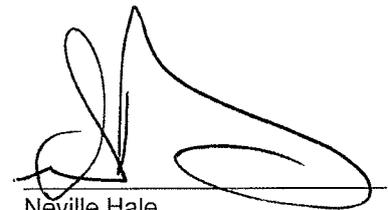
SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2011 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 on the sixteenth day of September 2011

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Neville Hale
Chief Executive Officer

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

| | NOTE | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---|------|--------------------------------|--------------------------------|--------------------------------|
| REVENUE | | | | |
| Rates | 21 | 6,329,720 | 6,297,883 | 5,955,236 |
| Operating Grants, Subsidies and Contributions | 27 | 6,593,612 | 7,654,559 | 4,956,878 |
| Fees and Charges | 26 | 2,814,119 | 2,756,022 | 3,028,816 |
| Interest Earnings | 2(a) | 617,742 | 388,000 | 484,876 |
| Other Revenue | | 376,228 | 452,614 | 373,203 |
| | | <u>16,731,421</u> | <u>17,549,078</u> | <u>14,799,009</u> |
| EXPENSES | | | | |
| Employee Costs | | (5,438,247) | (5,686,848) | (4,771,620) |
| Materials and Contracts | | (6,443,956) | (5,125,650) | (4,551,085) |
| Utility Charges | | (574,486) | (562,286) | (522,168) |
| Depreciation on Non-Current Assets | 2(a) | (2,905,191) | (2,806,412) | (2,820,471) |
| Interest Expenses | 2(a) | (203,823) | (203,824) | (148,908) |
| Insurance Expenses | | (251,196) | (377,266) | (384,770) |
| Other Expenditure | | (315,756) | (420,691) | (398,102) |
| | | <u>(16,132,655)</u> | <u>(15,182,977)</u> | <u>(13,597,124)</u> |
| | | 598,766 | 2,366,101 | 1,201,885 |
| Non-Operating Grants, Subsidies and Contributions | 27 | 6,187,986 | 3,016,973 | 2,673,724 |
| Profit on Asset Disposals | 19 | 82,026 | 199,887 | 118,100 |
| Loss on Asset Disposals | 19 | <u>(595,596)</u> | <u>(52,571)</u> | <u>(77,816)</u> |
| NET RESULT | | 6,273,182 | 5,530,390 | 3,915,893 |
| Other Comprehensive Income | | 0 | 0 | 0 |
| Total Other Comprehensive Income | | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME | | <u><u>6,273,182</u></u> | <u><u>5,530,390</u></u> | <u><u>3,915,893</u></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 2011

| | NOTE | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---|-------|--------------------------------|--------------------------------|--------------------------------|
| REVENUE | | | | |
| Governance | | 97,091 | 32,154 | 87,863 |
| General Purpose Funding | | 10,760,042 | 9,654,463 | 9,741,282 |
| Law, Order, Public Safety | | 412,689 | 303,754 | 473,176 |
| Health | | 157,637 | 180,500 | 170,504 |
| Education and Welfare | | 2,726,628 | 3,346,280 | 1,112,870 |
| Housing | | 40,641 | 41,182 | 42,519 |
| Community Amenities | | 1,894,647 | 1,747,130 | 1,641,796 |
| Recreation and Culture | | 1,675,607 | 2,574,136 | 2,100,185 |
| Transport | | 2,268,727* | 2,290,475 | 1,280,116 |
| Economic Services | | 1,376,955 | 536,864 | 520,333 |
| Other Property and Services | | 1,590,769 | 59,000 | 420,189 |
| | 2 (a) | <u>23,001,433</u> | <u>20,765,938</u> | <u>17,590,833</u> |
| EXPENSES EXCLUDING FINANCE COSTS | | | | |
| Governance | | (684,192) | (771,084) | (641,880) |
| General Purpose Funding | | (265,077) | (238,827) | (149,369) |
| Law, Order, Public Safety | | (885,614) | (934,310) | (811,673) |
| Health | | (482,415) | (527,223) | (434,268) |
| Education and Welfare | | (1,095,097) | (1,081,849) | (1,029,612) |
| Housing | | (94,512) | (98,924) | (74,406) |
| Community Amenities | | (2,569,518) | (2,671,472) | (2,331,552) |
| Recreation & Culture | | (3,092,047) | (2,960,564) | (2,356,749) |
| Transport | | (4,019,563) | (3,934,024) | (3,748,836) |
| Economic Services | | (1,504,149) | (1,755,424) | (1,471,153) |
| Other Property and Services | | (1,832,244) | (58,023) | (476,534) |
| | 2 (a) | <u>(16,524,428)</u> | <u>(15,031,724)</u> | <u>(13,526,032)</u> |
| FINANCE COSTS | | | | |
| Governance | | (12,070) | (12,070) | (13,441) |
| Community Amenities | | (1,901) | (1,901) | (2,170) |
| Recreation and Culture | | (107,751) | (107,752) | (41,801) |
| Transport | | (5,326)* | (5,326) | (5,840) |
| Economic Services | | (76,775) | (76,775) | (85,656) |
| | 2 (a) | <u>(203,823)</u> | <u>(203,824)</u> | <u>(148,908)</u> |
| NET RESULT | | <u>6,273,182</u> | <u>5,530,390</u> | <u>3,915,893</u> |
| Other Comprehensive Income | | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other Comprehensive Income | | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME | | <u><u>6,273,182</u></u> | <u><u>5,530,390</u></u> | <u><u>3,915,893</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 2011**

| | NOTE | 2011 \$ | 2010 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 10,353,039 | 11,044,262 |
| Trade and Other Receivables | 4 | 1,774,458 | 2,322,458 |
| Inventories | 5 | 25,749 | 15,684 |
| TOTAL CURRENT ASSETS | | <u>12,153,246</u> | <u>13,382,404</u> |
| NON-CURRENT ASSETS | | | |
| Other Receivables | 4 | 833,027 | 884,017 |
| Inventories | 5 | 917,401 | 90,128 |
| Property, Plant and Equipment | 6 | 23,372,533 | 14,582,613 |
| Infrastructure | 7 | 37,173,026 | 36,703,757 |
| TOTAL NON-CURRENT ASSETS | | <u>62,295,987</u> | <u>52,260,515</u> |
| TOTAL ASSETS | | <u>74,449,233</u> | <u>65,642,919</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 8 | 1,725,084 | 1,020,117 |
| Long Term Borrowings | 9 | 395,164 | 315,620 |
| Provisions | 10 | 707,960 | 576,982 |
| TOTAL CURRENT LIABILITIES | | <u>2,828,208</u> | <u>1,912,719</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | 9 | 4,595,834 | 2,990,998 |
| Provisions | 10 | 86,385 | 73,578 |
| TOTAL NON-CURRENT LIABILITIES | | <u>4,682,219</u> | <u>3,064,576</u> |
| TOTAL LIABILITIES | | <u>7,510,427</u> | <u>4,977,295</u> |
| NET ASSETS | | <u>66,938,806</u> | <u>60,665,624</u> |
| EQUITY | | | |
| Retained Surplus | | 62,346,309 | 55,418,122 |
| Reserves - Cash Backed | 11 | 4,592,497 | 5,247,502 |
| TOTAL EQUITY | | <u>66,938,806</u> | <u>60,665,624</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 2011

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | TOTAL EQUITY \$ |
|-----------------------------------|------|---------------------------|-------------------------------|-----------------------|
| Balance as at 1 July 2009 | | 51,721,894 | 5,027,837 | 56,749,731 |
| Net Result | | 3,915,893 | 0 | 3,915,893 |
| Total Other Comprehensive Income | | 0 | 0 | 0 |
| Reserve Transfers | | (219,665) | 219,665 | 0 |
| Balance as at 30 June 2010 | | 55,418,122 | 5,247,502 | 60,665,624 |
| Net Result | | 6,273,182 | 0 | 6,273,182 |
| Total Other Comprehensive Income | | 0 | 0 | 0 |
| Reserve Transfers | | 655,005 | (655,005) | 0 |
| Balance as at 30 June 2011 | * | 62,346,309 | 4,592,497 | 66,938,806 |

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 2011**

| | NOTE | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|--|-------|---------------------|----------------------|---------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 6,356,078 | 6,497,883 | 5,793,642 |
| Operating Grants, Subsidies and Contributions | | 6,904,547 | 7,544,559 | 4,014,002 |
| Fees and Charges | | 3,149,167 | 2,346,022 | 3,037,033 |
| Interest Earnings | | 592,811 | 368,000 | 487,286 |
| Goods and Services Tax | | 1,861,476 | 300,000 | 492,643 |
| Other Revenue | | 403,489 | 452,614 | 373,203 |
| | | <u>19,267,568</u> | <u>17,509,078</u> | <u>14,197,809</u> |
| Payments | | | | |
| Employee Costs | | (5,268,021) | (4,689,058) | (4,752,511) |
| Materials and Contracts | | (5,838,749) | (4,325,650) | (4,599,991) |
| Utility Charges | | (529,335) | (467,286) | (522,168) |
| Insurance Expenses | | (251,196) | (377,266) | (384,770) |
| Interest expenses | | (193,720) | (213,824) | (118,669) |
| Goods and Services Tax | | (1,997,450) | (300,000) | (519,223) |
| Other Expenditure | | (307,756) | (310,691) | (398,102) |
| | | <u>(14,386,227)</u> | <u>(10,683,775)</u> | <u>(11,295,434)</u> |
| Net Cash Provided By (Used In) Operating Activities | 12(b) | <u>4,881,341</u> | <u>6,825,303</u> | <u>2,902,375</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Development of Land Held for Resale | | (827,273) | (910,000) | 0 |
| Payments for Purchase of Property, Plant & Equipment | | (10,680,659) | (14,284,212) | (2,246,190) |
| Payments for Construction of Infrastructure | | (2,248,636) | (3,539,450) | (2,206,778) |
| Subsidies and Contributions used for the Development of Assets | | 6,187,986 | 3,016,973 | 2,673,724 |
| Proceeds from Sale of Plant & Equipment | | 251,345 | 446,631 | 237,992 |
| | | <u>(7,317,237)</u> | <u>(15,270,058)</u> | <u>(1,541,252)</u> |
| Net Cash Provided By (Used In) Investing Activities | | <u>(7,317,237)</u> | <u>(15,270,058)</u> | <u>(1,541,252)</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | (315,620) | (315,620) | (233,951) |
| Proceeds from Self Supporting Loans | | 60,293 | 60,292 | 48,106 |
| Proceeds from New Debentures | | 2,000,000 | 2,400,000 | 1,000,000 |
| | | <u>1,744,673</u> | <u>2,144,672</u> | <u>814,155</u> |
| Net Cash Provided By (Used In) Financing Activities | | <u>1,744,673</u> | <u>2,144,672</u> | <u>814,155</u> |
| Net Increase (Decrease) in Cash Held | | (691,223) | (6,300,083) | 2,175,278 |
| Cash at Beginning of Year | | 11,044,262 | 11,044,262 | 8,868,984 |
| Cash and Cash Equivalents at the End of the Year | 12(a) | <u>10,353,039</u> | <u>4,744,179</u> | <u>11,044,262</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 2011**

| | NOTE | 2011 \$ | 2011 Budget \$ |
|---|------|---------------------|----------------------|
| REVENUE | | | |
| Governance | | 97,091 | 32,154 |
| General Purpose Funding | | 4,430,322 | 3,356,580 |
| Law, Order, Public Safety | | 412,689 | 303,754 |
| Health | | 157,637 | 180,500 |
| Education and Welfare | | 2,726,628 | 3,346,280 |
| Housing | | 40,641 | 41,182 |
| Community Amenities | | 1,894,647 | 1,747,130 |
| Recreation and Culture | | 1,675,607 | 2,574,136 |
| Transport | | 2,268,727 | 2,290,475 |
| Economic Services | | 1,376,955 | 536,864 |
| Other Property and Services | | 1,590,769 | 59,000 |
| | | <u>16,671,713</u> | <u>14,468,055</u> |
| EXPENSES | | | |
| Governance | | (696,262) | (783,154) |
| General Purpose Funding | | (265,077) | (238,827) |
| Law, Order, Public Safety | | (885,614) | (934,310) |
| Health | | (482,415) | (527,223) |
| Education and Welfare | | (1,095,098) | (1,081,849) |
| Housing | | (94,512) | (98,924) |
| Community Amenities | | (2,571,419) | (2,673,373) |
| Recreation & Culture | | (3,199,798) | (3,068,316) |
| Transport | | (4,024,889) | (3,939,350) |
| Economic Services | | (1,580,924) | (1,832,199) |
| Other Property and Services | | (1,832,243) | (58,023) |
| | | <u>(16,728,251)</u> | <u>(15,235,548)</u> |
| Net Operating Result Excluding Rates | | (56,538) | (767,493) |
| Adjustments for Cash Budget Requirements: | | | |
| Non-Cash Expenditure and Revenue | | - | |
| Loss/(Profit) on Asset Disposals | | 513,570 | (147,316) |
| Movement in Accrued Interest | | 10,103 | 0 |
| Movement in Deferred Pensioner Rates (Non-Current) | | (12,945) | 0 |
| Movement in Accrued Salaries and Wages | | 28,381 | 0 |
| Movement in Employee Benefit Provisions | | 143,785 | 0 |
| Depreciation on Assets | | 2,905,191 | 2,806,412 |
| Capital Expenditure and Revenue | | | |
| Purchase Land Held for Resale | | (827,273) | (910,000) |
| Purchase Land and Buildings | | (9,068,739) | (12,481,197) |
| Purchase Infrastructure Assets - Roads | | (1,366,299) | (2,192,969) |
| Purchase Infrastructure Assets - Bridges & Culverts | | (36,000) | (588,000) |
| Purchase Infrastructure Assets - Footpaths | | (204,703) | (246,560) |
| Purchase Infrastructure Assets - Drainage | | (281,614) | (157,693) |
| Purchase Infrastructure Assets - Streetscape | | (22,312) | (101,504) |
| Purchase Infrastructure Assets - Parks | | (156,462) | (6,290) |
| Purchase Infrastructure Assets - Aero | | (181,246) | (181,434) |
| Purchase Playground Equipment | | 0 | (65,000) |
| Purchase Tools | | 0 | (3,500) |
| Purchase Plant and Equipment | | (1,414,943) | (1,504,795) |
| Purchase Bushfire Equipment | | (101,720) | (140,000) |
| Purchase Furniture and Equipment | | (95,257) | (154,720) |
| Proceeds from Disposal of Assets | | 251,345 | 446,631 |
| Repayment of Debentures | | (315,620) | (315,620) |
| Proceeds from New Debentures | | 2,000,000 | 2,400,000 |
| Self-Supporting Loan Principal Income | | 60,293 | 60,292 |
| Transfers to Reserves (Restricted Assets) | | (1,129,945) | (791,224) |
| Transfers from Reserves (Restricted Assets) | | 1,784,950 | 1,469,088 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | | 7,201,300 | 7,277,546 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | | 5,957,022 | 2,537 |
| Amount Required to be Raised from Rates | 21 | <u>(6,329,720)</u> | <u>(6,297,883)</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 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial statement which has 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.

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 the 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.

(b) 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, but a separate statement of those monies appears at Note 18 to these financial statements.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less 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 shown as short term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Collectibility 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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Initial Recognition

All assets are initially recognised at cost. 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 overhead.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 AASB1051 - 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.

SHIRE OF NORTHAM
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use. *

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

| | |
|---|-----------|
| Buildings | 50 years |
| Furniture and Equipment | 5 years |
| Computer Hardware/Software | 4 years |
| Tools | 4 years |
| Cars | 5 years |
| Utilities | 4 years |
| <u>Heavy Vehicles-</u> | |
| -Trucks | 5 years |
| -Graders, Loaders, & Heavy Equipment | 10 years |
| Other Plant and Equipment | 10 years |
| <u>Sealed Roads and Streets</u> | |
| Construction-Road Reconstruction | 50 years |
| original surfacing and major re-surfacing | |
| - bituminous seals | 15 years |
| - asphalt surfaces | 20 years |
| Car Parks (Sealed) | 40 years |
| <u>Unsealed Gravel Roads</u> | |
| construction/road base/sub grade | 50 years |
| gravel sheet/resheet | 10 years |
| Reserves/Playground Equipment | 10 years |
| <u>Bridges & Culverts</u> | |
| -timber | 50 years |
| -concrete | 100 years |
| <u>Footpaths</u> | |
| -insitu concrete and slabs | 40 years |
| -asphalt, bitumen surfaces | 20 years |
| <u>Kerbing</u> | |
| - 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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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 with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(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 (ie 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.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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;
- (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; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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.

(k) 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 and are usually paid within 30 days of recognition.

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) 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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) 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.

Provisions are not recognised for future operating losses.

(o) 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.

(p) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 15.

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 resale where it is held as non-current based on Council's intentions to release for sale.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|-----------------------|--|
| (i) AASB 9 – Financial Instruments | December 2009 | 01 January 2013 | 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 124 – Related Party Disclosures | December 2009 | 01 January 2011 | Nil – It is not anticipated the Council will have any related parties as defined by the Standard. |
| (iii) AASB 1053 - Application of Tiers of Australian Accounting Standards | June 2010 | 01 July 2013 | Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements. |
| (iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] | December 2009 | 01 January 2011 | Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council. |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|---|---------------|-----------------|---|
| (v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] | December 2009 | 01 January 2013 | 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). |
| (vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] | June 2010 | 01 July 2013 | Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements. |
| (vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13] | June 2010 | 01 January 2011 | Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council. |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|-----------------|--|
| (viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] | October 2010 | 01 January 2011 | Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council. |
| (ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7] | November 2010 | 01 July 2011 | Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers. |
| (x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] | December 2010 | 01 January 2013 | 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). |
| (xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7] | December 2010 | 01 January 2012 | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|------------------|--|
| (xi) (Continued) | | | |
| AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] | December 2010 | 01 July 2011 | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2009- 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] | December 2009 | 01 January 2011 | |
| AASB 2010- 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7] * | December 2010 | 01 January 2013. | |

Notes:

(*) 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 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 became mandatory and which were applicable to its operations.

These new and revised standards were:

- AASB 2009 - 5
- AASB 2009 - 8
- AASB 2009 - 10
- AASB 2009 - 13
- AASB 2010 - 1
- AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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 2011

2. REVENUE AND EXPENSES

2011 2010
 \$ \$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

| | | |
|------------------|--------|--------|
| - Audit | 20,725 | 26,660 |
| - Other Services | 11,980 | 4,035 |

Depreciation

| | | |
|-------------------------|-----------|-----------|
| Buildings | 341,227 | 327,309 |
| Furniture and Equipment | 130,131 | 131,605 |
| Plant and Equipment | 484,162 | 433,333 |
| Roads | 1,239,307 | 1,196,151 |
| Bridges & Culverts | 81,558 | 78,219 |
| Parks | 66,098 | 66,587 |
| Footpaths | 146,161 | 127,230 |
| Drainage | 118,244 | 116,297 |
| Aero | 15,983 | 12,327 |
| Bushfire Equipment | 170,305 | 219,435 |
| Streetscape | 112,015 | 111,978 |
| | 2,905,191 | 2,820,471 |

Interest Expenses (Finance Costs)

| | | |
|--|---------|---------|
| Debentures (<i>refer Note 20(a)</i>) | 203,823 | 148,908 |
| | 203,823 | 148,908 |

Rental Charges

| | | |
|--------------------|---|-------|
| - Operating Leases | 0 | 7,049 |
| | 0 | 7,049 |

(ii) Crediting as Revenue:

| | | |
|------|--------|------|
| 2011 | 2011 | 2010 |
| \$ | Budget | \$ |
| | \$ | |

Interest Earnings

| | | |
|---|---------|---------|
| Investments | | |
| - Reserve Funds | 248,058 | 150,000 |
| - Other Funds | 258,397 | 210,161 |
| Other Interest Revenue (<i>refer note 25</i>) | 111,287 | 81,101 |
| | 617,742 | 484,876 |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Northam is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Administration and operation of facilities and services to members of Council, other costs that relate tasks of assisting elected members and rate payers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

Food quality and pest control, immunisation services and inspection of abattoirs.

EDUCATION AND WELFARE

Assistance to playgroups and other voluntary services.

HOUSING

Maintenance of rental housing (including aged accommodation).

COMMUNITY AMENITIES

Rubbish collection services, operation of tips, noise control, administration of town planning scheme, maintenance of cemeteries, community and environmental services.

RECREATION AND CULTURE

Maintenance of community halls and facilities, swimming pools, libraries and various reserves, parks and recreation grounds.

TRANSPORT

Construction and maintenance of roads, bridges, drainage works, footpaths, park facilities, traffic control and street cleaning. The Shire also operates a Motor Vehicle Licensing service under contract with the Government of Western Australia.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, saleyards, noxious weed control, plant nursery and standpipes.

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| Grant/Contribution | Function/ Activity | Opening Balance (*) 1-Jul-09 \$ | Received (+) 2009/10 \$ | Expended (#) 2009/10 \$ | Closing Balance (*) 30-Jun-10 \$ | Received (+) 2010/11 \$ | Expended (#) 2010/11 \$ | Closing Balance 30-Jun-11 \$ |
|---------------------------------|-----------------------|--|-------------------------------|-------------------------------|---|-------------------------------|-------------------------------|---------------------------------------|
| Office of Crime Prevention | Recreation | 9,750 | 25,000 | (9,750) | 25,000 | 0 | 0 | 25,000 |
| Roads to Recovery | Transport | 0 | 311,306 | (251,180) | 60,126 | 558,512 | (497,671) | 120,967 |
| Dept of Local Govt & Reg Dev | Governance | 109,884 | 0 | (39,884) | 70,000 | 0 | (50,000) | 20,000 |
| Grants Commission - Bridges | Transport | 236,000 | 0 | (236,000) | 0 | 0 | 0 | 0 |
| Greening Australia | Environment | 16,781 | 0 | (14,703) | 2,078 | 0 | (2,078) | 0 |
| SGIO | Fire Prevention | 1,318 | 0 | 0 | 1,318 | 0 | (1,318) | 0 |
| Main Roads WA | Transport | 200,000 | 0 | (14,970) | 185,030 | 0 | (5,619) | 179,411 |
| Grants Commission | Transport | 4,000 | 0 | 0 | 4,000 | 0 | (4,000) | 0 |
| Indigenous Affairs | Tourism | 3,000 | 0 | (3,000) | 0 | 0 | 0 | 0 |
| Dept Recreation & Sport | Recreation | 2,000 | 0 | (2,000) | 0 | 0 | 0 | 0 |
| Dept of Infrastructure | Recreation | 1,633,744 | 1,633,743 | 0 | 3,267,487 | 0 | (3,030,172) | 237,315 |
| Royalities for Regions | General Purpose | 564,974 | 706,594 | (819,217) | 452,351 | 0 | (452,351) | 0 |
| Reg & Local Community Infra | General Purpose | 193,781 | 132,000 | (193,781) | 132,000 | 0 | (132,000) | 0 |
| Wheatbelt Development Comm | Recreation | 0 | 14,000 | 0 | 14,000 | 0 | (14,000) | 0 |
| Wheatbelt Development Comm | Other Culture | 0 | 70,000 | 0 | 70,000 | 0 | (70,000) | 0 |
| Dept Reg Development & Lands | Governance | 0 | 35,000 | 0 | 35,000 | 0 | (7,979) | 27,021 |
| Main Roads WA | Governance | 0 | 0 | 0 | 0 | 45,760 | 0 | 45,760 |
| Department Local Government | Governance | 0 | 0 | 0 | 0 | 25,000 | 0 | 25,000 |
| Reg & Local Community Infra | Libraries | 0 | 0 | 0 | 0 | 134,000 | (118,860) | 15,140 |
| FESA | Other Law Order | 0 | 0 | 0 | 0 | 21,189 | (19,337) | 1,852 |
| Office of Crime Prevention | Other Law Order | 0 | 0 | 0 | 0 | 14,891 | 0 | 14,891 |
| Office of Crime Prevention | Other Law Order | 0 | 0 | 0 | 0 | 17,816 | 0 | 17,816 |
| Office of Crime Prevention | Other Law Order | 0 | 0 | 0 | 0 | 18,077 | (2,152) | 15,925 |
| Dept Regional Development | Welfare | 0 | 0 | 0 | 0 | 1,679,860 | 0 | 1,679,860 |
| Dept Environment & Conservation | Environment | 0 | 0 | 0 | 0 | 30,000 | (28,064) | 1,936 |
| Disability Services Commission | Libraries | 0* | 0 | 0 | 0 | 14,176 | 0 | 14,176 |
| WALGGC | Transport | 0 | 0 | 0 | 0 | 52,000 | 0 | 52,000 |
| Roads to Recovery | Roads to Recovery | 0 | 0 | 0 | 0 | 500,000 | 0 | 500,000 |
| Dept Agriculture & Food | Tourism | 0 | 0 | 0 | 0 | 20,000 | (12,000) | 8,000 |
| WALGA | Transport | 0 | 0 | 0 | 0 | 11,776 | (7,489) | 4,287 |
| Insurance Australia | Youth Services | 0 | 0 | 0 | 0 | 4,328 | (1,860) | 2,468 |
| Public Open Space | Recreation | 0 | 0 | 0 | 0 | 110,000 | (5,118) | 104,882 |
| AROC | Waste | 0 | 0 | 0 | 0 | 80,000 | (16,870) | 63,130 |
| Total | | 2,975,232 | 2,927,643 | (1,584,485) | 4,318,390 | 3,337,385 | (4,478,938) | 3,176,837 |

Notes:

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

(+) - 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.

(#) - 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 2011

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | \$ | \$ |
| 3. CASH AND CASH EQUIVALENTS | | |
| Unrestricted | 1,703,929 | 709,173 |
| Restricted | 8,649,110 | 10,335,089 |
| | <u>10,353,039</u> | <u>11,044,262</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| Aged Accommodation Reserve (S) | 221,701 | 203,336 |
| Employees Future Liability Reserve | 531,320 | 504,841 |
| Housing Reserve (S) | 204,763 | 195,201 |
| Meat Inspection Reserve (S) | 93,263 | 103,643 |
| Office Equipment Reserve (S) | 111,849 | 97,087 |
| Plant & Equipment Reserve (S) | 520,513 | 978,466 |
| Recreation Reserve (S) | 43,911 | 291,764 |
| Refuse Site Reserve (S) | 51,699 | 209,188 |
| Road & Bridgeworks Reserve (S) | 668,676 | 581,982 |
| Recreation Reserve (T) | 0 | 189,813 |
| Refuse Site Reserve (T) | 233,690 | 203,700 |
| Regional Development Reserve (T) | 108,213 | 131,502 |
| Speedway Reserve (S) | 113,832 | 108,516 |
| Community Bus Replacement Reserve | 38,421 | 27,088 |
| Septage Pond Reserve | 85,794 | 62,711 |
| Killara Reserve | 216,001 | 206,543 |
| Minson Ave/Bernard Park Reserve | 29,600 | 28,218 |
| Stormwater Drainage Projects Reserve | 5,701 | 134,138 |
| Recreation and Community Facilities Reserve | 468,135 | 470,751 |
| Administration Office Reserve | 400,435 | 369,014 |
| Council Buildings & Amenities Reserve | 204,954 | 100,000 |
| River Town Pool Dredging Reserve | 102,477 | 50,000 |
| Parking Facilities Construction Reserve | 137,549 | 0 |
| Total Reserves | 4,592,497 | 5,247,502 |
| Conditions over Contributions | | |
| Unspent Grants | 3,176,837 | 4,318,390 |
| Unspent Loans | 879,776 | 769,197 |
| Total Conditions over Contributions | 4,056,613 | 5,087,587 |
| | <u>8,649,110</u> | <u>10,335,089</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 | 2010 |
|---------------------------------------|-----------|-----------|
| | \$ | \$ |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates Outstanding | 521,629 | 566,180 |
| Rates Debtors Legal | 78,459 | 34,238 |
| Sundry Debtors | 728,928 | 1,440,917 |
| GST Receivable | 278,084 | 142,110 |
| Loans - Clubs/Institutions | 63,935 | 60,292 |
| Debtors - Pensioner Rebates | 28,704 | 23,456 |
| Emergency Services Levy | 28,917 | 29,651 |
| Debtors - Rubbish Charges | 64,565 | 67,405 |
| Accrued Income | 19,851 | 4,615 |
| | 1,813,072 | 2,368,864 |
| Less Provision for Doubtful Debts | (38,614) | (46,406) |
| | 1,774,458 | 2,322,458 |
| Non-Current | | |
| Rates Outstanding - Pensioners | 298,984 | 286,039 |
| Loans - Clubs/Institutions | 534,043 | 597,978 |
| | 833,027 | 884,017 |
| 5. INVENTORIES | | |
| Current | | |
| Fuel and Materials | 25,749 | 15,684 |
| | 25,749 | 15,684 |
| Non Current | | |
| Land Held for Resale - Cost | | |
| Cost of Acquisition | 917,401 | 90,128 |
| | 917,401 | 90,128 |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 | 2010 |
|---|--------------------|--------------------|
| | \$ | \$ |
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land and Buildings - Cost | 24,232,726 | 16,061,186 |
| Less Accumulated Depreciation | <u>(4,525,453)</u> | <u>(4,562,440)</u> |
| | 19,707,273 | 11,498,746 |
| Plant and Equipment - Cost | 5,167,191 | 4,331,609 |
| Less Accumulated Depreciation | <u>(2,304,541)</u> | <u>(2,154,765)</u> |
| | 2,862,650 | 2,176,844 |
| Furniture and Equipment - Cost | 1,661,928 | 1,571,255 |
| Less Accumulated Depreciation | <u>(1,348,406)</u> | <u>(1,221,905)</u> |
| | 313,522 | 349,350 |
| Bushfire Equipment - Cost | 1,915,873 | 1,814,153 |
| Less Accumulated Depreciation | <u>(1,426,785)</u> | <u>(1,256,480)</u> |
| | 489,088 | 557,673 |
| Playground Equipment - Cost | 29,700 | 29,700 |
| Less Accumulated Depreciation | <u>(29,700)</u> | <u>(29,700)</u> |
| | 0 | 0 |
| Tools - Cost | 3,756 | 3,756 |
| Less Accumulated Amortisation | <u>(3,756)</u> | <u>(3,756)</u> |
| | 0 | 0 |
| | <u>23,372,533</u> | <u>14,582,613</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land & Buildings \$ | Plant & Equipment \$ | Furniture & Equipment \$ | Bushfire Equipment \$ | Total \$ |
|---|------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------|
| Balance as at the beginning of the year | 11,498,746 | 2,176,844 | 349,350 | 557,673 | 14,582,613 |
| Additions | 9,068,739 | 1,414,943 | 95,257 | 101,720 | 10,680,659 |
| (Disposals) | (518,985) | (244,975) | (955) | 0 | (764,915) |
| Depreciation (Expense) | (341,227) | (484,162) | (130,131) | (170,305) | (1,125,825) |
| Movement | 0 | 0 | 1 | 0 | 1 |
| Carrying amount at the end of year | 19,707,273 | 2,862,650 | 313,522 | 489,088 | 23,372,533 |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 | 2010 |
|-------------------------------|---------------------|---------------------|
| | \$ | \$ |
| 7. INFRASTRUCTURE | | |
| Roads - Cost | 55,626,012 | 54,259,713 |
| Less Accumulated Depreciation | <u>(33,454,683)</u> | <u>(32,215,375)</u> |
| | 22,171,329 | 22,044,338 |
| | | |
| Parks & Ovals - Cost | 2,715,409 | 2,558,949 |
| Less Accumulated Depreciation | <u>(1,515,183)</u> | <u>(1,449,085)</u> |
| | 1,200,226 | 1,109,864 |
| | | |
| Drainage - Cost | 7,488,575 | 7,206,961 |
| Less Accumulated Depreciation | <u>(4,552,000)</u> | <u>(4,433,756)</u> |
| | 2,936,575 | 2,773,205 |
| | | |
| Footpaths - Cost | 6,679,373 | 6,474,668 |
| Less Accumulated Depreciation | <u>(3,217,679)</u> | <u>(3,071,518)</u> |
| | 3,461,694 | 3,403,150 |
| | | |
| Streetscape - Cost | 3,812,118 | 3,789,807 |
| Less Accumulated Depreciation | <u>(745,790)</u> | <u>(633,775)</u> |
| | 3,066,328 | 3,156,032 |
| | | |
| Bridges & Culverts - Cost | 8,157,860 | 8,121,860 |
| Less Accumulated Depreciation | <u>(4,349,253)</u> | <u>(4,267,695)</u> |
| | 3,808,607 | 3,854,165 |
| | | |
| Aero - Cost | 564,644 | 383,397 |
| Less Accumulated Depreciation | <u>(36,377)</u> | <u>(20,394)</u> |
| | 528,267 | 363,003 |
| | <u>37,173,026</u> | <u>36,703,757</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

7. INFRASTRUCTURE (Continued)

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.

| | Roads \$ | Parks and Ovals \$ | Drainage \$ | Footpaths \$ | Streetscape \$ | Bridges and Culverts \$ | Aero \$ | Total \$ |
|---|-------------------|-----------------------------|------------------|------------------|-------------------|----------------------------------|----------------|-------------------|
| Balance at the beginning of the year | 22,044,338 | 1,109,864 | 2,773,205 | 3,403,150 | 3,156,032 | 3,854,165 | 363,003 | 36,703,757 |
| Additions | 1,366,299 | 156,462 | 281,614 | 204,703 | 22,312 | 36,000 | 181,246 | 2,248,636 |
| Depreciation (Expense) | (1,239,307) | (66,098) | (118,244) | (146,161) | (112,015) | (81,558) | (15,983) | (1,779,366) |
| Movement | (1) | (2) | 0 | 2 | (1) | 0 | 1 | (1) |
| Carrying amount at the end of year | 22,171,329 | 1,200,226 | 2,936,575 | 3,461,694 | 3,066,328 | 3,808,607 | 528,267 | 37,173,026 |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 1,545,720 | 875,306 |
| Accrued Interest on Debentures | 63,475 | 53,372 |
| Accrued Salaries and Wages | 113,286 | 84,905 |
| ESL Payable | 2,260 | 4,251 |
| Rostered Days Off Liability | 343 | 2,283 |
| | <u>1,725,084</u> | <u>1,020,117</u> |
| 9. LONG-TERM BORROWINGS | | |
| Current | | |
| Secured by Floating Charge Debentures | <u>395,164</u> | <u>315,620</u> |
| | <u>395,164</u> | <u>315,620</u> |
| Non-Current | | |
| Secured by Floating Charge Debentures | <u>4,595,834</u> | <u>2,990,998</u> |
| | <u>4,595,834</u> | <u>2,990,998</u> |
| Additional detail on borrowings is provided in Note 20. | | |
| 10. PROVISIONS | | |
| Current | | |
| Provision for Annual Leave | 424,116 | 339,939 |
| Provision for Long Service Leave | 283,844 | 237,043 |
| | <u>707,960</u> | <u>576,982</u> |
| Non-Current | | |
| Provision for Long Service Leave | <u>86,385</u> | <u>73,578</u> |
| | <u>86,385</u> | <u>73,578</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|--|----------------|----------------------|----------------|
| 11. RESERVES - CASH BACKED | | | |
| (a) Aged Accommodation Reserve (S) | | | |
| Opening Balance | 203,336 | 203,336 | 189,069 |
| Interest | 9,966 | 5,823 | 7,267 |
| Amount Set Aside / Transfer to Reserve | 8,399 | 8,399 | 7,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>221,701</u> | <u>217,558</u> | <u>203,336</u> |
| (b) Employees Liability Reserve | | | |
| Opening Balance | 504,841 | 504,841 | 484,816 |
| Interest | 24,733 | 14,457 | 18,635 |
| Amount Set Aside / Transfer to Reserve | 1,746 | 1,746 | 1,390 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>531,320</u> | <u>521,044</u> | <u>504,841</u> |
| (c) Housing Reserve (S) | | | |
| Opening Balance | 195,201 | 195,200 | 187,975 |
| Interest | 9,562 | 5,590 | 7,226 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>204,763</u> | <u>200,790</u> | <u>195,201</u> |
| (d) Meat Inspection Reserve (S) | | | |
| Opening Balance | 103,643 | 114,685 | 99,052 |
| Interest | 5,077 | 2,946 | 3,807 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 784 |
| Amount Used / Transfer from Reserve | (15,457) | (16,319) | 0 |
| | <u>93,263</u> | <u>101,312</u> | <u>103,643</u> |
| (e) Office Equipment Reserve (S) | | | |
| Opening Balance | 97,087 | 97,087 | 83,864 |
| Interest | 4,762 | 2,780 | 3,223 |
| Amount Set Aside / Transfer to Reserve | 10,000 | 10,000 | 10,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>111,849</u> | <u>109,867</u> | <u>97,087</u> |
| (f) Plant & Equipment Reserve (S) | | | |
| Opening Balance | 978,466 | 978,466 | 1,092,428 |
| Interest | 47,934 | 28,020 | 41,993 |
| Amount Set Aside / Transfer to Reserve | 235,000 | 230,000 | 254,900 |
| Amount Used / Transfer from Reserve | (740,887) | (866,269) | (410,855) |
| | <u>520,513</u> | <u>370,217</u> | <u>978,466</u> |
| (g) Recreation Reserve (S) | | | |
| Opening Balance | 291,764 | 291,764 | 341,413 |
| Interest | 14,292 | 8,355 | 12,961 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | (262,145) | (216,000) | (62,610) |
| | <u>43,911</u> | <u>84,119</u> | <u>291,764</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---|------------|----------------------|------------|
| 11. RESERVES - CASH BACKED (Continued) | | | |
| (h) Refuse Reserve (S) | | | |
| Opening Balance | 209,188 | 209,188 | 201,275 |
| Interest | 10,156 | 6,122 | 7,913 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | (167,645) | 0 | 0 |
| | 51,699 | 215,310 | 209,188 |
| (i) Road & Bridgeworks Reserve (S) | | | |
| Opening Balance | 581,982 | 581,982 | 772,635 |
| Interest | 28,511 | 16,666 | 29,697 |
| Amount Set Aside / Transfer to Reserve | 58,183 | 7,650 | 7,650 |
| Amount Used / Transfer from Reserve | 0 | 0 | (228,000) |
| | 668,676 | 606,298 | 581,982 |
| (j) Recreation Reserve (T) | | | |
| Opening Balance | 189,813 | 189,814 | 182,787 |
| Interest | 9,191 | 5,436 | 7,026 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | (199,004) | (195,250) | 0 |
| | 0 | 0 | 189,813 |
| (k) Refuse Site Reserve (T) | | | |
| Opening Balance | 203,700 | 203,700 | 177,071 |
| Interest | 9,990 | 5,702 | 6,629 |
| Amount Set Aside / Transfer to Reserve | 20,000 | 20,000 | 20,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | 233,690 | 229,402 | 203,700 |
| (l) Regional Development Reserve (T) | | | |
| Opening Balance | 131,502 | 131,502 | 112,190 |
| Interest | 6,450 | 3,766 | 4,312 |
| Amount Set Aside / Transfer to Reserve | 15,000 | 15,000 | 15,000 |
| Amount Used / Transfer from Reserve | (44,739) | 0 | 0 |
| | 108,213 | 150,268 | 131,502 |
| (m) Speedway Reserve (S) | | | |
| Opening Balance | 108,516 | 108,516 | 104,499 |
| Interest | 5,316 | 3,107 | 4,017 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | 113,832 | 111,623 | 108,516 |
| (n) Community Bus Replacement Reserve | | | |
| Opening Balance | 27,088 | 27,089 | 16,456 |
| Interest | 1,333 | 776 | 632 |
| Amount Set Aside / Transfer to Reserve | 10,000 | 10,000 | 10,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | 38,421 | 37,865 | 27,088 |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|--|----------------|----------------------|----------------|
| 11. RESERVES - CASH BACKED (Continued) | | | |
| (o) Septage Pond Reserve | | | |
| Opening Balance | 62,711 | 62,711 | 41,130 |
| Interest | 3,083 | 1,796 | 1,581 |
| Amount Set Aside / Transfer to Reserve | 20,000 | 20,000 | 20,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>85,794</u> | <u>84,507</u> | <u>62,711</u> |
| (p) Killara Reserve | | | |
| Opening Balance | 206,543 | 258,002 | 177,095 |
| Interest | 9,336 | 5,668 | 7,326 |
| Amount Set Aside / Transfer to Reserve | 39,445 | 0 | 22,572 |
| Amount Used / Transfer from Reserve | (39,323) | (24,500) | (450) |
| | <u>216,001</u> | <u>239,170</u> | <u>206,543</u> |
| (q) Minson Ave/Bernard Park Reserve | | | |
| Opening Balance | 28,218 | 28,218 | 27,174 |
| Interest | 1,382 | 808 | 1,044 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>29,600</u> | <u>29,026</u> | <u>28,218</u> |
| (r) Stormwater Drainage Projects Reserve | | | |
| Opening Balance | 134,138 | 134,139 | 100,284 |
| Interest | 6,563 | 3,841 | 3,854 |
| Amount Set Aside / Transfer to Reserve | 30,000 | 30,000 | 30,000 |
| Amount Used / Transfer from Reserve | (165,000) | 0 | 0 |
| | <u>5,701</u> | <u>167,980</u> | <u>134,138</u> |
| (s) Recreation and Community Facilities Reserve | | | |
| Opening Balance | 470,751 | 470,750 | 340,884 |
| Interest | 23,048 | 13,481 | 13,103 |
| Amount Set Aside / Transfer to Reserve | 125,086 | 125,086 | 116,764 |
| Amount Used / Transfer from Reserve | (150,750) | (150,750) | 0 |
| | <u>468,135</u> | <u>458,567</u> | <u>470,751</u> |
| (t) Administration Office Reserve | | | |
| Opening Balance | 369,014 | 369,013 | 295,740 |
| Interest | 18,078 | 10,566 | 11,368 |
| Amount Set Aside / Transfer to Reserve | 13,343 | 13,343 | 61,906 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>400,435</u> | <u>392,922</u> | <u>369,014</u> |
| (u) Council Buildings & Amenities Reserve | | | |
| Opening Balance | 100,000 | 100,000 | 0 |
| Interest | 4,954 | 2,863 | 0 |
| Amount Set Aside / Transfer to Reserve | 100,000 | 100,000 | 100,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>204,954</u> | <u>202,863</u> | <u>100,000</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|--|------------------|----------------------|------------------|
| 11. RESERVES - CASH BACKED (Continued) | | | |
| (v) River Town Pool Dredging Reserve | | | |
| Opening Balance | 50,000 | 50,000 | 0 |
| Interest | 2,477 | 1,431 | 0 |
| Amount Set Aside / Transfer to Reserve | 50,000 | 50,000 | 50,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>102,477</u> | <u>101,431</u> | <u>50,000</u> |
| (w) Parking Facilities Construction Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Interest | 76 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 137,473 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>137,549</u> | <u>0</u> | <u>0</u> |
| | | | |
| TOTAL CASH BACKED RESERVES | <u>4,592,497</u> | <u>4,632,139</u> | <u>5,247,502</u> |

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

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

(a) Aged Accommodation Reserve (S)

Purpose - Provision of future capital works requirements for aged units at Kuringal Village, Wundowie, and other sites within the Shire of Northam.

(b) Employees Liability Reserve

Purpose - Provision for employees future liability commitments, ie annual leave, long service leave requirements and negotiated gratuities and sickness payouts.

(c) Housing Reserve (S)

Purpose - Reserve established for future construction of Community Housing in Wundowie.

(d) Meat Inspection Reserve (S)

Purpose - Provision for possible future losses in meat inspection operations in the event of abattoir closure.

(e) Office Equipment Reserve (S)

Purpose - 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 funds are utilised.

(f) Plant & Equipment Reserve (S)

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

11. RESERVES - CASH BACKED (Continued)

(g) Recreation Reserve (S)

Purpose - Development and improvement of recreation and sporting facilities within the Shire of Northam. 2% of net rates levied each year set aside for the provision of recreation and sport facilities.

(h) Refuse Reserve (S)

Purpose - Provision of future waste management strategy within the Shire of Northam.

(i) Road & Bridgeworks Reserve (S)

Purpose - 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 transfer to the reserve account are expected as funds are utilised.

(j) Recreation Reserve (T)

Purpose - Development and improvement of Council's Recreation and Sporting facilities, equipment and infrastructure. No date has been specified for the use of this Reserve.

(k) Refuse Site Reserve (T)

Purpose - Development of Colebatch Road Refuse Site, including provision for future replacement facility and/or site. No date has been specified for the use of this Reserve.

(l) Regional Development Reserve (T)

Purpose - To provide for future projects whereby 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. No date has been specified for the use of this Reserve.

(m) Speedway Reserve (S)

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

(n) Community Bus Replacement Reserve

Purpose - To provide funds for future replacement of the Shire of Northam Community Bus. No date has been specified for the use of this Reserve.

(o) Septage Pond Reserve

Purpose - To provide for funds for future septage ponds capital upgrade works. No date has been specified for the use of this Reserve.

(p) Killara Reserve

Purpose - To provide a fund for surplus funds from Killara Operations and a restricted cash for and unspent Killara Grants. No date has been specified for the use of this Reserve.

(q) Minson Ave/Bernard Park Reserve

Purpose - To provide funds for amenities within Bernard Park. No date has been specified for the use of this Reserve.

(r) Stormwater Drainage Projects Reserve

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

11. RESERVES - CASH BACKED (Continued)

(s) Recreation and Community Facilities Reserve

Purpose - To provide funds for Recreation and Public Facilities within the New Shire of Northam that are not quarantined for 4 years merger agreement. No date has been specified for the use of this Reserve.

(t) Administration Office Reserve

Purpose - To provide funds for the expansion or relocation of the Shire of Northam Administration Centre. No date has been specified for the use of this Reserve.

(u) Council Buildings & Amenities Reserve

Purpose - Provision for 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.

(v) River Town Pool Dredging Reserve

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

(w) Parking Facilities Construction Reserve

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

Pursuant to the order from the Minister of Local Government one of the conditions of restructure is for both local governments to implement processes to ensure the accumulated reserves of both local governments are applied to the local government in which they were raised. This condition is to apply for a period of 4 years from the date of restructure.

The reserves noted above have been marked S and T to identify the local government in which they were raised.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. 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:

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---------------------------|-------------------|----------------------|-------------------|
| Cash and Cash Equivalents | <u>10,353,039</u> | <u>4,744,179</u> | <u>11,044,262</u> |

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

| | | | |
|--|--------------------|--------------------|--------------------|
| Net Result | 6,273,182 | 5,530,390 | 3,915,893 |
| Depreciation | 2,905,191 | 2,806,412 | 2,820,471 |
| (Profit)/Loss on Sale of Asset | 513,570 | (147,316) | (40,284) |
| (Increase)/Decrease in Receivables | 538,697 | 916,000 | (1,120,423) |
| (Increase)/Decrease in Inventories | (10,065) | 27,000 | 8,515 |
| Increase/(Decrease) in Payables | 704,967 | 649,790 | (12,892) |
| Increase/(Decrease) in Employee Provisions | 143,785 | 60,000 | 4,819 |
| Grants/Contributions for the Development of Assets | <u>(6,187,986)</u> | <u>(3,016,973)</u> | <u>(2,673,724)</u> |
| Net Cash from Operating Activities | <u>4,881,341</u> | <u>6,825,303</u> | <u>2,902,375</u> |

(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 | <u>(2,050)</u> | <u>(2,003)</u> |
| Total Amount of Credit Unused | <u>112,950</u> | <u>112,997</u> |

Loan Facilities

| | | |
|--|------------------|------------------|
| Loan Facilities - Current | 395,164 | 315,620 |
| Loan Facilities - Non-Current | <u>4,595,834</u> | <u>2,990,998</u> |
| Total Facilities in Use at Balance Date | <u>4,990,998</u> | <u>3,306,618</u> |

| | | |
|---|----------------|----------------|
| Unused Loan Facilities at Balance Date | <u>879,776</u> | <u>769,197</u> |
|---|----------------|----------------|

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

13. CONTINGENT LIABILITIES

The Shire of Northam had no Contingent Liabilities at 30th June 2011.

| | 2011 | 2010 |
|--|------|------|
| | \$ | \$ |

(a) Finance Lease Commitments

The Shire has no finance lease commitments at 30 June 2011.

(b) Operating Lease Commitments

The Shire has no operating lease commitments at 30 June 2011.

(c) Capital Expenditure Commitments

Contracted for:

| | | |
|--------------------------------|-----------|-----------|
| - capital expenditure projects | 1,063,047 | 9,050,197 |
| - plant & equipment purchases | 83,250 | 0 |

Payable:

| | | |
|---------------------------|-----------|-----------|
| - not later than one year | 1,146,297 | 9,050,197 |
|---------------------------|-----------|-----------|

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new Recreation Facilities, Jubilee Oval Northam.
Plant & Equipment purchases represents the order placed for a Flocon Body to be delivered in October 2011.

The capital expenditure project outstanding at the end of the 2010 reporting period represents the construction of the new Recreation Facilities, Jubilee Oval Northam, and Wundowie Hall extensions.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

15. JOINT VENTURE

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

| | 2011 | 2010 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| Non-Current Assets | | |
| Buildings (#S406) | 584,522 | 584,522 |
| Less: Accumulated Depreciation | <u>(174,698)</u> | <u>(163,007)</u> |
| | <u>409,824</u> | <u>421,515</u> |

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | | |
|-----------------------------|-------------------|-------------------|
| Governance | 2,363,528 | 2,285,690 |
| General Purpose Funding | 849,317 | 875,675 |
| Law, Order, Public Safety | 1,101,517 | 1,125,067 |
| Health | 197,695 | 222,662 |
| Education and Welfare | 2,475,511 | 821,995 |
| Housing | 981,732 | 968,694 |
| Community Amenities | 3,246,971 | 2,976,844 |
| Recreation and Culture | 16,934,135 | 12,614,515 |
| Transport | 37,482,528 | 37,047,643 |
| Economic Services | 2,900,490 | 2,102,917 |
| Other Property and Services | 496,064 | 261,984 |
| Unallocated | 5,419,745 | 4,339,233 |
| | <u>74,449,233</u> | <u>65,642,919</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| 17. FINANCIAL RATIOS | 2011 | 2010 | 2009 |
|--|------|--------|------|
| Current Ratio | 1.53 | 2.23 * | 1.69 |
| Untied Cash to Unpaid Trade Creditors Ratio | 1.10 | 0.81 | 0.92 |
| Debt Ratio | 0.10 | 0.08 | 0.07 |
| Debt Service Ratio | 0.03 | 0.03 | 0.03 |
| Gross Debt to Revenue Ratio | 0.30 | 0.22 | 0.17 |
| Gross Debt to Economically Realisable Assets Ratio | 0.13 | 0.11 | 0.10 |
| Rate Coverage Ratio | 0.28 | 0.34 | 0.33 |
| Outstanding Rates Ratio | 0.07 | 0.09 | 0.07 |

The above ratios are calculated as follows:

| | |
|--|--|
| Current Ratio | $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Untied Cash to Unpaid Trade Creditors Ratio | $\frac{\text{untied cash}}{\text{unpaid trade creditors}}$ |
| Debt Ratio | $\frac{\text{total liabilities}}{\text{total assets}}$ |
| Debt Service Ratio | $\frac{\text{debt service cost}}{\text{available operating revenue}}$ |
| Gross Debt to Revenue Ratio | $\frac{\text{gross debt}}{\text{total revenue}}$ |
| Gross Debt to Economically Realisable Assets Ratio | $\frac{\text{gross debt}}{\text{economically realisable assets}}$ |
| Rate Coverage Ratio | $\frac{\text{net rate revenue}}{\text{operating revenue}}$ |
| Outstanding Rates Ratio | $\frac{\text{rates outstanding}}{\text{rates collectable}}$ |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

18. 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-Jul-10 | Amounts Received | Amounts Paid | Balance 30-Jun-11 |
|---------------------------|---------------------|---------------------|-----------------|----------------------|
| | \$ | \$ | (\$) | \$ |
| Facilities - Bonds | 3,350 | 1,150 | (4,170) | 330 |
| Town Hall Bond | 500 | 2,800 | (2,400) | 900 |
| Lesser Hall Bond | 1,900 | 0 | - | 1,900 |
| Builders Reg Board Levy | 0 | 14,617 | (14,617) | 0 |
| Footpath/Kerbing Deposit | 26,503 | 47,500 | (21,503) | 52,500 |
| Retentions | 354,632 | 26,770 | (341,921) | 39,481 |
| Sundry Trust | 8,310 | 0 | 0 | 8,310 |
| Friends of White Swans | 444 | 0 | (444) | 0 |
| Building & Construction | | | | 0 |
| Industry Training Fund | 0 | 52,826 | (52,833) | (7) |
| Standpipe Key | 5,150 | 600 | (250) | 5,500 |
| Resited Dwellings | 44,200 | 60,245 | (69,745) | 34,700 |
| Extractive Industries | 112,036 | 112,480 | 0 | 224,516 |
| Other | 169,891 | 12,871 | (161,920) | 20,842 |
| Other - Rental Bond | 1,000 | 0 | (200) | 800 |
| Library Deposits & Income | 1,591 | 0 | (1,591) | 0 |
| POS - Cash in Lieu | 579,653 | 36,249 | (415,813) | 200,089 |
| Bonds - Building | 114,500 | 8,500 | (48,000) | 75,000 |
| Crossovers - Bond | 71,392 | 4,500 | (5,500) | 70,392 |
| Bonds - Animal Traps | 200 | 750 | (850) | 100 |
| Traffic Licencing | 0 | 785,909 | (785,909) | 0 |
| | <u>1,495,252</u> | | | <u>735,353</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

19. DISPOSALS OF ASSETS - 2010/11 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 Asset 9222 | 33,839 | 34,744 | 24,101 | 25,000 | (9,738) | (9,744) |
| Law, Order Public Safety | | | | | | |
| Snr Ranger Vehicle Asset 9231 | 22,264 | 28,200 | 19,566 | 27,000 | (2,698) | (1,200) |
| Ranger Vehicle Asset 9233 | 23,383 | 29,246 | 20,475 | 22,000 | (2,908) | (7,246) |
| Health | | | | | | |
| Meat Inspectors Ute Asset 9221 | 10,596 | 15,621 | 13,950 | 19,000 | 3,354 | 3,379 |
| EM Reg Services Car Asset 9203 | 22,495 | 23,003 | 17,273 | 20,400 | (5,222) | (2,603) |
| EHO Sedan Asset 9232 | 25,706 | 26,887 | 13,657 | 18,000 | (12,049) | (8,887) |
| Lot 310 Wandoo Pde Asset S404 | 0 | 4,079 | 0 | 20,000 | 0 | 15,921 |
| Education & Welfare | | | | | | |
| Killara Wagon Asset 9076 | 22,939 | 23,287 | 9,545 | 10,000 | (13,394) | (13,287) |
| Communty Ammenities | | | | | | |
| EM Devt Serv Sedan Asset 9209 | 23,507 | 24,854 | 20,464 | 22,650 | (3,043) | (2,204) |
| Loader Inkpen Tip Site - Asset | 30,836 | 0 | 4,545 | 0 | (26,291) | 0 |
| Recreation & Culture | | | | | | |
| Rec Manager Ute Asset 9211 | 0 | 14,939 | 0 | 20,000 | 0 | 5,061 |
| Recreation Centre | 518,985 | 0 | 0 | 0 | (518,985) | 0 |
| Recreation Centre - Air Conditioner | 955 | 0 | 0 | 0 | (955) | 0 |
| Transport | | | | | | |
| Isuzu Folcon 2002 Asset S633 | 0 | 22,273 | 0 | 63,338 | 0 | 41,065 |
| Flocon Body Asset S450 | 0 | 0 | 0 | 0 | 0 | 0 |
| Slasher Wund 2001 Asset S584 | 0 | 0 | 900 | 1,200 | 900 | 1,200 |
| JD Z Track Ride on Asset 9109 | 0 | 12,400 | 0 | 5,000 | 0 | (7,400) |
| JD Ride on Mower P443 | 1,666 | 0 | 8,060 | 0 | 6,394 | 0 |
| P&G Utility 2005 Asset 9062 | 0 | 3,202 | 0 | 11,400 | 0 | 8,198 |
| 6 Wheel Truck - Asset 995 | 0 | 50 | 50,610 | 67,643 | 50,610 | 67,593 |
| 12t Vib Steel Drum Roller Asset S589 | 0 | 2,124 | 0 | 55,000 | 0 | 52,876 |
| Multipack VP2400 Roller | 11,850 | 0 | 22,000 | 0 | 10,150 | 0 |
| Bobcat Trailer Asset 696 | 1,167 | 1,391 | 7,500 | 2,000 | 6,333 | 609 |
| Bobcat Trailer - PN393 - Asset 696 | 0 | 0 | 274 | 0 | 274 | 0 |
| Weed Spray Trailer N3057 | 0 | 0 | 196 | 0 | 196 | 0 |
| Trailer - Spray Bike PN015 | 0 | 0 | 229 | 0 | 229 | 0 |
| Martinixon Trailer PN213 | 1,013 | 0 | 700 | 0 | (313) | 0 |
| Economic Services | | | | | | |
| Snr Build Surveyor Ute Asset 9200 | 13,714 | 14,251 | 17,300 | 18,000 | 3,586 | 3,749 |
| Building Surveyor Ute Asset 9226 | 0 | 18,764 | 0 | 19,000 | 0 | 236 |
| | 764,915 | 299,315 | 251,345 | 446,631 | (513,570) | 147,316 |

Profit on Disposals
Loss on Disposals

| | |
|------------------|----------------|
| 82,026 | 199,887 |
| (595,596) | (52,571) |
| <u>(513,570)</u> | <u>147,316</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars | Principal 1-Jul-10 \$ | New Loans \$ | Principal Repayments | | Principal 30-Jun-11 | | Interest Repayments | |
|--|-----------------------------|--------------------|-------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Governance | | | | | | | | |
| Loan 215 - Admin Office Renovations | 183,525 | 0 | 21,282 | 21,282 | 162,243 | 162,243 | 12,070 | 12,071 |
| Education & Welfare | | | | | | | | |
| Loan 226 - Respite Centre Construction | 0 | 0 | 0 | 0 | 400,000 | 400,000 | 0 | 0 |
| Community Amenities | | | | | | | | |
| Loan 210 - River Dredging | 32,193 | 0 | 4,590 | 4,590 | 27,603 | 27,602 | 1,901 | 1,901 |
| Recreation & Culture | | | | | | | | |
| Loan 206 - Northam Country Club ** | 315,249 | 0 | 29,478 | 29,478 | 285,771 | 285,771 | 18,294 | 18,294 |
| Loan 208 - Northam Country Club ** | 45,116 | 0 | 3,411 | 3,411 | 41,705 | 41,709 | 3,303 | 3,303 |
| Loan 219 - Northam Bowling Club ** | 201,019 | 0 | 18,827 | 18,827 | 182,192 | 182,199 | 11,587 | 11,587 |
| Loan 222 - Northam Trotting Club Building ** | 96,877 | 0 | 8,577 | 8,577 | 88,300 | 88,300 | 5,184 | 5,184 |
| Loan 223 - Recreation Facilities | 1,000,000 | 0 | 67,200 | 67,200 | 932,800 | 932,800 | 69,383 | 69,383 |
| Loan 224 - Recreation Facilities | 0 | 1,100,000 | 0 | 0 | 1,100,000 | 1,100,000 | 0 | 0 |
| Transport | | | | | | | | |
| Loan 221 - Airstrip Upgrade | 86,583 | 0 | 8,649 | 8,649 | 77,934 | 77,936 | 5,326 | 5,326 |
| Economic Services | | | | | | | | |
| Loan 204 - Visitors Centre/Tourist Bureau | 23,127 | 0 | 8,648 | 8,648 | 14,479 | 14,474 | 1,876 | 1,876 |
| Loan 205 - Visitor Centre Cafe | 41,949 | 0 | 15,975 | 15,975 | 25,974 | 25,975 | 2,486 | 2,486 |
| Loan 217 - CBD Streetscape | 1,146,829 | 0 | 116,439 | 116,439 | 1,030,390 | 1,030,386 | 64,628 | 64,628 |
| Loan 218 - CBD Streetscape | 134,152 | 0 | 12,544 | 12,544 | 121,608 | 121,604 | 7,785 | 7,785 |
| Loan 225 - Victoria Oval Purchase | 0 | 900,000 | 0 | 0 | 900,000 | 900,000 | 0 | 0 |
| | 3,306,619 | 2,000,000 | 315,620 | 315,620 | 4,990,999 | 5,390,999 | 203,823 | 203,824 |

* This loan was self supporting at 30 June 2008. During 2008/09 the loan to Northam Area Club (Inc) was written off per Council resolution C.734 on 18 February 2009 resulting in the loan no longer being self supporting as at 30 June 2009.

**Indicates self - supporting loans

All other loan repayments were financed by general purpose revenue.

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

(b) New Debentures - 2010/11

| Particulars/Purpose | Amount Borrowed | | Institution | Loan Type | Term (Years) | Total Interest & Charges \$ | Interest Rate % | Amount Used | | Balance Unspent \$ |
|--|-----------------|-----------|-------------|-----------|--------------|-----------------------------|-----------------|-------------|-----------|--------------------|
| | Actual \$ | Budget \$ | | | | | | Actual \$ | Budget \$ | |
| Loan 224 - Recreation Facilities | 1,100,000 | 1,100,000 | WATC | Debenture | 20 | 891,990 | 6.48% | 1,100,000 | 1,100,000 | 807,049 |
| Loan 225 - Victoria Oval Purchase | 900,000 | 900,000 | WATC | Debenture | 20 | 729,810 | 6.48% | 827,273 | 900,000 | 72,727 |
| Loan 226 - Respite Centre Construction | 0 | 400,000 | Unknown | Debenture | 10 | 162,736 | 7.00% | 0 | 400,000 | 0 |

(c) Unspent Debentures

| Particulars | Date Borrowed | Balance 1-Jul-10 \$ | Borrowed During Year \$ | Expended During Year \$ | Balance 30-Jun-11 \$ |
|-----------------------------------|---------------|---------------------|-------------------------|-------------------------|----------------------|
| Loan 220 - Recreation Facilities | 7/12/2009 | 769,197 | 0 | (769,197) | 0 |
| Loan 224 - Recreation Facilities | 29/04/2011 | 0 | 1,100,000 | (292,951) | 807,049 |
| Loan 225 - Victoria Oval Purchase | 29/04/2011 | 0 | 900,000 | (827,273) | 72,727 |
| | | 769,197 | 2,000,000 | (1,889,421) | 879,776 |

(d) Overdraft

Council acquired an overdraft facility of \$100,000 established by a predecessor Council in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2011 was \$Nil.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

21. RATING INFORMATION - 2010/11 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|-------------------------------------|-------------------|-----------------------------|--------------------------|------------------------|-------------------------|----------------------|-------------------------|-------------------------------|-------------------------------|----------------------------|--------------------------------|
| Differential General Rate | | | | | | | | | | | |
| 0 Non-Rateable | 0.0000 | 629 | 505,683 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 GRV-Northam Town Gen | 11.2659 | 2,979 | 24,763,466 | 2,800,416 | 35,867 | 4,745 | 2,841,028 | 2,789,828 | 18,500 | 600 | 2,808,928 |
| 2 GRV-Northam Town Diff | 11.9686 | 251 | 8,521,838 | 1,020,100 | 1,662 | 0 | 1,021,762 | 1,019,945 | 500 | 100 | 1,020,545 |
| 5 Agricultural Local | 0.3580 | 468 | 199,497,000 | 714,199 | 5,791 | 0 | 719,990 | 714,199 | 5,000 | 100 | 719,299 |
| 6 Agricultural Regional | 0.3100 | 216 | 126,671,000 | 393,592 | 1,375 | 611 | 395,578 | 392,680 | 5,000 | 100 | 397,780 |
| 7 Rural Small Holdings | 0.4545 | 556 | 103,797,000 | 471,759 | (48) | 0 | 471,711 | 471,759 | 1,000 | 100 | 472,859 |
| 8 Springhill (Landuse) | 0.4549 | 1 | 283,000 | 1,287 | 0 | 0 | 1,287 | 1,287 | 0 | 0 | 1,287 |
| 9 Princes (Landuse) | 2.2100 | 1 | 145,000 | 3,205 | 0 | 0 | 3,205 | 3,204 | 0 | 0 | 3,204 |
| 10 Solfame (Landuse) | 0.6505 | 1 | 567,000 | 3,688 | 0 | 0 | 3,688 | 3,688 | 0 | 0 | 3,688 |
| 11 Bennie (Landuse) | 0.7533 | 1 | 191,000 | 1,439 | 0 | 0 | 1,439 | 1,439 | 0 | 0 | 1,439 |
| 12 CSR (Landuse) | 1.2350 | 1 | 308,000 | 3,804 | 0 | 0 | 3,804 | 3,804 | 0 | 0 | 3,804 |
| Sub-Totals | | 5,104 | 465,249,987 | 5,413,489 | 44,647 | 5,356 | 5,463,492 | 5,401,833 | 30,000 | 1,000 | 5,432,833 |
| Minimum Rates | \$ | | | | | | | | | | |
| 1 GRV-Northam Town Gen | 650 | 877 | 4,030,170 | 566,800 | 0 | 0 | 566,800 | 570,050 | 0 | 0 | 570,050 |
| 2 GRV-Northam Town Diff | 650 | 48 | 154,186 | 31,200 | 0 | 0 | 31,200 | 31,200 | 0 | 0 | 31,200 |
| 5 Agricultural Local | 650 | 207 | 26,423,305 | 136,500 | 0 | 0 | 136,500 | 134,550 | 0 | 0 | 134,550 |
| 6 Agricultural Regional | 650 | 180 | 22,711,400 | 117,650 | 0 | 0 | 117,650 | 117,000 | 0 | 0 | 117,000 |
| 7 Rural Small Holdings | 650 | 5 | 569,500 | 3,250 | 0 | 0 | 3,250 | 3,250 | 0 | 0 | 3,250 |
| Sub-Totals | | 1,317 | 53,888,561 | 855,400 | 0 | 0 | 855,400 | 856,050 | 0 | 0 | 856,050 |
| Ex-Gratia Rates | | | | | | | 6,318,892 | | | | 6,288,883 |
| Specified Area Rate (refer note 22) | | | | | | | 10,828 | | | | 9,000 |
| Discounts (refer note 24) | | | | | | | 0 | | | | 0 |
| Totals | | | | | | | 6,329,720 | | | | 6,297,883 |
| | | | | | | | 0 | | | | 0 |
| | | | | | | | 6,329,720 | | | | 6,297,883 |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

22. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

The Shire of Northam did not levy any Specified Area Rate as provided for under section 6.37 of the Local Government Act 1995 during the 2010/11 financial year.

23. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

The Shire of Northam did not levy any Service Charges as provided for under section 6.38 of the Local Government Act 1995 during the 2010/11 financial year.

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR**

| | Type | Disc % | Total Cost/ Value \$ | Budget Cost/ Value \$ |
|-----------------|------------|--------|----------------------------|-----------------------------|
| Rate Assessment | Concession | 0% | 0 | 0 |
| Rate Assessment | Write-Off | 0% | 7,249 | 1,000 |

The Shire of Northam did not offer a discount on rates in 2010/11 financial year.

25. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|------------------------------|--------------------|---------------------|---------------|------------------------|
| Interest on Unpaid Rates | 11.00% | | 92,757 | 65,000 |
| Interest on Instalments Plan | 5.50% | | 18,530 | 18,000 |
| Charges on Instalment Plan | | 0 | 28,620 | 25,000 |
| | | | 139,907 | 108,000 |

Ratepayers had the option of paying rates in one instalment due on 13 September 2010, two equal instalments due on 13 September 2010 and 12 November 2010 or four equal instalments due on 13 September 2010, 12 November 2010, 11 January 2011 and 14 March 2011. Administration charges and interest applied for the final three instalments.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| 26. FEES & CHARGES | 2011 | 2010 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Governance | 17 | 6 |
| General Purpose Funding | 61,707 | 63,536 |
| Law, Order, Public Safety | 38,172 | 37,499 |
| Health | 154,282 | 164,837 |
| Education and Welfare | 112,981 | 160,796 |
| Housing | 38,627 | 41,950 |
| Community Amenities | 1,658,648 | 1,581,807 |
| Recreation and Culture | 214,892 | 231,693 |
| Transport | 57,998 | 84,975 |
| Economic Services | 447,686 | 287,369 |
| Other Property and Services | 29,109 | 374,348 |
| | <u>2,814,119</u> | <u>3,028,816</u> |

There were two changes during the year to the amount of the fees or charges detailed in the original budget. Council resolved 15/09/2010 to include sign licence fees that had been omitted from the schedule. Council resolved 16/02/2011 to reduce the charges for recycled waste water for the Northam Harness Racing Club.

27. GRANT REVENUE

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

| | 2011 | 2010 |
|---|-------------------|------------------|
| | \$ | \$ |
| By Nature and Type: | | |
| Operating Grants, Subsidies and Contributions | 6,593,612 | 4,956,878 |
| Non-Operating Grants, Subsidies and Contributions | 6,187,986 | 2,673,724 |
| | <u>12,781,598</u> | <u>7,630,602</u> |
| By Program: | | |
| Governance | 53,695 | 71,241 |
| General Purpose Funding | 3,680,962 | 3,263,120 |
| Law, Order, Public Safety | 370,256 | 408,965 |
| Health | 0 | 5,667 |
| Education and Welfare | 2,570,311 | 936,675 |
| Housing | 2,014 | 569 |
| Community Amenities | 235,999 | 59,989 |
| Recreation and Culture | 1,459,559 | 1,867,938 |
| Transport | 1,944,633 | 875,808 |
| Economic Services | 909,747 | 95,778 |
| Other Property and Services | 1,554,422 | 44,852 |
| | <u>12,781,598</u> | <u>7,630,602</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| 28. ELECTED MEMBERS REMUNERATION | 2011 | 2011 | 2010 |
|--|----------------|----------------|----------------|
| | \$ | Budget | \$ |
| | | \$ | |
| The following fees, expenses and allowances were paid to council members and/or the president. | | | |
| Meeting Fees | 72,625 | 77,000 | 77,000 |
| President's Allowance | 16,000 | 16,000 | 16,000 |
| Deputy President's Allowance | 4,000 | 4,000 | 4,000 |
| Travelling Expenses | 8,447 | 10,000 | 9,643 |
| Telecommunications Allowance | 14,063 | 15,000 | 10,000 |
| IT Allowance | 9,375 | 10,000 | 10,000 |
| | <u>124,510</u> | <u>132,000</u> | <u>126,643</u> |

| 29. EMPLOYEE NUMBERS | 2011 | 2010 |
|--|-------------|-------------|
| The number of full-time equivalent employees at balance date | | |
| | <u>85</u> | <u>81</u> |

30. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2010/11 financial year.

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

32. 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 | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 10,353,039 | 11,044,262 | 10,353,039 | 11,044,262 |
| Receivables | 2,607,485 | 3,206,475 | 2,607,485 | 3,206,475 |
| | <u>12,960,524</u> | <u>14,250,737</u> | <u>12,960,524</u> | <u>14,250,737</u> |
| Financial Liabilities | | | | |
| Payables | 1,725,084 | 1,020,117 | 1,725,084 | 1,020,117 |
| Borrowings | 4,990,998 | 3,306,618 | 4,524,806 | 3,024,360 |
| | <u>6,716,082</u> | <u>4,326,735</u> | <u>6,249,890</u> | <u>4,044,477</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 2011

32. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments 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.

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

| | 2011 | 2010 |
|--|---------|---------|
| | \$ | \$ |
| Impact of a 1% (*) movement in interest rates on cash and investments: | | |
| - Equity | 103,530 | 110,443 |
| - Statement of Comprehensive Income | 103,530 | 110,443 |

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

32. 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:

| | 2011 | 2010 |
|---|-------------|-------------|
| Percentage of Rates and Annual Charges | | |
| - Current | 0.00% | 0.00% |
| - Overdue | 100.00% | 100.00% |
| Percentage of Other Receivables | | |
| - Current | 91.00% | 68.00% |
| - Overdue | 9.00% | 32.00% |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

32. 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>2011</u> | | | | | |
| Payables | 1,725,084 | 0 | 0 | 1,725,084 | 1,725,084 |
| Borrowings | 700,533 | 2,700,684 | 3,997,188 | 7,398,405 | 4,990,998 |
| | <u>2,425,617</u> | <u>2,700,684</u> | <u>3,997,188</u> | <u>9,123,489</u> | <u>6,716,082</u> |
| | | | | | |
| <u>2010</u> | | | | | |
| Payables | 1,020,117 | 0 | 0 | 1,020,117 | 1,020,117 |
| Borrowings | 519,443 | 2,005,309 | 1,771,301 | 4,296,053 | 3,306,618 |
| | <u>1,539,560</u> | <u>2,005,309</u> | <u>1,771,301</u> | <u>5,316,170</u> | <u>4,326,735</u> |

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

32. 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:

| | <1 year \$ | >1<2 years \$ | >2<3 years \$ | >3<4 years \$ | >4<5 years \$ | >5 years \$ | Total \$ | Weighted Average Effective Interest Rate % |
|---|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--|
| Year Ended 30 June 2011 | | | | | | | | |
| Payables | | | | | | | | |
| Borrowings | | 40,449 | 0 | 0 | 27,601 | 4,922,948 | 4,990,998 | 6.19% |
| Fixed Rate Debtures | 0 | 40,449 | 0 | 0 | 27,601 | 4,922,948 | 4,990,998 | 6.19% |
| Weighted Average Effective Interest Rate | 0.00% | 6.55% | 0.00% | 0.00% | 6.12% | 6.18% | | |
| Year Ended 30 June 2010 | | | | | | | | |
| Payables | | | | | | | | |
| Borrowings | | 0 | 65,072 | 0 | 0 | 3,241,546 | 3,306,618 | 5.99% |
| Fixed Rate Debtures | 0 | 0 | 65,072 | 0 | 0 | 3,241,546 | 3,306,618 | 5.99% |
| Weighted Average Effective Interest Rate | 0.00% | 0.00% | 6.55% | 0.00% | 0.00% | 5.98% | | |

**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 2011, 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, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Council 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 entity'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 entity'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 2011 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).

Cont'd.../

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

Other Matters

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

- a) There are no matters 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) 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

Date: 19 September 2011
Perth, WA


GREG GODWIN
PARTNER



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Heritage, Commerce and Lifestyle

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