



Shire of Northam

2012/13 Annual Report



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Shire President's Message

It is with pleasure that I provide, on behalf of Council a summary of the key activities of the Shire of Northam for 2012/13

Mission

Our mission, as stated in our Strategic Community Plan 2012-2022, is "To deliver responsive, sustainable services in a manner that preserves and enhances our environment and lifestyle whilst respecting our heritage and facilitating economic growth". It is with this mission in mind that the Shire has delivered services in the last year.

Financial Position

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

Regional Centres Development Plan (Super Towns)

Funded business cases were rolled out during the course of year with the Health and Emergency Services precinct around the Northam Regional Hospital taking shape. This includes the creation of Holtfreter Avenue, the extension of Fernie Street and a roundabout on Mitchell Avenue.

The King Creek drainage alignment project was largely completed and benefits include enabling the old Victoria Oval site to be made ready for potential development.

The Avon River is a focal point of the plan and work is underway to try and identify what remedial actions can be undertaken to make the river attractive all year round.

The State Government is undertaking an office accommodation study and this may lead to business opportunities within the Northam town site for further growth.

Killara Respite Centre Extension

We have been the beneficiary of Royalties for Regions funding and this has helped the Killara Respite Centre extensions to be built. This regional project should dovetail in nicely with the aged care requirements of our sub region in coming years.

Recreation

Construction of the Henry Street oval extension at the Northam Recreation Centre caused a few headaches

and we were unable to hold the scheduled NAB Cup AFL pre season game between Fremantle Dockers and the Western Bulldogs. We did however secure the interstate AFL game between Western Australia and Victoria on the oval, with WA running out victors.

Avon Industrial Park

The much anticipated arrival of Hutchinson Builders at the Avon Industrial Park did not go quite as well as expected with a sudden downturn in the iron ore price resulting in a deferral of the commencement date for this business. Despite this setback, the park continues to be developed with new industrial businesses having the opportunity to locate in the park.

Roads

The quality of the road network across the Shire has been another challenge this year and we are very conscious of the need to continue to invest in the network. Funds continue to be made available through the budget to try and keep on top of this ongoing issue.

Chief Executive Officer

Mr. Neville Hale left the Shire at the end of 2012 after 4 years as CEO and we had Acting CEO Mr Allan Middleton managing the operational aspects of the Shire whilst the search for a new CEO was undertaken. My thanks go to the CEO and his staff for their roles in delivering the Council strategies to the Shire.

Strategic and Statutory Planning

The Integrated Planning and Reporting Framework is a State Government requirement that we are to comply with by 1st July, 2013. This framework has been developed during the course of this year and subsequently adopted. Amongst other tasks, forward capital works are scheduled in this plan which should help ensure an orderly roll out over time of our capital projects.

Councillors

It has been a pleasure to work with the nine other Councillors of the Shire over the past year to ensure the best outcomes for all residents and ratepayers across the whole Shire. I thank each and every one individually and collectively for their commitment to the Shire. The representation from each of the four wards has been a very successful model of governance for us. Particular thanks go to the Deputy President, Cr Terry Little who has been a great assistance to me in fulfilling the role of President.

Cr Steven Pollard
Shire President

Elected Members



Cr Steven Pollard
Shire President
Town Ward



Cr Dennis Beresford
Town Ward



Cr Ray Head
Town Ward



Cr Rob Tinetti
Town Ward



Cr Des Hughes
Town Ward



Cr Kathy Saunders
East Ward



Cr Terry Little
Deputy President
West Ward



Cr Bert Llewellyn
West Ward



Cr Julie Williams
Central Ward



Cr Ulo Rumjanstev
Central Ward

Chief Executive Officer's Report

The Shire of Northam concluded the 2012/2013 financial year in a healthy financial position. The surplus primarily resulted in some activities not being undertaken and grant funds received just prior to the close of the year.

It has been a difficult year with the resignation of the Chief Executive Officer, Neville Hale. I thank Neville for the contribution he has made to the Shire during his time in this position.

There have been a number of major projects that have been achieved with the assistance of Supertowns funding, such as the King Creek drainage project. Other projects achieved include:

- Southern Brook Fire Shed
Construction of the shed, project managed by staff and fully funded through the Department of Fire & Emergency Services
- Bernard Park Playgroup Building
Replaced the asbestos roof
- Killara Respite Cottages
Construction commenced on 16 bed overnight facility
- Northam Town Hall
Replacement of back section of the roof
- Visitors Centre
Roof over decking and refurbishment of interior
- Wundowie Community Bus Shed
Constructed with the assistance from the Wundowie Men's Shed
- Community Bus
A community bus to be located at Wundowie was purchased with joint funding from Lotterywest
- Old Northam Railway Station
Cover installed over railway carriages
- Clackline Hall
Wheelchair ramp and steps installed
- Bakers Hill Pavilion
Ceiling and lights were replaced
- Quellington Hall & Morby Cottage
Stone pointing undertaken
- Old Post Office
Brick Pointing
- Old Wundowie Fire Station
Disabled Toilet
- Various Footpaths

The projects and service delivery cannot be achieved without the contribution of dedicated staff and their leadership, enthusiasm and energy; I wish to thank

them. All staff members are expected to provide effective service and we hope that this is being achieved, although at times I am aware that a “no” does not meet the expected outcome; it is hoped that when a request is in the negative the reason why that decision has been made has been explained.

Local Progress Associations continue to contribute to the well being of their locality and without that contribution the lifestyle and amenities enjoyed would not be to the standards they are.

Likewise volunteer bush fire brigades continue to work tirelessly and enthusiastically to ensure properties are protected. The dedication and efforts of those members of the community cannot be underestimated and all residents need to be appreciative of the altruistic service given.

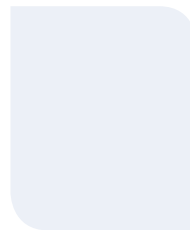
The Shire of Northam can look forward to continued growth and progress. In conclusion I wish to thank the Shire President and Councillors for their continued support to all staff. The progressive outlook by the elected members will ensure the Shire will develop in a controlled way with all residents being the beneficiaries of the projected growth.

AJ Middleton
Acting Chief Executive Officer

Executive Managers



Denise Gobbart
Corporate Services



Kevin Kane / Tom Findlay (Acting)
Engineering Services



Jean McGready
Community Services



Chadd Hunt
Community Infrastructure



Phil Steven
Development Services

Strategic Community Plan

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

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



Our Mission

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

Our Commitment

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

Our Vision

GOVERNANCE

....lead our community with openness, efficiency and proficiency....

SOCIAL

....enjoy living in a safe, caring and healthy community...

ECONOMIC

....a prosperous community supported by diverse & sustainable industry and commerce....

NATURAL ENVIRONMENT

....an environmentally aware and pro-active community...

2012/13 Major Projects

Killara Respite Centre

Construction commenced on the new cottages designed to provide a 16 bed overnight respite facility.

The architecturally designed cottages will supplement the existing day respite facilities offered by the Killara Centre.

Construction is scheduled to be completed early in the 2013/14 financial year.

Northam Airport Upgrade

With funding from the Department of Transport's Regional Airport Development Scheme, the Shire completed the provision of aircraft parking, works to the apron, and resealing portions of the taxiway. The continuing of the improvement of the facility will potentially attract more patrons to the Northam Airport.

Cultural Precinct Stage One

Lotterywest and the Shire of Northam funded a major renovation of the old Northam Railway Station, including a cover over the historic train and upgrading the toilets. This enhanced the appearance and functionality of the site as a tourist attraction and working space for community groups.

Town Pool Floating Islands

The Shire constructed a floating island on the Avon River (Town Pool), which integrates plants that aerate and remove nutrients from the river. The funding comes from the Department Regional Development – SuperTowns project.

Works Depot Relocation

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

needed to accommodate a modern and well equipped Depot.

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

The project had been delayed from 2011/12 as an investigation was undertaken for contamination on the site prior to the sale of the land.



2013/14 Proposed Projects

Bakers Hill Water Pipeline

The Bakers Hill Water Pipeline project will transfer treated wastewater and stormwater from the existing system in Wundowie to Bakers Hill storage tanks for emergency water provision. Funding is provided through the National Disaster Resilience Program and Council. The proposed pipeline route will follow the existing KEP track from the existing storage dam in Wundowie to new tanks to be constructed in Bakers Hill.

Wundowie Stormwater Reuse Project

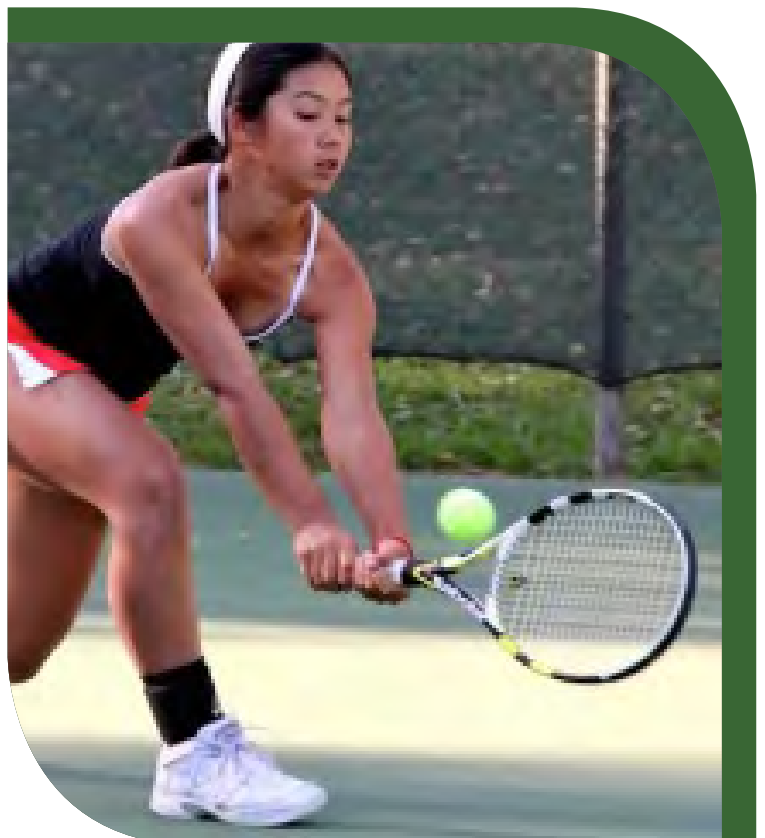
Funding has been provided by the Wheatbelt NRM for various works within and adjoining the Wundowie town site to capture and store urban stormwater for use within Wundowie and Bakers Hill. The project is proposed to involve the construction of an improved drainage system, stormwater harvesting device, transfer pipes and potentially a dam cover.

Bakers Hill Tennis Court Refurbishment

The existing tennis courts in Bakers Hill will be refurbished through funding provided by the Department of Sport and Recreation, the Bakers Hill Tennis Club and Council. This will enable the oval to be used year round, and will complement the existing indoor recreation facility.

Bakers Hill Oval Reticulation

The existing oval at Bakers Hill is proposed to be upgraded through the installation of an automatic reticulation system. This coupled with some turf renovation will result in a high quality surface for the community to utilise through the year.



Community Services

Sponsorship & Grants

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

Funding of over \$87,500 was provided to the following recipients for 2012/13:

- Northam Agricultural Society
- Northam Bowling Club
- Northam Country Club – Golf Division
- Northam Lawn Tennis Club
- Northam and Districts Gun Club
- Avon Events and Marketing
- Avon Valley Show Jumping and Pony Club
- Bakers Hill Adult Riding Club
- Cancer Council of WA
- Clontarf Foundation
- Federal Football Club
- Northam Agricultural Society
- Northam Army Camp Heritage Association
- Northam BMX Club
- Northam Heritage Forum
- Northam Over 60's Group
- Northam Senior Citizens Social Club
- Northam Sub Branch RSL
- Northam Theatre Group
- Southern Brook Progress Association
- Vintage Sports Car Club of WA
- Youth Care – Northam District Council

The Shire of Northam also provided funding of over \$28,000 to six Progress and Community Associations to assist in the delivery of projects of their choice and local schools and tertiary institutions received \$2,900 for awards and scholarships.

Avon Tourism was provided with \$6,200 to assist with regional marketing, Avon Valley Arts Society \$5,000 and the Chamber of Commerce \$60,000.



Events

The Shire of Northam coordinated a number of events throughout 2012/13 that contributed to the social wellbeing of the community and attracted thousands of visitors to the Shire. The events were all aimed to appeal to a broad spectrum of ages and interests, and included the following:

- Australia Day Celebrations
- Concerts in the Park Series
- Twilight Movie Series
- Avon River Festival
- Pink Ribbon Walk
- Dog's Day Out
- Avon Valley Christmas Party
- Northam and Wundowie Swimming Pool Christmas Parties
- Northam Triathlon
-

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

Killara

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

Killara also provides a weekly service based in Wundowie, offering centre-based day care, functions and a range of activities.

Services provided at Killara include:

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

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

To assist in the transportation of clients Killara operates two cars, a service specific van and 27 seater bus with a wheelchair lift.

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



Libraries

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

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

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

Northam Library has introduced Baby Rhyme Time sessions to their Children's Story Time activities to encourage families to introduce books early into their child's life.

The Northam Library facilitates a book club and writing group, and also provides a suitable environment that is utilised for university examinations, consulting groups, study groups and Read Write Now Group.

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

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



	Northam	Wundowie
Items Issued	54,580	4,322
Members	3,201	608
Inter-Library Loans	3,856	554
Enquiries	36,856	2,051
Reservations	4,433	339
New members	520	-



Visitor Centre

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

In 2012 the Centre relinquished its BookEasy accommodation booking service to Avon Valley Tourism Inc, enabling the Centre to concentrate on delivery of information services, exhibition preparation and retailing of unique and local products.

During 2012/13 the Visitor Centre building underwent extensive renovations with the purpose of creating office space and opening up the exhibition/retail spaces to improve utilisation. While the renovations caused disruptions to service delivery and retail capacity, the work has resulted in a large exhibition space that is readily overseen by the Visitor Services staff.

The Centre hosts an art gallery on behalf of the Avon Valley Arts Society, with quality art work on display and available for sale. The Sense of Place Migrant Display has been refreshed and planning is underway to host interpretive displays by the Wheatbelt Natural Resource Management, the Avon Valley Environmental Group and the Maarli Circle of Elders. These displays will feature information on the environment and Aboriginal culture, including artefacts and artwork.

In November 2012 the Northam Visitor Centre in collaboration with the community developed the Bilya Bidi Tours, offering guided tours. Tours currently available include a River Walk, a Cemetery Walk and a Historical Buildings Bus Tour, with tour guides also available to provide commentary for commercial / group tours.



Recreation Services

Northam Recreation Centre

The Northam Recreation Centre is well utilised with the community taking advantage of the quality facilities and services available for sporting, community, social and business purposes.

The primary sports include basketball (36 junior and 20 senior teams), netball (60 teams including 3 senior State League teams and 12 regional teams) and hockey (20 teams). The venue has also increased programs for sports including: badminton, floor-ball, netball and volleyball. The facility is used for both competition, training and social fixtures.

The Northam Recreation Centre has been supportive of and worked closely with Inclusion WA to assist in the delivery of Inclusive Holiday Programs, both at the Recreation Centre and other facilities in Northam. The program is also supported by the Department of Sport and Recreation (DSR), Northam PCYC and numerous local sporting/community groups to deliver a diverse program of sports and activities during school holidays for children of all ages and abilities.

The Recreation Centre has been utilised for a range of events including:

- 2nd Youth Forum (Suicide Prevention)
- Avon Valley Antiques & Collectors Fair
- Avon Valley Gourmet Food & Wine Festival

- State Football League Match WA v Victoria
- Age Care Games
- Agricultural Show
- Vintage Swap Meet
- BMX State Championships
- Rotary Dash Car Rally

Swimming Pools

The Shire of Northam operates the Northam and Wundowie swimming pools, which open for the warmer months of the year only. During peak season the Northam pool opened for early morning lap swimming. Both swimming pools host a range of activities, such as swimming club training and trials, water aerobics and exercise classes, swimming lessons special events such as the Northam Triathlon.

Facility Bookings

Recreation Services are responsible for hiring out a number of other facilities within the Shire, including:

- Town Hall/Lesser Hall
- Bert Hawke Oval & Pavilion
- Jubilee Oval
- Henry Street Oval
- Sound Shell & Bernard Park

Child Care Services

The Northam After School Hours and Vacation programs cater for 5 to 12 year olds. Although enrolments dropped following the cancellation of the after school collection service, the service continues to be well utilised. School holiday programs offer the children a broad spectrum of activities and excursions.

KidSport

In partnership with the Department of Sport and Recreation, the Shire of Northam offers KidSport to families in the Shire to enable children to participate in community sport and recreation regardless of their financial circumstances. Children and youth aged five to eighteen years are eligible to seek financial assistance to contribute to club membership fees, with the funds being paid directly to the registered KidSports clubs.



Ranger Services

There has been a notable increase in customer service requests for Ranger Services over the 12 month period, involving straying dogs and cats, stock on roads, litter reports, parking complaints, off road vehicle complaints and fallen trees on road ways.

The Shire of Northam actively promotes responsible pet ownership and the interactive ALERT information package that is available on the Shire of Northam website will assist in the development of skills and knowledge of dog owners.

Cats

The implementation of the Cat Act 2011 will require all cats over the age of 6 months to be sterilized, micro-chipped and registered with the local government authority. The Shire of Northam Ranger Services has put in place strategies to educate the community on the requirements and to enforce the legislation when it becomes effective.

The Shire of Northam has also been working in collaboration with a number of stakeholders to maximize opportunities for compliance with the legislation, such as opportunities for subsidised sterilisation programs and re-homing of unwanted cats.

Dogs

Dealing with dog complaints and enforcing dog registration continues to be a focus of Ranger Services. In total 165 dogs were processed (154 strays and 11 surrendered), of which 77 were claimed and 84 re-homed, and a total of 55 infringements issued.

Parking

The Shire of Northam has undertaken an awareness campaign in relation to parking in the Northam central business district to educate the public on adherence to parking restrictions and issues relating to illegal parking.

Parking concerns however continue to be raised, particularly for the vicinity of St Joseph's School and work is being undertaken in collaboration with stakeholders, including the School Board and the Roadwise Committee, to plan for a safer drop off and pick environment in the area.

Fire Control

Adherence to the Firebreak Order is an integral component of property owners and occupier's contribution to their own and the community's safety during the fire season. In 2012/13 the Shire of Northam issued thirty infringements for non-compliance with the Fire Break Order.

Community Safety and Crime Prevention

The Shire of Northam with support from the WA Police Strategic Crime Prevention has undertaken several projects to assist in the reduction of graffiti in the Shire, including the implementation of graffiti reporting system onto a state-wide database and the purchase of a graffiti removal trailer that assists in timely removal of graffiti.

The Shire of Northam has also upgraded its CCTV system in the Northam Townsite with the installation of new monitoring equipment and cameras, as well as the the upgrade of existing cameras.

The CCTV network is monitored by the Northam Police Station and the captured footage has been utilised to prosecute offenders.

Emergency Services

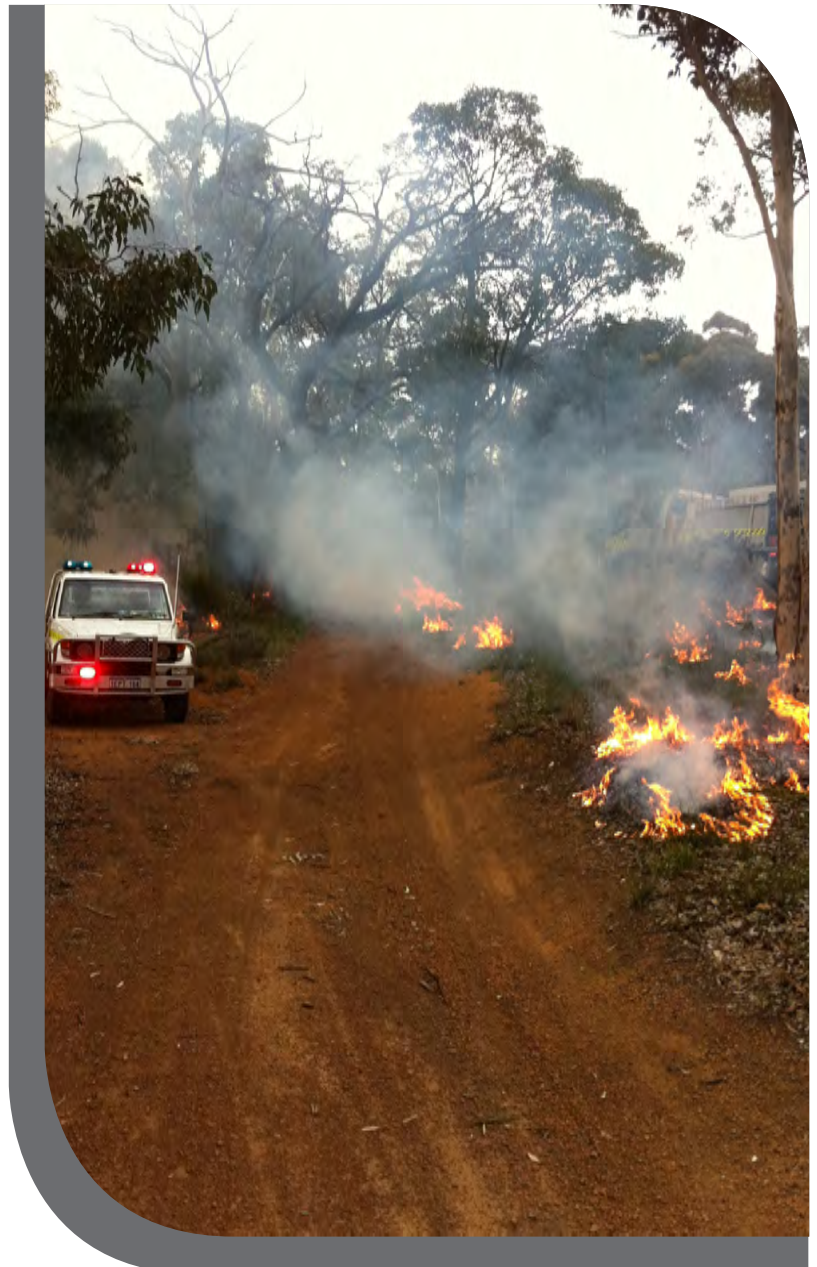
The Shire of Northam continues to work collaboratively with a range of stakeholders to enhance preparedness for emergency situations, including fire, flood and storms.

The Shire of Northam bush fire brigades have undertaken mitigation works on 90 ha of reserves in the Shire to compliment works undertaken by the Department of Environment and Conservation and the Department of Fire and Emergency Services.

Numerous hydrants have been installed in outer lying areas to improve access for emergency water supplies. This work was undertaken with financial assistance from the Australian Government Natural Disaster Resilience Program.

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

Construction on the Southern Brook Fire shed has been completed at a cost of \$137,363, funded through the Fire and Emergency Services Levy.



Corporate Services

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

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

The principles used to prepare the 2012/13 Budget were balanced and reflected community needs. A significant portion of the capital works program objectives were met and a range of services were provided to the community within the specified budget.

With sustained effort the Shire of Northam's reputation in Financial Management terms within the community and the

Local Government industry has improved significantly over the past year. Corporate services staff continue to develop skills and knowledge to ensure highest industry standards are maintained.

Reserve Accounts

The Shire is well positioned in regard to Cash-Backed Reserve Accounts with a holding of \$4,525,847 as at 30 June 2013; and decrease of \$316,847 or 6.5% on 30 June 2012.

Outstanding Rates

Rate debtors have decreased from \$621,831 at 30 June 2012 to \$568,857 at 30 June 2013, although the outstanding rates ratio remained at 7%. Monitoring and collection of outstanding receivables has a direct impact on the cash available to Council, and despite considerable effort to reduce the ratio during 2012/13, this has been to no avail.

Loans and Borrowing

The Shire of Northam is in debt to the Western Australian Treasury Corporation to the extent of \$4,578,398 as at 30 June 2013. These various loans mature over the next 19 years. Of this indebtedness the community has self-supporting loans of \$466,245.

The distribution of Council Purpose Loans is as follows:

Purpose of Loan	Amount
Administration Office	\$115,183
CBD Streetscape	\$870,827
River Dredging	\$17,546
Airstrip Upgrade	\$58,964
Recreation Facilities	\$2,663,179
Purchase Victoria Oval	\$852,699
TOTAL	\$4,578,398



Development Services

Town Planning

Statutory Planning

Local Planning Scheme No.6 is planned to be gazetted by the WAPC in August 2013, with much of the preparatory work undertaken in 2012/13.

Subdivisions

During the 2012/2013 financial year, a total of 23 new lots were created including 21 'residential' and 2 'rural' zoned lots. There were also four subdivisions that incorporated boundary realignment.

A number of other subdivisions are currently in preliminary engineering approval stages which are anticipated to commence construction in the 2013/14 financial year.

Developments

A total of 104 development approvals (121 development applications) were issued during the year, including approval processed under delegated authority and Council decisions at its ordinary meetings. This is a small decrease in development activity from the 2011/12 financial year (141 applications).work undertaken in 2012/13.

Scheme amendments

During the 2012/13 financial year, two amendments to Town Planning Scheme No 3 (former Shire of Northam Planning Scheme) were gazetted and finalised.

No amendments to Town Planning Scheme No 5 (former Town of Northam Planning Scheme) were gazetted.

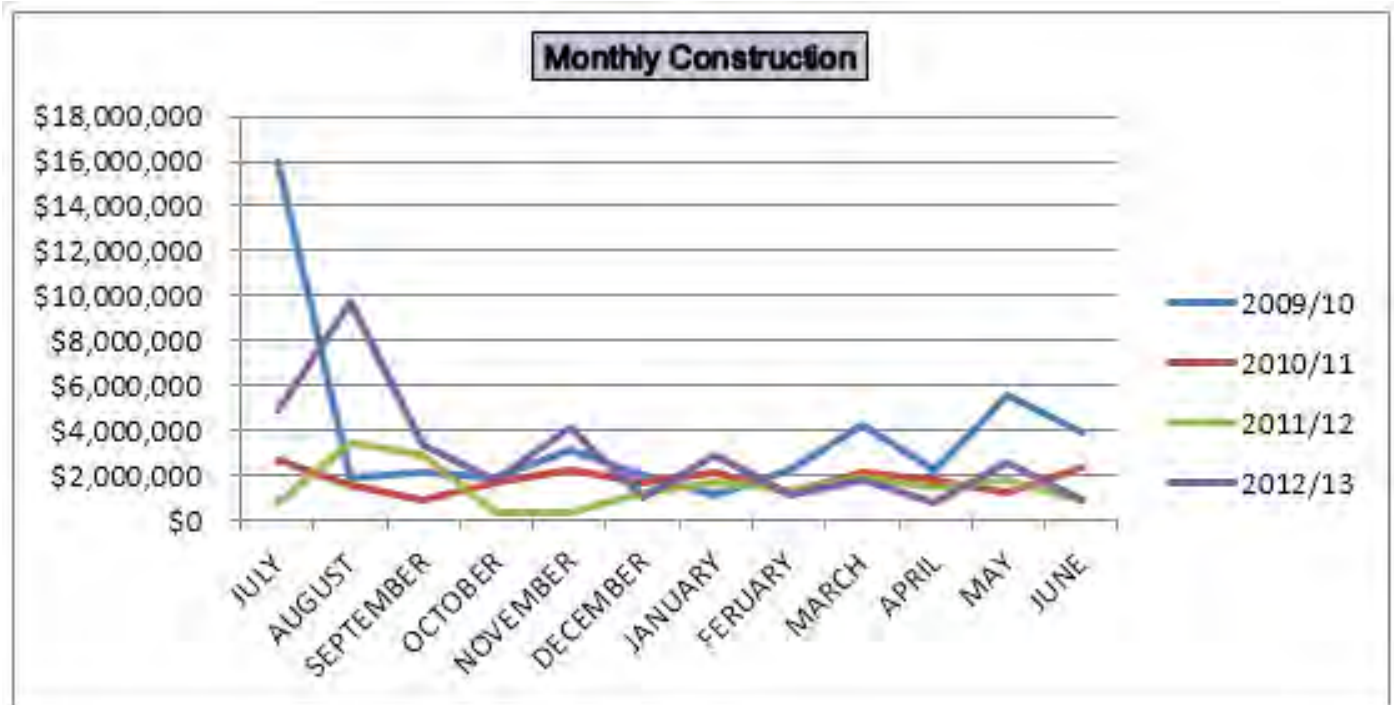
Strategic Planning

Shire staff have created major strategic documents for the Shire, including the Northam Regional Growth Plan 2011, Northam Town Centre Car Parking Strategy, Development Contributions Plan, Municipal Heritage Inventory and Northam Bike Plan. The Shire also commissioned the Northam Commercial & Government Office Accommodation Strategy.

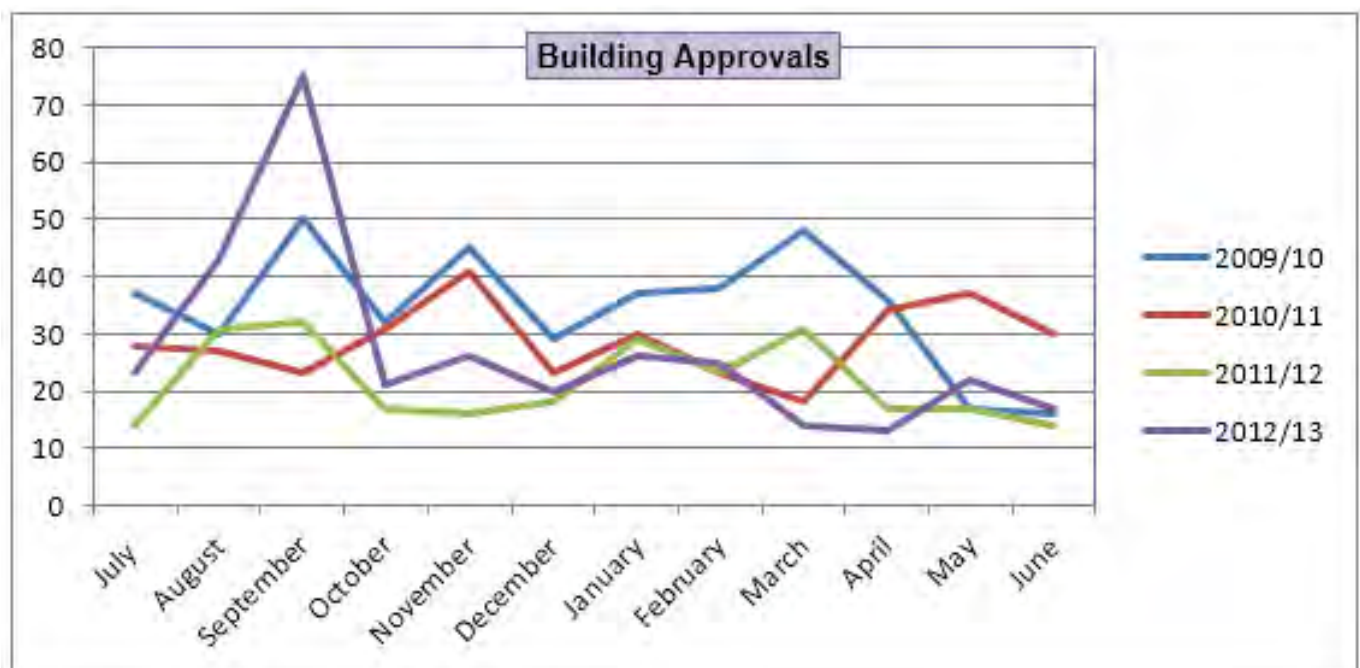
Northam was also identified as a Supertown under the State Government's Royalties for Regions in 2011. A number of strategic Supertown projects were undertaken in the 2012/2013 financial year.

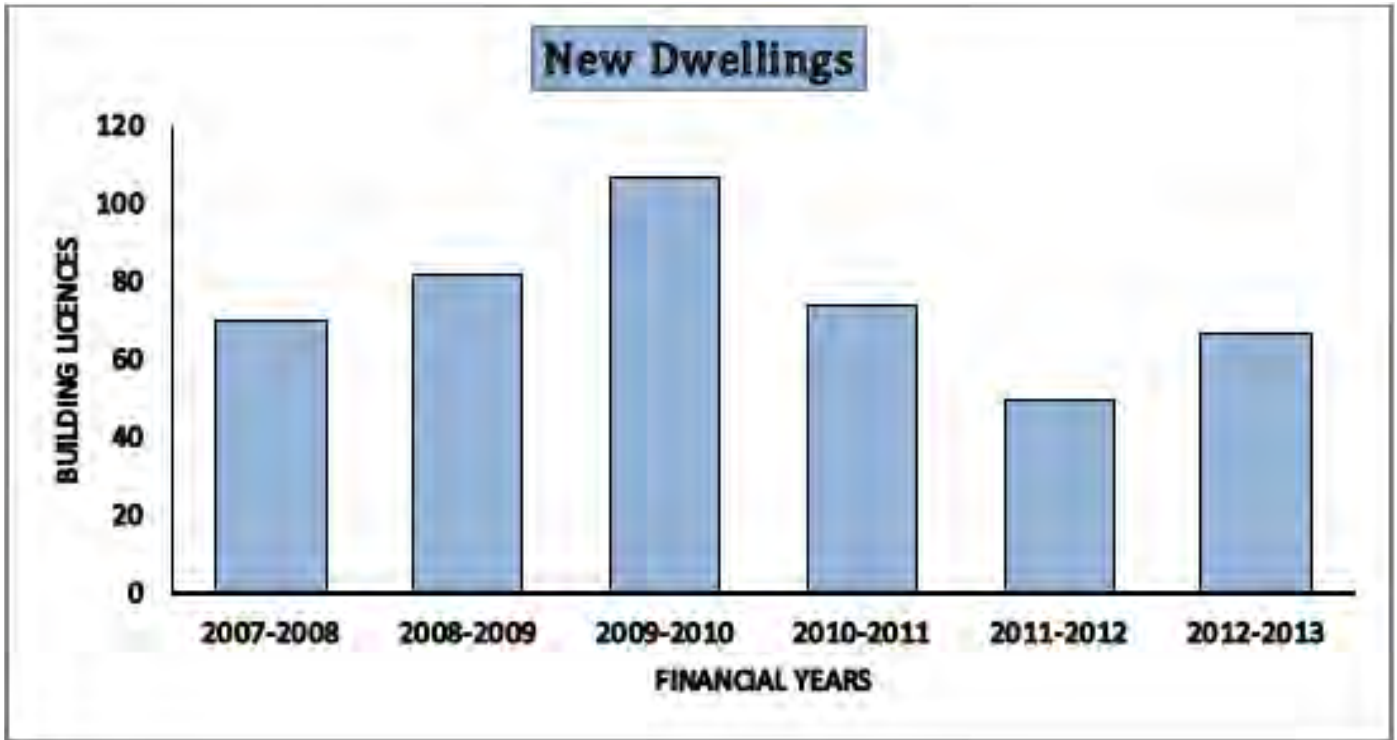
Building

The Shire approved 325 building licences in 2012/2013. The total value of construction was \$34,890,113.



Building approvals consisted of 55 new dwellings, 72 building additions & outbuildings, 13 swimming pools, 13 demolitions, 3 signs, 2 factory/offices and 7 fences/retaining walls.





Some of the larger development works approved in the financial year included construction of the Council's Killara Stage 2 - Respite Cottages, El Caballo Lifestyle Village, Niels Parts and Wheatbelt Steels transportable dwelling factory. Under normal circumstances, licenses are issued within ten working days.

Building Supervision

A number of building projects were designed, budgeted, project managed and completed successfully within budget this financial year. These included:

- Bernard Park Play Group
Asbestos roof removal and replacement
- Wundowie Hall
Entry foyer renovation
- CCTV Cameras
Upgrade to digital and install new cameras
- Avon River Town Pool Islands
Rock pitch and revegetate
- Quellington Hall
Stone pointing and brickwork



Health

Various health related programmes have been delivered during the year.

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

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

Some 169 Stallholders Permits were issued in accordance with Council's Local Law which requires all stallholders to have a permit prior to conducting a stall. Under State Legislation, public events require local government approval. The Shire's Environmental Health Officers assess event applications against defined guidelines and legislative requirements. During the year, 15 events were given approval, which included the Warrior Dash, Vintage Festival, Gourmet Food & Wine Festival, Northam Agricultural Show, Bakers Hill Motorama and Wundowie Iron Festival.

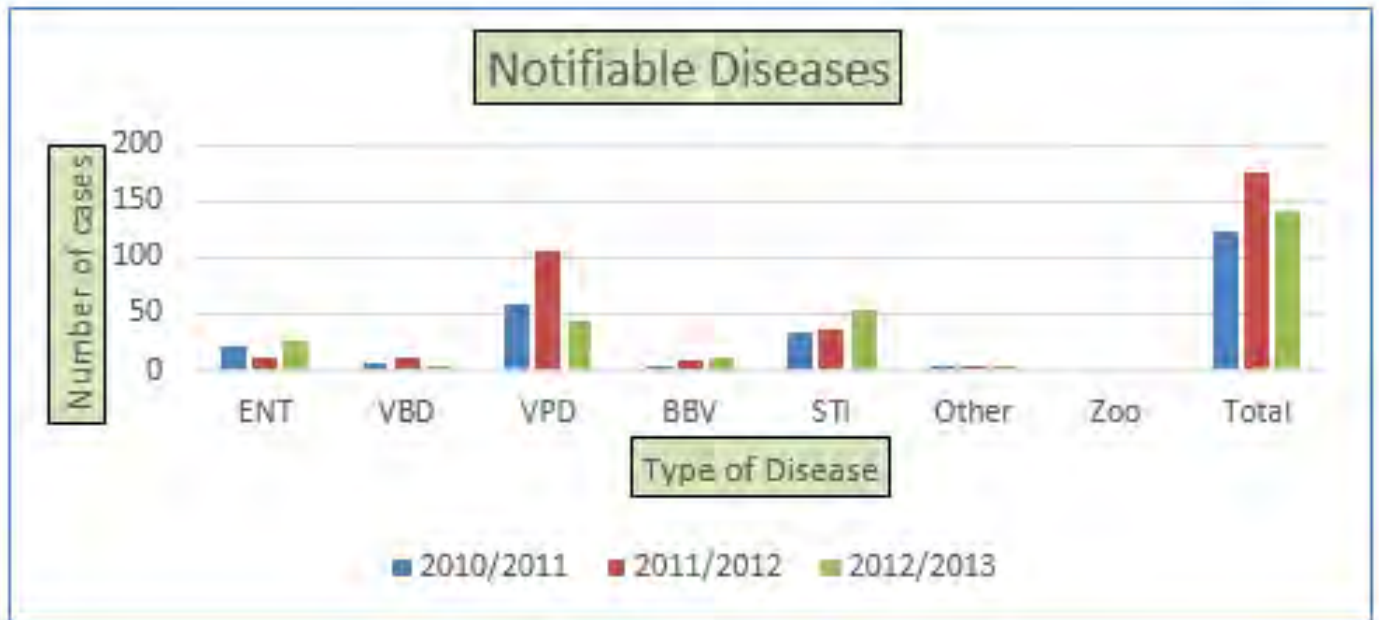
In an effort to improve the amenity of our town, the Shire's Environmental Health Officers contacted the owners of a number of dilapidated houses and these have either been demolished or repaired to a suitable standard voluntarily or enforced by a Health Act 1911 notice. Also a number of people living illegally in Class 10a sheds have been requested to construct a Class 1a dwelling or move out of the shed. A number of new houses have now been constructed under this initiative. Untidy premises have also been targeted and the owners or occupants required to tidy up their yards.

Installation of new septic systems requires prior approval of plans. Following installation, new systems are inspected for compliance and a permit to use is issued. In the 2012/2013 year 36 septic systems were approved.

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

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

The Health Department of Western Australia has reported to the Shire of Northam the results shown below for Notifiable Diseases for the year 2012/2013.



Meat Inspection

In the 2012/2013 financial year, 14,306 cattle carcasses were inspected at PR Hepple & Sons Abattoir. The numbers processed are a slight decrease from the previous year of 14,596. However, this figure represents just under 11 months as the inspection service concluded on 24 May 2013. As the Food Act 2008 allows private industry to be responsible for their own meat inspection duties, the Council no longer employs a Meat Inspector to provide this service.

Month	Beef			
	2009	2010	2011	2012
July	1211	1625	1115	1345
August	1128	1634	1321	1515
September	1277	1535	1330	1305
October	1437	1591	1298	1465
November	1620	1722	1403	1555
December	2341	1663	1286	1254
	2010	2011	2012	2013
January	1723	1088	1055	1417
February	1711	1500	1074	1338
March	1863	1274	1171	1010
April	1684	951	1171	1083
May	1759	1242	1289	1019
June	1707	1348	1083	nil
TOTAL	19,461	15,741	14,596	14,306

Waste Management

Approximately 22,000 and 2,500 tonnes of waste material were received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively, for the 2012/2013 financial year.

Of the 22,000 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 18,500 tonnes of waste was land filled, with the balance recycled, which included green waste, waste oil, tyres, car batteries, scrap metal and E-waste.

Clean green waste continues to be collected for mulch chipping and last year's mulch is available by the trailer load, free to all Shire of Northam households.

The Old Quarry Road Waste Management Facility received ground water monitoring undertaken in August 2012 and April 2013 as

required under the licence issued by the Department of Environment and Conservation for the site. The results were acceptable to the Department of Environment and Conservation.

The Old Quarry Road site had further development of the landfill cell with digging undertaken by contractors to increase the cell's capacity, with a volumetric survey undertaken on completion.

The Inkpen Road Waste Management Facility has benefited greatly by the previous year's works and this year a new cell was created in accordance with the site management plan. Progressing the site in accordance with the management plan allows for the extraction of suitable clay waste cover material to be obtained when the earth is excavated for each cell.

The free Bulk Bin Collection Service for the Northam town

site was found to be a valuable service to residents, with approximately 600 properties utilising these bins. Similarly, the Bulk Regional Skip Bins which are doing two cycles per year at the locations of Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie, for the collection of household hardwaste were well utilised by Shire residents.

The "Drop off Recycling Points" at the Old Quarry Road and Inkpen Road Waste Management Facilities, Peel Terrace Northam, Clackline, Bakers Hill, Wundowie, Grass Valley and El Caballo were also well utilised by the public.



The Shire of Northam undertakes E-waste collection at the Old Quarry Road Waste Management Facility which has been well supported by the public. Over thirty-six (36) tonnes of E-waste were collected which is a significant increase from last year's twelve (12) tonnes.

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

The Shire recycled approximately 316.66 tonnes of aluminium cans, steel cans, glass and plastic containers, cardboard and paper from the various drop-off points, with

all recyclable components sent for recycling.

Almost 600 vehicle tyres of various sizes, approximately 503 tonnes of scrap metal and approximately 16.3 tonnes of vehicle batteries were diverted from the landfills at Old Quarry Road and Inkpen Road Waste Management Facilities in 2012/2013, and sent away for recycling.

The Shire's oil receiver facilities at the Old Quarry Road and Inkpen Landfill Sites have allowed members of the public to dispose of used oil from residential activities. Waste oil is re-refined for reuse after removal from the site. Approximately 22,250L of waste oil was received and collected for recycling in 2012/2013.

The Shire of Northam, in conjunction with DrumMuster recycled 4655 chemical containers during the 2012/2013 Financial Year.

It is considered the greatest milestone for the Shire of Northam's Waste Services for 2012/2013 in combining with the Shire of Toodyay under the Avon Group of Regional Councils, to successfully obtain a grant of \$383,202 from the Waste Authority of Western Australia towards introducing a kerbside recycling service. This grant was for the purchase of seven thousand 240L recycling bins, an education & advertising program, information sheets, calendars and the delivery of the recycling bins to households.

The Shire of Northam's fortnightly kerbside recycling service is to commence in the first week of July 2013 with the recyclables being sent to the South Metropolitan Regional Council facility (SMRC) in Canning Vale.



Engineering Services

Engineering Services continues to develop and maintain the amenities and infrastructure of the Shire of Northam.

During the 2012/13 financial year the Engineering team has been busy with the construction of various major projects.

Road Construction

A total of \$2,156,243 was spent on road improvements with major projects including Wellington Street, Spencers Brook Road, De Castilla Road, Grass Valley South Road, Carter Road, Colongine Road, Wootatting Road, Stirling Street, Morrell Street, Suburban Road, Gairdner Street, Church Street, Burnside Avenue, Chinganning Road, Southern Brook Road, Shingle Hill Road, Warin Road, Hawke Avenue, Irishtown Road, Coates Road, Forrest Street, Duke Street, Wellington Street and Fitzgerald Street.

Footpaths

A total of \$177,286 was spent on footpaths located at Agett Way, Cody Street, Muluckine Road, Hutt Street and Newcastle Street.

Maintenance

The Shire of Northam Engineering Department is responsible for the maintenance of grading of gravel roads, road patching and the upkeep of road signs.

Parks and Gardens

Parks and gardens are responsible for the upkeep and improvement of all parks and gardens within the Shire. In 2012/13 a row of trees were planted along Mitchell Avenue in conjunction with the RSL as a sign of remembrance. Parks and Gardens have enhanced the beautification of Fitzgerald Street by the planting of street trees.

Drainage

The Shire of Northam continues to maintain stormwater drainage throughout the Shire of Northam by regular inspections and cleaning. Major projects include Almond Avenue, El Cabello and Croake Road estates.

Events and Festivals

During 2012/13, Engineering Services continued to provide valuable assistance to the many and varied events hosted throughout the Shire of Northam.



SuperTowns

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

A summary of the work involved is as follows:

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



Statutory Reports

Disability Access & Inclusion

The Shire of Northam has continued its commitment to providing improved access for people with disabilities through the implementation of the Disability Access and Inclusion Plan 2009-2013. The plan includes outcomes focused on improved access to services, facilities and events within the Shire.

Improvements to facilities has included the construction of a wheelchair ramp to Clackline Hall, a wheelchair path to the rear of Morby Cottage, and the provision of materials for a wheelchair accessible toilet at the Men's Shed in Wundowie.

A number of footpath and road crossings have been modified to make road crossings more accessible, and Council is committed to continuing with this program.

Freedom of Information

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

During 2012/13 the Shire received five Freedom of Information applications, and one referral from a third party. 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 National Competition Policy statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

Competitive Neutrality

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

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

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

Compliance with the State Records Act 2000

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

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

in the organisation. The Shire of Northam's Record Keeping Plan is reviewed and evaluated at least once every five years for efficiency and effectiveness of the organisation's record keeping systems. During 2012/13 the Shire's Record Keeping Plan was reviewed and was sent to the State Records Commission for approval on 14 June 2013.

Register of Complaints

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

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

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

During the 2012/13 financial year there have been no complaints recorded that resulted in an action under LGA s5.110 (6) (b) or (c).

Local Laws

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

Employees Remuneration

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

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

Financial Report

Shire of Northam Financial Report For the Year Ended 30 June 2013

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SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 13th day of December 2013



Jason Whiteaker
Chief Executive Officer

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	7,377,495	7,361,190	6,917,638
Operating Grants, Subsidies and Contributions	28	5,086,412	3,182,448	6,080,008
Fees and Charges	27	2,747,025	2,894,089	3,146,106
Interest Earnings	2(a)	687,774	486,448	642,081
Other Revenue		699,936	301,858	428,408
		<u>16,598,642</u>	<u>14,226,033</u>	<u>17,214,241</u>
Expenses				
Employee Costs		(6,575,353)	(6,506,550)	(5,986,490)
Materials and Contracts		(5,809,794)	(6,992,141)	(5,621,802)
Utility Charges		(735,593)	(634,272)	(627,705)
Depreciation on Non-Current Assets	2(a)	(3,482,531)	(3,215,004)	(3,198,458)
Interest Expenses	2(a)	(296,205)	(301,253)	(305,370)
Insurance Expenses		(532,897)	(539,664)	(535,162)
Other Expenditure		(35,905)	(106,613)	(303,182)
		<u>(17,468,278)</u>	<u>(18,295,497)</u>	<u>(16,578,169)</u>
		(869,636)	(4,069,464)	636,072
Non-Operating Grants, Subsidies and Contributions				
	28	3,226,166	5,344,763	10,159,165
Profit on Asset Disposals	20	249,559	2,780,395	0
Loss on Asset Disposals	20	(759,589)	(43,900)	0
		<u>2,716,136</u>	<u>7,681,258</u>	<u>10,159,165</u>
Net Result		1,846,500	4,011,794	10,795,237
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	824,365	0	0
Total Other Comprehensive Income		<u>824,365</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>2,670,865</u></u>	<u><u>4,011,794</u></u>	<u><u>10,795,237</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 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		91,645	28,600	175,335
General Purpose Funding		11,185,294	9,545,875	11,207,619
Law, Order, Public Safety		265,368	252,920	285,063
Health		155,249	169,100	132,580
Education and Welfare		1,141,021	1,079,813	1,083,087
Housing		38,489	46,811	42,573
Community Amenities		2,063,806	1,821,028	2,427,364
Recreation and Culture		589,640	330,356	362,929
Transport		362,606	416,797	535,212
Economic Services		571,063	466,733	534,552
Other Property and Services		134,461	68,000	427,927
	2(a)	<u>16,598,642</u>	<u>14,226,033</u>	<u>17,214,241</u>
Expenses				
Governance		(847,338)	(838,153)	(721,976)
General Purpose Funding		(280,620)	(296,968)	(258,030)
Law, Order, Public Safety		(1,029,653)	(1,122,729)	(886,221)
Health		(554,591)	(508,757)	(485,302)
Education and Welfare		(1,352,950)	(1,249,308)	(1,079,514)
Housing		(99,379)	(96,374)	(81,991)
Community Amenities		(2,872,706)	(3,184,960)	(2,878,795)
Recreation and Culture		(3,348,161)	(3,779,078)	(3,086,862)
Transport		(4,653,588)	(4,542,768)	(4,669,965)
Economic Services		(2,019,653)	(2,299,156)	(1,840,273)
Other Property and Services		(113,434)	(75,993)	(283,870)
	2(a)	<u>(17,172,073)</u>	<u>(17,994,244)</u>	<u>(16,272,799)</u>
Finance Costs				
Governance		(8,967)	(9,039)	(10,605)
Community Amenities		(1,173)	(1,313)	(1,616)
Recreation and Culture		(169,520)	(172,380)	(162,356)
Transport		(4,149)	(4,199)	(4,780)
Economic Services		(112,396)	(114,322)	(126,013)
	2(a)	<u>(296,205)</u>	<u>(301,253)</u>	<u>(305,370)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		783,124	783,124	0
Law, Order, Public Safety		269,115	589,060	9,529
Education and Welfare		700,000	1,798,879	231,070
Community Amenities		0	0	8,469,985
Recreation and Culture		120,989	374,988	330,519
Transport		989,401	1,316,734	1,118,062
Economic Services		363,537	481,978	0
		<u>3,226,166</u>	<u>5,344,763</u>	<u>10,159,165</u>
Profit/(Loss) on Disposal of Assets				
Governance		(6,187)	(5,079)	0
Law, Order, Public Safety		23,080	4,708	0
Health		9,207	22,868	0
Education and Welfare		18,000	18,000	0
Community Amenities		311	4,923	0
Recreation and Culture		(10,308)	183,739	0
Transport		113,609	2,288,751	0
Economic Services		(657,742)	218,585	0
		<u>(510,030)</u>	<u>2,736,495</u>	<u>0</u>
Net Result		<u>1,846,500</u>	<u>4,011,794</u>	<u>10,795,237</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	824,365	0	0
Total Other Comprehensive Income		<u>824,365</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u>2,670,865</u>	<u>4,011,794</u>	<u>10,795,237</u>

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

SHIRE OF NORTHAM
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	13,540,732	19,227,960
Trade and Other Receivables	4	1,397,370	1,786,664
Inventories	5	7,766	36,733
TOTAL CURRENT ASSETS		<u>14,945,868</u>	<u>21,051,357</u>
NON-CURRENT ASSETS			
Other Receivables	4	689,314	809,654
Inventories	5	884,118	917,401
Property, Plant and Equipment	6	29,096,434	24,259,972
Infrastructure	7	41,710,920	38,875,337
TOTAL NON-CURRENT ASSETS		<u>72,380,786</u>	<u>64,862,364</u>
TOTAL ASSETS		<u>87,326,654</u>	<u>85,913,721</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,543,141	2,401,956
Long Term Borrowings	9	428,143	417,435
Provisions	10	684,502	674,029
TOTAL CURRENT LIABILITIES		<u>2,655,786</u>	<u>3,493,420</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	4,150,255	4,578,399
Provisions	10	115,705	107,859
TOTAL NON-CURRENT LIABILITIES		<u>4,265,960</u>	<u>4,686,258</u>
TOTAL LIABILITIES		<u>6,921,746</u>	<u>8,179,678</u>
NET ASSETS		<u>80,404,908</u>	<u>77,734,043</u>
EQUITY			
Retained Surplus		75,054,696	72,891,349
Reserves - Cash Backed	11	4,525,847	4,842,694
Revaluation Surplus	12	824,365	0
TOTAL EQUITY		<u>80,404,908</u>	<u>77,734,043</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 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		62,346,309	4,592,497	0	66,938,806
Comprehensive Income					
Net Result		10,795,237	0	0	10,795,237
Total Comprehensive Income		<u>10,795,237</u>	<u>0</u>	<u>0</u>	<u>10,795,237</u>
Reserve Transfers		(250,197)	250,197	0	0
		<u>72,891,349</u>	<u>4,842,694</u>	<u>0</u>	<u>77,734,043</u>
Balance as at 30 June 2012					
Comprehensive Income					
Net Result		1,846,500	0	0	1,846,500
Changes on Revaluation of Non-Current Assets	12	0	0	824,365	824,365
Total Other Comprehensive Income		<u>1,846,500</u>	<u>0</u>	<u>824,365</u>	<u>2,670,865</u>
Reserve Transfers		316,847	(316,847)	0	0
		<u>75,054,696</u>	<u>4,525,847</u>	<u>824,365</u>	<u>80,404,908</u>
Balance as at 30 June 2013					

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 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		7,426,154	7,316,190	6,802,544
Operating Grants, Subsidies and Contributions		5,232,549	3,182,448	6,193,474
Fees and Charges		3,145,105	2,754,089	3,204,621
Interest Earnings		687,774	486,448	642,081
Goods and Services Tax		643,434	300,000	1,214,531
Other Revenue		428,204	276,813	492,343
		<u>17,563,220</u>	<u>14,315,988</u>	<u>18,549,594</u>
Payments				
Employee Costs		(6,542,321)	(6,556,550)	(5,965,077)
Materials and Contracts		(5,891,692)	(7,085,141)	(5,946,551)
Utility Charges		(735,593)	(639,272)	(590,354)
Insurance Expenses		(532,897)	(539,664)	(535,162)
Interest expenses		(301,252)	(301,253)	(307,559)
Goods and Services Tax		(1,405,953)	(300,000)	(495,117)
Other Expenditure		(182,042)	(106,613)	(274,582)
		<u>(15,591,750)</u>	<u>(15,528,493)</u>	<u>(14,114,401)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,971,470</u>	<u>(1,212,505)</u>	<u>4,435,193</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(6,368,201)	(10,287,450)	(2,207,091)
Payments for Construction of Infrastructure		(4,802,316)	(10,948,350)	(3,581,116)
Non-Operating Grants, Subsidies and Contributions		3,226,166	5,344,763	10,159,165
Proceeds from Sale of land held for resale		33,283	0	0
Proceeds from Sale of Plant & Equipment		602,008	3,273,733	0
		<u>602,008</u>	<u>3,273,733</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(7,309,060)</u>	<u>(12,617,304)</u>	<u>4,370,958</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(417,436)	(417,435)	(395,165)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		67,798	67,798	63,935
Proceeds from New Debentures		0	0	400,000
		<u>0</u>	<u>0</u>	<u>400,000</u>
Net Cash Provided By (Used In) Financing Activities		<u>(349,638)</u>	<u>(349,637)</u>	<u>68,770</u>
Net Increase (Decrease) in Cash Held		<u>(5,687,228)</u>	<u>(14,179,446)</u>	<u>8,874,921</u>
Cash at Beginning of Year		19,227,960	19,227,960	10,353,039
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>13,540,732</u></u>	<u><u>5,048,514</u></u>	<u><u>19,227,960</u></u>

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

**SHIRE OF NORTHAM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		91,645	28,600	175,335
General Purpose Funding		4,620,923	2,967,809	4,289,981
Law, Order, Public Safety		557,563	846,688	294,592
Health		164,456	191,968	132,580
Education and Welfare		1,859,021	2,896,692	1,314,157
Housing		38,489	46,811	42,573
Community Amenities		2,064,117	1,825,951	10,897,349
Recreation and Culture		710,629	889,083	693,448
Transport		1,465,616	4,022,282	1,653,274
Economic Services		934,600	1,167,296	534,552
Other Property and Services		104,461	68,000	427,927
		<u>12,611,520</u>	<u>14,951,180</u>	<u>20,455,768</u>
Expenses				
Governance		(862,492)	(852,271)	(732,581)
General Purpose Funding		(280,620)	(296,968)	(258,030)
Law, Order, Public Safety		(1,029,653)	(1,122,729)	(886,221)
Health		(554,591)	(508,757)	(485,302)
Education and Welfare		(1,352,950)	(1,249,308)	(1,079,514)
Housing		(99,379)	(96,374)	(81,991)
Community Amenities		(2,873,879)	(3,186,273)	(2,880,411)
Recreation and Culture		(3,527,989)	(3,951,458)	(3,249,218)
Transport		(4,657,737)	(4,546,967)	(4,674,745)
Economic Services		(2,789,791)	(2,413,478)	(1,966,286)
Other Property and Services		(113,434)	(75,993)	(283,870)
		<u>(18,142,515)</u>	<u>(18,300,576)</u>	<u>(16,578,169)</u>
Net Result Excluding General Rates		(5,530,995)	(3,349,396)	3,877,599
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets Due to Change to Regulations				
- Land	2(a)	(271,732)	0	0
(Profit)/Loss on Asset Disposals	20	510,030	(2,736,495)	0
Movement in Deferred Pensioner Rates (Non-Current)		48,444	0	(44,425)
Movement in Employee Benefit Provisions (Non-Current)		32,913	0	21,474
Depreciation on Assets	2(a)	3,482,531	3,215,004	3,198,458
Capital Expenditure and Revenue				
Purchase Land and Buildings		(4,713,765)	(8,249,744)	(1,880,310)
Purchase Infrastructure Assets - Roads		(2,156,243)	(5,629,595)	(2,578,249)
Purchase Infrastructure Assets - Bridges & Culverts		(500,000)	(719,000)	(52,000)
Purchase Infrastructure Assets - Footpaths		(177,286)	(266,609)	(128,062)
Purchase Infrastructure Assets - Drainage		(1,705,155)	(3,338,943)	(112,112)
Purchase Infrastructure Assets - Streetscape		(6,159)	(57,206)	0
Purchase Infrastructure Assets - Parks		(93,590)	(745,997)	(687,648)
Purchase Infrastructure Assets - Aero		(163,883)	(151,000)	(23,045)
Purchase Playground Equipment		0	(40,000)	0
Purchase Plant and Equipment		(1,321,083)	(1,444,445)	(220,267)
Purchase Bushfire Equipment		(269,115)	(503,139)	0
Purchase Furniture and Equipment		(64,238)	(90,122)	(106,514)
Proceeds from Disposal of Assets	20	602,008	3,273,733	0
Repayment of Debentures	21	(417,436)	(417,435)	(395,165)
Proceeds from New Debentures	21	0	0	400,000
Proceeds from disposal of land held for resale		33,283	0	0
Self-Supporting Loan Principal Income		67,798	67,798	63,935
Transfers to Reserves (Restricted Assets)	11	(686,790)	(902,198)	(1,071,110)
Transfers from Reserves (Restricted Assets)	11	1,003,637	832,059	820,913
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	13,585,003	13,874,094	5,063,770
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	8,665,672	(17,446)	13,064,880
Total Amount Raised from General Rate	22(a)	<u>(7,377,495)</u>	<u>(7,361,190)</u>	<u>(6,917,638)</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 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(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.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of 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 19 to these financial statements.

(c) Goods and Services Tax (GST)

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

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand 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 in the statement of financial position.

(e) Trade and Other Receivables

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

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

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.

(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 completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

Mandatory Requirement to Revalue Non-Current Assets

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

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance. These assets have not previously been recognised.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

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

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) 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 (Level 3 inputs in the fair value hierarchy).

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 recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

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.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

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

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) 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
Heavy Vehicles-	
-Trucks	5 years
-Graders, Loaders, & Heavy Equipment	10 years
Other Plant and Equipment	10 years
Sealed Roads and Streets	
Construction-Road Reconstruction	50 years
original surfacing and major re-surfacing	
- bituminous seals	15 years
- asphalt surfaces	20 years
Car Parks (Sealed)	40 years
Unsealed Gravel Roads	
construction/road base/sub grade	50 years
gravel sheet/resheet	10 years
Reserves/Playground Equipment	10 years
Bridges & Culverts	
-timber	50 years
-concrete	100 years
Footpaths	
-insitu concrete and slabs	40 years
-asphalt, bitumen surfaces	20 years
Kerbing	
- concrete	40 years
Street lighting	25 years
Sewerage piping	60 years
Water supply piping	60 years
Parks & Reserves	50 years
Main Drains & Water Retarding Basins	85 years

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

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

Gains and losses on disposals are determined by comparing proceeds with 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 surplus.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

(i) 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.

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

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

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

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

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

(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, are recognised as a current liability and are normally paid within 30 days of recognition.

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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; 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.

(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 Shire of Northam has been a joint venture with the department of housing and works which has been disclosed in Note 16.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(r) Superannuation

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

(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.

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(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 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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.
AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) 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).

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iii) 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, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	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).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2013	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	This Standard is not expected to significantly impact on the Council’s financial statements. Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

(*) 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 2013

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 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

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.

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES

2013
\$ **2012**
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit of the financial report	21,250	20,000
- Assistance with finalisation of the annual financial report	3,324	1,275
- Financial Management Review	0	8,500
- Grant Acquittals and other financial assistance	14,127	7,234

Depreciation

Buildings	549,095	513,142
Furniture and Equipment	112,394	135,411
Plant and Equipment	604,785	528,671
Roads	1,483,127	1,319,180
Bridges & Culverts	90,637	82,118
Parks	83,425	67,604
Footpaths	164,943	158,540
Drainage	124,238	122,919
Aero	16,444	15,983
Bushfire Equipment	140,981	142,428
Streetscape	112,462	112,462
Other	0	0
	<u>3,482,531</u>	<u>3,198,458</u>

Interest Expenses (Finance Costs)

Debentures (<i>refer Note 21(a)</i>)	296,205	305,370
	<u>296,205</u>	<u>305,370</u>

Rental Charges

- Operating Leases	11,640	3,880
	<u>11,640</u>	<u>3,880</u>

(ii) Crediting as Revenue:

Initial recognition of assets due to changes in regulations

Recreation and Culture	271,732	0
	<u>271,732</u>	<u>0</u>

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

	2013 \$	2013 Budget \$	2012 \$
Interest Earnings			
Investments			
- Reserve Funds	208,738	196,448	234,664
- Other Funds	346,375	190,000	310,295
Other Interest Revenue (<i>refer note 26</i>)	132,661	100,000	97,122
	<u>687,774</u>	<u>486,448</u>	<u>642,081</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 and Services

Private works operations, plant repairs and operations costs.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening		Received (+)		Expended (#)		Closing		Closing Balance 30-Jun-13 \$
		Balance (*) 1-Jul-11 \$	Balance (*) 30-Jun-12 \$	2011/12 \$	2012/13 \$	2011/12 \$	2012/13 \$	2011/12 \$	2012/13 \$	
Dept of Local Govt & Reg Dev	Governance	20,000	20,000	0	0	0	0	0	0	20,000
Dept Reg Development & Lands	Governance	27,021	0	0	0	(27,021)	0	0	0	0
Department Local Government	Governance	25,000	16,320	0	0	(8,680)	0	(16,320)	0	0
Office of Crime Prevention	Other Law Order	14,891	0	0	0	(14,891)	0	0	0	0
Office of Crime Prevention	Other Law Order	17,816	0	0	0	(17,816)	0	0	0	0
Office of Crime Prevention	Other Law Order	15,925	6,895	0	0	(9,030)	0	(6,895)	0	0
Dept Regional Development	Welfare	1,679,860	1,697,839	102,915	35,508	(84,936)	(1,733,347)	0	0	0
Insurance Australia	Youth Services	2,468	0	0	0	(2,468)	0	0	0	0
AROC	Waste	63,130	0	0	0	(63,130)	0	0	0	0
Dept Environment & Conservation	Environment	1,936	493	0	0	(1,443)	(493)	0	0	0
Office of Crime Prevention	Recreation	25,000	0	0	0	(25,000)	0	0	0	0
Dept of Infrastructure	Recreation	237,315	0	0	0	(237,315)	0	0	0	0
Public Open Space	Recreation	104,882	45,262	0	0	(59,620)	(45,262)	0	0	0
Disability Services Commission	Libraries	14,176	0	0	0	(14,176)	0	0	0	0
Reg & Local Community Infra	Libraries	15,140	0	0	0	(15,140)	0	0	0	0
Roads to Recovery	Transport	120,967	0	556,019	0	(676,986)	0	0	0	0
Main Roads WA	Transport	179,411	179,411	0	0	0	(1,837)	0	0	177,574
Main Roads WA	Transport	45,760	0	0	0	(45,760)	0	0	0	0
WALGGC	Transport	52,000	0	0	0	(52,000)	0	0	0	0
Roads to Recovery	Transport	500,000	500,000	0	425,523	0	(925,523)	0	0	0
WALGA	Transport	4,287	0	0	0	(4,287)	0	0	0	0
Dept Agriculture & Food	Tourism	8,000	0	0	0	(8,000)	0	0	0	0
Grants Commission - Untied	General Purpose	0	1,022,325	2,485,088	2,284,016	(1,462,763)	(2,149,711)	1,156,630	0	1,156,630
Grants Commission - Roads	General Purpose	0	420,454	976,581	704,818	(556,127)	(714,906)	410,366	0	410,366
CLGF 2011-2012 FCWP	General Purpose	0	0	0	738,124	0	(43,690)	694,434	0	694,434
Asset Management	Governance	0	27,947	70,000	0	(42,053)	(27,947)	0	0	0
Community Strategic	Governance	0	10,625	45,000	0	(34,375)	(10,625)	0	0	0
DLG - Work Force Planning	Governance	0	0	0	25,000	0	(20,000)	5,000	0	5,000
FESA - BFB	Fire Prevention	0	3,820	94,772	90,000	(90,952)	(91,768)	2,052	0	2,052

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening		Received (+)		Expended (#)		Closing	
		Balance (*) 1-Jul-11	\$	2011/12	\$	2011/12	\$	30-Jun-12	\$
FESA - Water Expansion	Fire Prevention	0	5,500	(5,500)	0	0	0	0	0
FESA - Vehicle Replacement	Fire Prevention	0	0	0	269,115	(269,115)	0	0	0
Western Power	Fire Prevention	0	4,029	(4,029)	0	0	0	0	0
DLG - Cat Act Miscellaneous Costs	Animal Control	0	0	0	2,535	0	0	2,535	2,535
DLG - Cat Sterilisation	Animal Control	0	0	0	7,500	0	0	7,500	7,500
FESA - SES	Other Law Order	1,852	23,080	(19,643)	25,884	(25,862)	5,289	5,311	5,311
Crime Prevention	Other Law Order	0	1,200	(1,200)	0	0	0	0	0
Crime Prevention - Trailer	Other Law Order	0	12,065	0	12,065	0	12,065	0	7,155
Crime Prevention - CCTV	Other Law Order	0	20,049	0	20,049	0	20,049	0	0
Crime Prevention - Youth Space	Other Law Order	0	25,000	0	25,000	0	25,000	0	25,000
Crime Prevention - CCTV	Other Law Order	0	0	0	0	0	0	0	25,000
DEEWR - Sustainability OSHC	Care of Families	0	0	0	4,892	(4,892)	0	0	0
Aust Sport - OSHC	Care of Families	0	0	0	4,426	(4,426)	0	0	0
DEEWR - Sustainability Vacation	Care of Families	0	0	0	9,784	(9,784)	0	0	0
Dept Regional Development	SoN Killara	0	0	0	700,000	(700,000)	0	0	0
Dept Environ & Conserv	Sanitation - House	0	0	0	268,240	(268,240)	0	0	0
Heritage Council - MHI	Town Planning	0	15,000	(15,000)	0	0	0	0	0
Dept Reg Devel & Lands	Town Planning	0	575,000	(359,672)	215,328	(138,415)	76,913	76,913	76,913
Dept Reg Devel & Lands	Town Planning	0	4,814,550	0	4,814,550	(1,871,621)	2,942,929	2,942,929	2,942,929
Dept Reg Devel & Lands	Town Planning	0	3,655,435	0	3,655,435	(1,780,972)	1,874,463	1,874,463	1,874,463
Sustainability, Environment	Public Halls, Civic Centre	0	48,489	0	48,489	(73,602)	23,376	23,376	23,376
Heart Foundation	Other Rec & Sport	0	5,000	(5,000)	0	0	0	0	0
Dept Sport & Recreation - Kids Sport	Other Rec & Sport	0	54,000	(20,970)	33,030	(24,495)	8,535	8,535	8,535
Dept Sport & Recreation	Other Rec & Sport	0	3,000	(3,000)	0	0	0	0	0
Dept for Communities	Other Rec & Sport	0	1,996	(1,996)	0	0	0	0	0
Injury Control Council	Other Rec & Sport	0	755	(755)	0	0	0	0	0
Seniors Week	Other Rec & Sport	0	480	(480)	0	0	0	0	0
Dept of Transport	Other Rec & Sport	0	12,000	(12,000)	0	0	0	0	0
Dept Sport & Recreation	Other Rec & Sport	0	260,000	(260,000)	0	0	0	0	0

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
Lotterywest	Libraries	0	10,030	(10,030)	0	0	0	0
Writing WA Inc	Libraries	0	0	0	0	3,939	(3,939)	0
Lotterywest	Other Culture	0	0	0	0	72,500	(72,500)	0
MRWA - Black Spot	Transport	0	280,000	(251,569)	28,431	144,400	(160,031)	12,800
WALGGC	Transport	0	0	0	0	146,000	0	146,000
MRWA - Regional Road Group	Transport	0	273,635	(273,635)	0	160,643	(160,643)	0
MRWA - Direct Grant	Transport	0	123,580	(123,580)	0	131,738	(131,738)	0
RADS - Airport	Aerodromes	0	0	0	0	75,500	(75,500)	0
WALGA - Road Safety	Tourism	0	24,024	(24,024)	0	19,003	(15,196)	3,807
Healthways	Tourism	0	10,000	(10,000)	0	0	0	0
WALGA - Road Safety Avon Descent	Tourism	0	0	0	0	1,000	(1,000)	0
WALGA - Road Safety Xmas Carnival	Tourism	0	0	0	0	1,000	(1,000)	0
Lotterywest - Concerts in the Park	Tourism	0	0	0	0	8,000	(8,000)	0
Lotterywest Flying 50	Tourism	0	0	0	0	5,015	(5,015)	0
Community Arts Network	Other Economic	0	3,182	(2,677)	505	0	(505)	0
FESA - Bakers Hill Water Supply	Other Economic	0	0	0	0	216,500	0	216,500
Wheatbelt NRM - Bakers Hill	Other Economic	0	0	0	0	98,059	(15,200)	82,859
Lotterywest - Community Bus	Other Economic	0	0	0	0	48,978	(48,978)	0
Total		3,176,837	14,591,454	(4,958,729)	12,809,562	6,801,129	(11,683,952)	7,926,739

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 2013

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,088,146	1,575,704
Restricted	12,452,586	17,652,256
	<u>13,540,732</u>	<u>19,227,960</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Aged Accommodation Reserve	232,104	225,986
Employees Future Liability Reserve	545,190	520,123
Housing Reserve	225,269	215,731
Meat Inspection Reserve	0	67,051
Office Equipment Reserve	123,050	117,840
Plant & Equipment Reserve	582,572	736,170
Recreation Reserve	48,308	46,263
Road & Bridgeworks Reserve	635,182	577,577
Refuse Site Reserve	155,898	182,887
Regional Development Reserve	129,290	119,017
Speedway Reserve	125,231	119,929
Community Bus Replacement Reserve	9,656	50,493
Septage Pond Reserve	196,241	130,446
Killara Reserve	175,380	529,889
Stormwater Drainage Projects Reserve	6,272	6,007
Recreation and Community Facilities Reserve	413,642	396,128
Administration Office Reserve	452,276	433,126
Council Buildings & Amenities Reserve	93,594	60,072
River Town Pool Dredging Reserve	215,130	158,036
Parking Facilities Construction Reserve	151,323	144,916
Art Collection Reserve	10,239	5,007
	<u>4,525,847</u>	<u>4,842,694</u>
Total Reserves	4,525,847	4,842,694
Conditions over Contributions		
Unspent Grants	7,926,739	12,809,562
	<u>7,926,739</u>	<u>12,809,562</u>
Total Conditions over Contributions	7,926,739	12,809,562
	<u>12,452,586</u>	<u>17,652,256</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	568,857	562,831
Rate Debtors Legal	108,742	117,286
Sundry Debtors	517,733	936,696
GST Receivable	2,000	0
Loans - Clubs/Institutions	71,896	67,798
Debtors - Pensioner Rebates	21,233	16,027
Emergency Services Levy	29,239	32,234
Debtors - Rubbish Charges	53,251	66,923
Accrued Income	53,968	34,789
	<u>1,426,919</u>	<u>1,834,584</u>
Less Provision for Doubtful Debts	(29,549)	(47,920)
	<u>1,397,370</u>	<u>1,786,664</u>
Non-Current		
Rates Outstanding - Pensioners	294,965	343,409
Loans - Clubs/Institutions	394,349	466,245
	<u>689,314</u>	<u>809,654</u>
5. INVENTORIES		
Current		
Fuel and Materials	7,766	36,733
	<u>7,766</u>	<u>36,733</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	884,118	917,401
	<u>884,118</u>	<u>917,401</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Cost	1,047,578	0
	<u>1,047,578</u>	<u>0</u>
Land Vested in and Under Control of Council at:		
- Cost	271,732	0
	<u>271,732</u>	<u>0</u>
Total Land	<u>1,319,310</u>	<u>0</u>
Buildings at:		
- Cost	28,953,542	26,113,036
Less Accumulated Depreciation	<u>(5,583,428)</u>	<u>(5,038,594)</u>
Total Buildings	<u>23,370,114</u>	<u>21,074,442</u>
Total Land and Buildings	<u>24,689,424</u>	<u>21,074,442</u>
Furniture and Equipment - Cost	1,879,742	1,768,441
Less Accumulated Depreciation	<u>(1,595,426)</u>	<u>(1,483,817)</u>
	284,316	284,624
Plant and Equipment - Independent Valuation 2013	2,974,464	0
Plant and Equipment - Management Valuation 2013	317,230	0
Plant and Equipment - Cost	0	5,387,458
Less Accumulated Depreciation	<u>0</u>	<u>(2,833,212)</u>
	3,291,694	2,554,246
Bushfire Equipment - Independent Valuation 2013	831,000	0
Bushfire Equipment - Cost	0	1,885,873
Less Accumulated Depreciation	<u>0</u>	<u>(1,539,213)</u>
	831,000	346,660
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 Depreciation	<u>(3,756)</u>	<u>(3,756)</u>
	0	0
	<u><u>29,096,434</u></u>	<u><u>24,259,972</u></u>

Reserves Vested in and Under the control of Council

In accordance with Local Government (Financial Management) Regulations 16(a) and 16(b) the Council is required to recognise as an asset;

- a) Crown land operated by a local government as a golf course, showground, racecourse, or other sporting or recreational facility of State or Regional significance; and
b) any structures or improvements on the land referred to in paragraph (a)

	2013
	\$
Under this regulation the following land has been recognised as at 30 June 2013:	
-Wundowie Golf Course (Crown Reserve 25225)	172,853
-Bakers Hill Golf Course (Crown Reserve 4200)	68,879
-Racecourse, Clarke Street (Crown Reserve 3303)	30,000
	<u>271,732</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2013 by independent valuers and management valuation. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$505,738 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Bushfire Equipment:

The Shire's Bush Fire Equipment was revalued at 30 June 2013 by independent valuers. All of the Valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$318,627 in the net value of the Shire's bush fire equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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 \$	Total Land and Buildings \$	Plant and Equipment (Level 2) \$	Furniture and Equipment \$	Bushfire Equipment (Level 2) \$	Total \$
Balance as at the beginning of the year	0	21,074,442	21,074,442	2,554,246	284,624	346,660	24,259,972
Additions	867,678	3,846,087	4,713,765	1,321,083	64,238	269,115	6,368,201
(Disposals)	(817,678)	(3,742)	(821,420)	(288,566)	(854)	(1,198)	(1,112,038)
(Write Offs)	0	0	0	0	0	0	0
Transfers	997,578	(997,578)	0	(196,022)	48,702	38,777	(108,543)
Revaluation - Increments	0	0	0	505,738	0	318,627	824,365
- (Decrements)	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0
Initial Recognition of assets							
Due to Changes to Regulations	271,732	0	271,732	0	0	0	271,732
Depreciation (Expense)	0	(549,095)	(549,095)	(604,785)	(112,394)	(140,981)	(1,407,255)
Carrying amount at the end of year	1,319,310	23,370,114	24,689,424	3,291,694	284,316	831,000	29,096,434

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	60,360,503	58,204,261
Less Accumulated Depreciation	<u>(36,256,990)</u>	<u>(34,773,863)</u>
	24,103,513	23,430,398
Parks & Ovals - Cost	3,496,648	3,403,059
Less Accumulated Depreciation	<u>(1,666,213)</u>	<u>(1,582,788)</u>
	1,830,435	1,820,271
Drainage - Cost	9,305,843	7,600,688
Less Accumulated Depreciation	<u>(4,799,156)</u>	<u>(4,674,919)</u>
	4,506,687	2,925,769
Footpaths - Cost	6,984,720	6,807,434
Less Accumulated Depreciation	<u>(3,541,162)</u>	<u>(3,376,218)</u>
	3,443,558	3,431,216
Streetscape - Cost	3,818,279	3,812,118
Less Accumulated Depreciation	<u>(970,714)</u>	<u>(858,252)</u>
	2,847,565	2,953,866
Bridges & Culverts - Cost	8,709,860	8,209,860
Less Accumulated Depreciation	<u>(4,522,009)</u>	<u>(4,431,372)</u>
	4,187,851	3,778,488
Aero - Cost	751,571	587,688
Less Accumulated Depreciation	<u>(68,803)</u>	<u>(52,359)</u>
	682,768	535,329
Other - Cost	320,299	0
Less Accumulated Depreciation	<u>(211,756)</u>	<u>0</u>
	108,543	0
	<u>41,710,920</u>	<u>38,875,337</u>

SHIRE OF NORTHAM
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2013

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 \$	Other \$	Total \$
Balance at the beginning of the year	23,430,398	1,820,271	2,925,769	3,431,216	2,953,866	3,778,488	535,329	0	38,875,337
Additions	2,156,243	93,590	1,705,155	177,286	6,159	500,000	163,883	0	4,802,316
Transfers	0	0	0	0	0	0	0	108,543	108,543
Adjustments	(1)	(1)	1	(1)	2	0	0	0	0
Depreciation (Expense)	(1,483,127)	(83,425)	(124,238)	(164,943)	(112,462)	(90,637)	(16,444)	0	(2,075,276)
Carrying amount at the end of year	24,103,513	1,830,435	4,506,687	3,443,558	2,847,565	4,187,851	682,768	108,543	41,710,920

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,320,087	1,430,952
GST Payable	593	761,112
Accrued Interest on Debentures	56,239	61,286
Accrued Salaries and Wages	161,869	147,156
ESL Payable	4,353	1,450
	<u>1,543,141</u>	<u>2,401,956</u>

9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>428,143</u>	<u>417,435</u>
	<u>428,143</u>	<u>417,435</u>
Non-Current		
Secured by Floating Charge Debentures	<u>4,150,255</u>	<u>4,578,399</u>
	<u>4,150,255</u>	<u>4,578,399</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current		
Provision for Annual Leave	410,737	443,369
Provision for Long Service Leave	273,765	230,660
	<u>684,502</u>	<u>674,029</u>
Non-Current		
Provision for Long Service Leave	<u>115,705</u>	<u>107,859</u>
	<u>115,705</u>	<u>107,859</u>
	<u>800,207</u>	<u>781,888</u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance as at 1 July 2012	443,369	338,519	781,888
Additional provisions	280,023	82,038	362,061
Amounts used	(312,655)	(31,087)	(343,742)
Balance at 30 June 2013	<u>410,737</u>	<u>389,470</u>	<u>800,207</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Aged Accommodation Reserve			
Opening Balance	225,986	225,986	221,701
Interest	9,983	10,253	11,886
Amount Set Aside / Transfer to Reserve	8,399	8,399	8,399
Amount Used / Transfer from Reserve	<u>(12,264)</u>	<u>(12,264)</u>	<u>(16,000)</u>
	<u>232,104</u>	<u>232,374</u>	<u>225,986</u>
(b) Employees Future Liability Reserve			
Opening Balance	520,123	520,123	531,320
Interest	23,001	23,599	28,402
Amount Set Aside / Transfer to Reserve	2,066	2,066	1,791
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(41,390)</u>
	<u>545,190</u>	<u>545,788</u>	<u>520,123</u>
(c) Housing Reserve			
Opening Balance	215,731	215,731	204,763
Interest	9,538	9,788	10,968
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>225,269</u>	<u>225,519</u>	<u>215,731</u>
(d) Meat Inspection Reserve			
Opening Balance	67,051	67,051	93,263
Interest	2,816	3,927	4,995
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>(69,867)</u>	<u>(22,003)</u>	<u>(31,207)</u>
	<u>0</u>	<u>48,975</u>	<u>67,051</u>
(e) Office Equipment Reserve			
Opening Balance	117,840	117,840	111,849
Interest	5,210	5,347	5,991
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>123,050</u>	<u>123,187</u>	<u>117,840</u>
(f) Plant & Equipment Reserve			
Opening Balance	736,170	736,170	520,513
Interest	32,152	33,401	28,203
Amount Set Aside / Transfer to Reserve	230,000	230,000	230,000
Amount Used / Transfer from Reserve	<u>(415,750)</u>	<u>(389,662)</u>	<u>(42,546)</u>
	<u>582,572</u>	<u>609,909</u>	<u>736,170</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED (Continued)			
(g) Recreation Reserve			
Opening Balance	46,263	46,263	43,911
Interest	2,045	2,352	2,352
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(48,615)	0
	<u>48,308</u>	<u>0</u>	<u>46,263</u>
(h) Refuse Reserve			
Opening Balance	0	0	51,699
Interest	0	0	2,693
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	(54,392)
	<u>0</u>	<u>0</u>	<u>0</u>
(i) Road & Bridgeworks Reserve			
Opening Balance	577,577	577,577	668,676
Interest	25,605	26,206	35,637
Amount Set Aside / Transfer to Reserve	32,000	20,000	17,650
Amount Used / Transfer from Reserve	0	0	(144,386)
	<u>635,182</u>	<u>623,783</u>	<u>577,577</u>
(j) Refuse Site Reserve			
Opening Balance	182,887	182,887	233,690
Interest	8,011	8,298	12,477
Amount Set Aside / Transfer to Reserve	20,000	20,000	33,922
Amount Used / Transfer from Reserve	(55,000)	(55,000)	(97,202)
	<u>155,898</u>	<u>156,185</u>	<u>182,887</u>
(k) Regional Development Reserve			
Opening Balance	119,017	119,017	108,213
Interest	5,273	5,400	5,804
Amount Set Aside / Transfer to Reserve	5,000	5,000	5,000
Amount Used / Transfer from Reserve	0	0	0
	<u>129,290</u>	<u>129,417</u>	<u>119,017</u>
(l) Speedway Reserve			
Opening Balance	119,929	119,929	113,832
Interest	5,302	5,441	6,097
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>125,231</u>	<u>125,370</u>	<u>119,929</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED (Continued)			
(m) Community Bus Replacement Reserve			
Opening Balance	50,493	50,493	38,421
Interest	2,141	2,291	2,072
Amount Set Aside / Transfer to Reserve	10,000	10,000	10,000
Amount Used / Transfer from Reserve	<u>(52,978)</u>	<u>(48,978)</u>	<u>0</u>
	<u>9,656</u>	<u>13,806</u>	<u>50,493</u>
(n) Septage Pond Reserve			
Opening Balance	130,446	130,446	85,794
Interest	5,795	5,919	4,652
Amount Set Aside / Transfer to Reserve	60,000	60,000	40,000
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>196,241</u>	<u>196,365</u>	<u>130,446</u>
(o) Killara Reserve			
Opening Balance	529,889	487,641	216,001
Interest	18,482	9,883	11,392
Amount Set Aside / Transfer to Reserve	24,787	0	312,063
Amount Used / Transfer from Reserve	<u>(397,778)</u>	<u>(255,537)</u>	<u>(9,567)</u>
	<u>175,380</u>	<u>241,987</u>	<u>529,889</u>
(p) Minson Ave/Bernard Park Reserve			
Opening Balance	0	0	29,600
Interest	0	0	1,542
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(31,142)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
(q) Stormwater Drainage Projects Reserve			
Opening Balance	6,007	6,007	5,701
Interest	265	305	306
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,272</u>	<u>6,312</u>	<u>6,007</u>
(r) Recreation and Community Facilities Reserve			
Opening Balance	396,128	396,128	468,135
Interest	17,514	17,973	25,073
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(97,080)</u>
	<u>413,642</u>	<u>414,101</u>	<u>396,128</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED (Continued)			
(s) Administration Office Reserve			
Opening Balance	433,126	433,126	400,435
Interest	19,150	19,652	21,463
Amount Set Aside / Transfer to Reserve	0	0	11,228
Amount Used / Transfer from Reserve	0	0	0
	<u>452,276</u>	<u>452,778</u>	<u>433,126</u>
(t) Council Buildings & Amenities Reserve			
Opening Balance	60,072	60,073	204,954
Interest	2,722	2,726	11,118
Amount Set Aside / Transfer to Reserve	30,800	285,000	100,000
Amount Used / Transfer from Reserve	0	0	(256,000)
	<u>93,594</u>	<u>347,799</u>	<u>60,072</u>
(u) River Town Pool Dredging Reserve			
Opening Balance	158,036	158,036	102,477
Interest	7,094	7,170	5,559
Amount Set Aside / Transfer to Reserve	50,000	50,000	50,000
Amount Used / Transfer from Reserve	0	0	0
	<u>215,130</u>	<u>215,206</u>	<u>158,036</u>
(v) Parking Facilities Construction Reserve			
Opening Balance	144,916	144,916	137,549
Interest	6,407	6,575	7,367
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>151,323</u>	<u>151,491</u>	<u>144,916</u>
(w) Art Collection Reserve			
Opening Balance	5,007	5,007	0
Interest	232	227	7
Amount Set Aside / Transfer to Reserve	5,000	5,000	5,000
Amount Used / Transfer from Reserve	0	0	0
	<u>10,239</u>	<u>10,234</u>	<u>5,007</u>
TOTAL CASH BACKED RESERVES	<u><u>4,525,847</u></u>	<u><u>4,870,586</u></u>	<u><u>4,842,694</u></u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

11. RESERVES - CASH BACKED (Continued)

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

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

(b) Employees Future Liability Reserve

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

(c) Housing Reserve

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

(d) Meat Inspection Reserve

Purpose - Provision for possible future losses in meat inspection operations in the event of abattoir closure. This service closed in May 2013, this reserve will no longer be utilised.

(e) Office Equipment Reserve

Purpose - Acquisition and upgrading of Council offices, furniture, computers and general equipment. Funds are 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

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

(g) Recreation Reserve

Purpose - Development and improvement of recreation and sporting facilities within the Shire of Northam. This reserve is anticipated to be fully utilised in 2013/2014.

(h) Refuse Reserve

Purpose - Provision of future waste management strategy within the Shire of Northam. This reserve was fully utilised in 2011/2012.

(i) Road & Bridgeworks Reserve

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

(j) Refuse Site Reserve

Purpose - Development of Refuse Sites and related infrastructure and equipment, including provision for future replacement facility and/or site. Funds are not expected to be used in a set period as further transfer to the reserve account are expected as funds are utilised.

(k) Regional Development Reserve

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. Funds are 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 2013

11. RESERVES - CASH BACKED (Continued)

(l) Speedway Reserve

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.

(m) Community Bus Replacement Reserve

Purpose - To provide funds for future replacement of the Shire of Northam Community Bus. Funds are not expected to be used in a set period as further transfer to the reserve account are expected as funds are utilised.

(n) Septage Pond Reserve

Purpose - To provide for funds for future septage ponds capital upgrade works. Funds are not expected to be used in a set period as further transfer to the reserve account are expected as funds are utilised.

(o) 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.

(p) Minson Ave/Bernard Park Reserve

Purpose - To provide funds for amenities within Bernard Park. This reserve was fully utilised in 2011/2012.

(q) Stormwater Drainage Projects Reserve

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

(r) Recreation and Community Facilities Reserve

Purpose - To provide funds for Recreation and Public Facilities within the Shire of Northam. No date has been specified. 2% of net rates levied each year set aside for the provision of recreation and sport facilities.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) Art Collection Reserve

Purpose - To provide maintenance of Councils art collection including acquisition and disposal. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

12. RESERVES - ASSET REVALUATION	2013	2012
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Plant and Equipment		
Opening balance	0	0
Revaluation Increment	505,738	0
Revaluation Decrement	0	0
	<u>505,738</u>	<u>0</u>
(b) Bushfire Equipment		
Opening balance	0	0
Revaluation Increment	318,627	0
Revaluation Decrement	0	0
	<u>318,627</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>824,365</u></u>	<u><u>0</u></u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>13,540,732</u>	<u>5,048,514</u>	<u>19,227,960</u>

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

Net Result	1,846,500	4,011,794	10,795,237
Depreciation	3,482,531	3,215,004	3,198,458
(Profit)/Loss on Sale of Asset	510,030	(2,736,495)	0
(Increase)/Decrease in Receivables	441,836	759,346	(52,768)
(Increase)/Decrease in Inventories	28,967	(3,267)	(10,984)
Increase/(Decrease) in Payables	(858,815)	(1,125,505)	676,872
Increase/(Decrease) in Employee Provisions	18,319	11,381	(12,457)
Grants/Contributions for the Development of Assets	(3,226,166)	(5,344,763)	(10,159,165)
Initial Recognition of Assets due to change to regulation	<u>(271,732)</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>1,971,470</u>	<u>(1,212,505)</u>	<u>4,435,193</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>(1,743)</u>	<u>(169)</u>
Total Amount of Credit Unused	<u>113,257</u>	<u>114,831</u>

Loan Facilities

Loan Facilities - Current	428,143	417,435
Loan Facilities - Non-Current	<u>4,150,255</u>	<u>4,578,399</u>
Total Facilities in Use at Balance Date	<u>4,578,398</u>	<u>4,995,834</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

14. CONTINGENT LIABILITIES

The Shire of Northam had no contingent Liabilities at 30 June 2013.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

The Shire has no finance lease commitments at 30 June 2013.

(b) Operating Lease Commitments

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

Payable:

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

	2013	2012
	\$	\$
	11,640	11,640
	7,760	19,400
	0	0
	19,400	31,040

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	3,152,003	159,579
	51,195	366,637
	3,203,198	526,216

The capital expenditure project outstanding at the end of the current reporting period represents completion of the Killara Cottage Respite Buildings and the construction of a road from Mitchell Avenue to near the hospital site.

Plant & Equipment purchases represents the orders placed for a Ferris Mower and a Commodore Sedan.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

16. 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.

	2013	2012
	\$	\$
Non-Current Assets		
Buildings (#S406)	584,522	584,522
Less: Accumulated Depreciation	<u>(198,079)</u>	<u>(186,388)</u>
	<u><u>386,443</u></u>	<u><u>398,134</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	885,055	2,403,104
General Purpose Funding	2,340,830	1,116,948
Law, Order, Public Safety	1,512,235	970,350
Health	83,901	164,473
Education and Welfare	3,792,148	2,902,769
Housing	983,594	981,681
Community Amenities	4,848,010	3,120,402
Recreation and Culture	19,055,540	18,998,086
Transport	40,101,824	38,900,090
Economic Services	3,843,741	11,478,028
Other Property and Services	232,880	303,759
Unallocated	9,646,896	4,574,031
	<u><u>87,326,654</u></u>	<u><u>85,913,721</u></u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012	2011
18. FINANCIAL RATIOS			
Current Ratio	1.18	1.14	1.65
Asset Sustainability Ratio	1.24	1.25	1.16
Debt Service Cover Ratio	3.36	5.91	6.15
Operating Surplus Ratio	(0.12)	0.06	0.01
Own Source Revenue Coverage Ratio	0.63	0.67	0.61

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 65 of this document.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

19. TRUST FUNDS

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

	Balance 1-Jul-12	Amounts Received	Amounts Paid	Transfers 30-Jun-13	Balance 30-Jun-13
	\$	\$	(\$)	\$	\$
Town Hall Bond	1,800	3,300	(5,100)	0	0
Lesser Hall Bond	1,900	750	(1,050)	(1,200)	400
POS - Cash in Lieu	211,691	81,562	0	0	293,253
Bonds - Building	47,500	0	(16,500)	5,000	36,000
Crossovers - Bond	67,392	28,500	(4,500)	0	91,392
Recreation Centre - Bond	0			400	400
Facilities - Bonds	1,480	2,050	(3,830)	800	500
Footpath/Kerbing Deposit	95,000	26,500	(32,000)	0	89,500
Retentions	62,095	0	(28,026)	3,908	37,977
Sundry Trust	8,310	0	0	0	8,310
Building & Construction (BCITF)	1,875	54,591	(56,466)	0	0
Builders Reg Board Levy	1,256	32,150	(33,406)	0	0
Standpipe Key	5,650	600	(400)	0	5,850
Resited Dwellings	8,700	0	(1,500)	0	7,200
Deposits-Extractive Industries	247,980	9,623	(7,812)	(297)	249,494
Other	20,943	4,059	(1,343)	(8,786)	14,873
Other - Rental Bond	600	0	(200)	0	400
Bonds - Animal Traps	150	675	(770)	0	55
Public Recreation Reserves - Northam	0	50	(50)	0	0
Storm Damage	0	0	0	175	175
	784,322	244,410	(192,953)	0	835,779

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

20. DISPOSALS OF ASSETS - 2012/13 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						
Councillor Laptop	853	0	1,445	0	592	0
CEO Vehicle - PN1008-Asset MV1008	40,607	44,673	29,041	35,000	(11,566)	(9,673)
EMCS Vehicle-PN0910-Asset 9248	17,854	18,406	22,641	23,000	4,787	4,594
Law, Order Public Safety						
Snr Ranger Vehicle - Asset MV 1010	0	15,396	0	18,000	0	2,604
Ranger Vehicle - Asset MV 1011	9,032	15,396	11,818	17,500	2,786	2,104
Clackline BFB Nissan - S591	0	0	12,835	0	12,835	0
Ruger 77 - 9235	232	0	0	0	(232)	0
Irishtown Nissan Fattack - S583 (N.3017)	0	0	18,000	0	18,000	0
Various Bushfire Radios - Pre New System	1,197	0	0	0	(1,197)	0
SES Landcruiser - 994 (N4982)	9,112	0	0	0	(9,112)	0
Health						
EM Dev Vehicle- PN1012-Asset MV1001	20,828	26,042	11,980	20,000	(8,848)	(6,042)
Snr Environ Health Vehicle - Asset 9241	10,191	13,584	12,095	15,000	1,904	1,416
EHO Vehichle- PN1013-Asset MV 1013	16,976	18,658	10,546	15,000	(6,430)	(3,658)
Meat Inspector - MV1017	20,841	0	16,364	0	(4,477)	0
L310 Wandoo Pde, Wundowie - Asset S404	3,742	3,848	30,800	35,000	27,058	31,152
Education & Welfare						
Killara - Bus Replacement-P432-Asset 735	0	0	18,000	18,000	18,000	18,000
Community Amenities						
Senior Planner Vehicle - Asset 9245	10,598	12,077	10,909	17,000	311	4,923
Recreation & Culture						
Recreation Manager Ute - Asset 9211	507	3,008	6,313	12,000	5,806	8,992
Wundowie Yak Lot 311-Asset S222	0	25,253	0	200,000	0	174,747
Pool Chlorination System - 838	642	0	0	0	(642)	0
Ultramax Pool Cleaner - PE-1102	10,035	0	0	0	(10,035)	0
Dolphin Pro Pool Cleaner - PE-1103	4,159	0	0	0	(4,159)	0
Victa Sp Lawn Mower - PE-1104	1,278	0	0	0	(1,278)	0
Transport						
EM Eng Vehicle-PN0915-Asset 9249	15,520	18,311	18,182	21,000	2,662	2,689
Isuzu Folcon 2002 - PN008 - Asset S633	4,010	4,754	30,909	35,000	26,899	30,246
Flocon Body - Asset S450	0	0	0	0	0	0
Parks & Gardens Super Utility - Asset 9061	0	0	8,131	10,000	8,131	10,000
Reticulation Utility - P5043 - Asset 9063	0	0	9,318	10,000	9,318	10,000
Oval Tractor- P533- Asset 933	0	0	28,045	57,000	28,045	57,000
PN010 5 Tonne Isuzu Tipper - Asset 9110	0	36,031	0	46,000	0	9,969
Wundowie Tractor & Loader - Asset S590	0	0	24,091	55,000	24,091	55,000
Wudnowie Quad Bike - PN020- Asset S585	0	0	0	1,750	0	1,750
Construction Supervisor Utility - Asset 9212	1,633	1,633	7,732	8,000	6,099	6,367
Works Super Utility - PN0817- Asset 9218	5,707	5,707	20,914	20,000	15,207	14,293
P575 4 tonne Isuzu Tipper - Asset 9111	30,489	36,590	32,853	32,000	2,364	(4,590)
P443 John Deere Ride on Mower B9619	0	0	0	1,000	0	1,000
PN0904 Massey Ferguson GC2400 - 9236	15,154	0	6,500	0	(8,654)	0
P450 JDZ Track Ride on Mower - Asset 9109	0	9,020	0	3,300	0	(5,720)
PN0814 - Fuso Canter (Insurance) - 9217	15,768	0	40,496	0	24,728	0
Shire Depot Asset 259,260,261,262,266,488	0	98,436	0	2,199,183	0	2,100,747
Stihl Brush Cutter - RP0002	654	0	0	0	(654)	0

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR (Continued)

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Transport (Continued)						
Stihl Brush Cutter - RP0003	654	0	0	0	(654)	0
Dolmar Blower Vac - 9070	91	0	0	0	(91)	0
Dolmar Brush Cutter - 9071	195	0	0	0	(195)	0
Dolmar Brush Cutter - 9072	195	0	0	0	(195)	0
Dolmar Brush Cutter - 9073	195	0	0	0	(195)	0
Dolmar Brush Cutter - 9074	242	0	0	0	(242)	0
Husqvarna Brush Cutter - 9077	223	0	0	0	(223)	0
Husqvarna Brush Cutter - 9078	239	0	0	0	(239)	0
Husqvarna Brush Cutter - 9021	39	0	0	0	(39)	0
Husqvarna Blower - 9023	26	0	0	0	(26)	0
Husqvarna Chainsaw - 9024	28	0	0	0	(28)	0
Combi Trimmer & Pole Saw - 9026	51	0	0	0	(51)	0
Dolmar Chainsaw - 9066	187	0	0	0	(187)	0
Dolmar Chainsaw - 9067	207	0	0	0	(207)	0
Dolmar Hedge Trimmer - 9068	183	0	0	0	(183)	0
Dolmar Blower - 9069	86	0	0	0	(86)	0
Tray Tool Box - Retic Van - 951	1,505	0	0	0	(1,505)	0
Landscape Rack - 9236A	438	0	0	0	(438)	0
Broom - Hydraulic Model - 9014	152	0	0	0	(152)	0
Dynapac Plate Compactor - 9015	81	0	0	0	(81)	0
Dynapac Vibro Rammer - 9016	111	0	0	0	(111)	0
Potable Emulsion Spray Unit - 9032	932	0	0	0	(932)	0
Billy Goat Vacuum 6.5 Honda - 9235	188	0	0	0	(188)	0
Brighton Rotary Hoe - 9236C	1,284	0	0	0	(1,284)	0
Ifor Williams Trailer - 9114	3,223	0	0	0	(3,223)	0
Metrocount Classifier - 9115	1,302	0	0	0	(1,302)	0
Ammann ADC Compaction Meter - RP0006	5,034	0	0	0	(5,034)	0
Metrocount Classifiers x 3 - PE-1108	7,536	0	0	0	(7,536)	0
Economic Services					0	0
Building Surveyor Vehicle - Asset 9226	2,114	5,902	12,050	16,000	9,936	10,098
Snr Building Surveyor Vehicle - Asset 9254	0	10,867	0	15,000	0	4,133
PMComInf Vehicle- PN1015- Asset MV1015	0	32,217	0	18,000	0	(14,217)
LB1215 - Supertowns 36 Robinson	817,678	81,429	150,000	300,000	(667,678)	218,571
	1,112,038	537,238	602,008	3,273,733	(510,030)	2,736,495

Profit on Asset Disposals
Loss on Asset Disposals

249,559 2,780,395
(759,589) (43,900)
(510,030) 2,736,495

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 215 - Admin Office Renovations	139,496	0	24,313	24,313	115,183	115,183	8,967	9,039
Community Amenities								
Loan 210 - River Dredging	22,725	0	5,179	5,179	17,546	17,547	1,173	1,313
Recreation & Culture								
Loan 206 - Northam Country Club **	254,516	0	33,139	33,139	221,377	221,377	14,553	14,633
Loan 208 - Northam Country Club **	38,038	0	3,949	3,949	34,089	34,090	2,701	2,765
Loan 219 - Northam Bowling Club **	162,245	0	21,149	21,149	141,096	141,095	9,013	9,265
Loan 222 - Northam Trotting Club **	79,244	0	9,561	9,561	69,683	69,683	4,067	4,199
Loan 223 - Recreation Facilities	852,134	0	85,628	85,628	766,506	766,506	49,082	50,955
Loan 224 - Recreation Facilities	1,072,113	0	29,926	29,926	1,042,187	1,042,187	69,356	69,674
Loan 226 - Recreation Facilities	400,000	0	11,759	11,759	388,241	388,241	20,748	20,888
Transport								
Loan 221 - Airstrip Upgrade	68,740	0	9,776	9,776	58,964	58,964	4,149	4,199
Economic Services								
Loan 204 - Visitors Centre	5,037	0	5,037	5,037	0	0	120	225
Loan 205 - Visitor Centre Café	8,938	0	8,938	8,938	0	0	157	292
Loan 217 - CBD Streetscape	907,119	0	130,495	130,495	776,624	776,624	49,501	50,573
Loan 218 - CBD Streetscape	108,305	0	14,102	14,102	94,203	94,203	5,872	6,227
Loan 225 - Victoria Oval Purchase	877,184	0	24,485	24,485	852,699	852,698	56,746	57,006
	4,995,834	0	417,436	417,436	4,578,398	4,578,398	296,205	301,253

(**) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2012/13

The Shire had no new loan borrowings during 2012/13.

(c) Unspent Debentures

The Shire had no unspent debentures as at 30 June 2013.

(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 2013 was Nil.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
01 GRV - Townsite	9.1472	2,866	35,645,010	3,260,521	9,721	(133)	3,270,109	3,260,521	20,500	600	3,281,621
02 GRV - Northam Commercial/Industrial	10.3056	248	11,266,476	1,161,078	3,298	(4,462)	1,159,914	1,161,078	1,000	100	1,162,178
05 Agricultural Local	0.4475	472	165,772,000	741,831	3,374	(101)	745,104	741,831	6,000	100	747,931
06 Agricultural Regional	0.3615	217	126,948,000	458,918	722	2,573	462,213	458,918	6,000	100	465,018
07 Rural Small Holding	0.5389	523	96,897,000	522,178	16,326	1,249	539,753	522,178	1,500	100	523,778
08 Springhill Landuse	0.5300	1	278,000	1,473	0	0	1,473	1,473	0	0	1,473
09 Princes Landuse	2.5200	1	145,000	3,654	0	0	3,654	3,654	0	0	3,654
10 Solfame Landuse	1.2150	1	347,000	4,216	0	0	4,216	4,216	0	0	4,216
11 Bennie Landuse	0.8950	1	184,000	1,647	0	0	1,647	1,647	0	0	1,647
12 CSR Landuse	1.4137	1	308,000	4,354	0	0	4,354	4,354	0	0	4,354
Sub-Totals		4,331	437,790,486	6,159,870	33,441	(874)	6,192,437	6,159,870	35,000	1,000	6,195,870
Minimum Rates											
01 GRV - Townsite Residential	760	1,015	4,720,781	771,400	0	0	771,400	771,400	0	0	771,400
02 GRV - Northam Commercial/Industrial	760	43	176,368	32,680	0	0	32,680	32,680	0	0	32,680
03 Agricultural - Local	760	160	14,546,814	121,600	0	0	121,600	122,360	0	0	122,360
06 Agricultural - Regional	760	191	24,658,400	145,160	0	0	145,160	145,160	0	0	145,160
07 Rural Small Holdings	760	107	13,820,000	81,320	0	0	81,320	81,320	0	0	81,320
Sub-Totals		1,516	57,922,363	1,152,160	0	0	1,152,160	1,152,920	0	0	1,152,920
Excess Rate Receipts							7,344,597				7,348,790
Ex-Gratia Rates							20,600				0
Rates Written Off (refer note 25)							12,336				12,400
Total Amount Raised from General Rate							(38)				0
							7,377,495				7,361,190

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus - Rate Setting Statement	<u>8,665,672</u>	<u>13,585,003</u>	<u>13,064,880</u>
<u>Comprises:</u>			
Cash - Unrestricted	1,088,146	1,575,704	1,575,704
Cash - Restricted Unspent Grant	7,926,739	12,809,562	12,809,562
Cash - Restricted Reserve	4,525,847	4,842,694	4,842,694
Rates - Current	760,089	779,274	779,274
Sundry Debtors	517,733	936,696	936,696
Provision for Doubtful Debts	(29,549)	(47,920)	(47,920)
Pensioners Rates Rebate	21,233	16,027	16,027
GST Receivable	2,000	0	0
Accrued Income	53,968	34,789	34,789
Inventories	7,766	36,733	36,733
Less:			
Reserves - Restricted Cash	(4,525,847)	(4,842,694)	(4,842,694)
Sundry Creditors	(1,320,087)	(1,430,952)	(1,430,952)
Accrued Salaries and Wages	(161,869)	(147,156)	(61,286)
Accrued Interest on Debentures	(56,239)	(61,286)	(147,156)
GST Payable	(593)	(761,112)	(761,112)
ESL Payable	(4,353)	(1,450)	(1,450)
Current portion of leave provisions	(684,502)	(674,029)	(674,029)
Add:			
Leave Liability Reserve	545,190	520,123 *	0
Surplus	<u>8,665,672</u>	<u>13,585,003</u>	<u>13,064,880</u>

Difference:

*There was a difference between the Surplus 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus Carried Forward position as disclosed in the 2012 audited financial report due to leave liability reserve which has now been added back.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. SPECIFIED AREA RATE - 2012/13 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 2012/13 financial year.

24. SERVICE CHARGES - 2012/13 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 2012/13 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment A13671	Write-Off		38	0

Shire of Northam did not offer discount of rates in 2012/2013 financial year. Rate Assessment A13671 was discovered not to have had discount applied in 2004.

26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		103,612	75,000
Interest on Instalments Plan	5.50%		29,049	25,000
Charges on Instalment Plan		9	35,875	34,000
			168,536	134,000

Ratepayers had the option of paying rates in one instalment due on 24 September 2012, two equal instalments due on 24 September 2012 and 26 November 2012 or four equal instalments due on 24 September 2012, 26 November 2012, 29 January 2013 and 29 March 2013. Administration Charges and interest applied to the final three instalment.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	2,835	1,142
General Purpose Funding	68,756	65,648
Law, Order, Public Safety	41,770	51,009
Health	144,332	132,580
Education and Welfare	93,524	126,066
Housing	37,365	40,811
Community Amenities	1,732,151	1,785,913
Recreation and Culture	244,028	227,482
Transport	39,040	58,192
Economic Services	300,172	419,667
Other Property and Services	43,052	237,596
	<u>2,747,025</u>	<u>3,146,106</u>

There were changes during the year to the amount of the fees or charges detailed in the original budget. These fees were for tours run by the Visitors Centre they generated an additional \$902 in revenue.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

28. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	5,086,412	6,080,008
Non-Operating Grants, Subsidies and Contributions	<u>3,226,166</u>	<u>10,159,165</u>
	<u><u>8,312,578</u></u>	<u><u>16,239,173</u></u>
By Program:		
Governance	76,357	135,992
General Purpose Funding	3,788,832	3,480,881
Law, Order, Public Safety	482,688	218,203
Health	10,917	0
Education and Welfare	1,681,920	1,138,752
Housing	1,124	1,762
Community Amenities	331,655	9,111,436
Recreation and Culture	219,995	464,011
Transport	1,143,336	1,404,321
Economic Services	514,345	94,390
Other Property and Services	61,409	189,425
	<u><u>8,312,578</u></u>	<u><u>16,239,173</u></u>

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	77,000	77,000	74,958
President's Allowance	40,000	40,000	20,000
Deputy President's Allowance	10,000	10,000	5,000
Travelling Expenses	12,356	12,000	11,573
Telecommunications Allowance	23,110	24,000	16,804
IT Allowance	10,000	10,000	9,708
	<u><u>172,466</u></u>	<u><u>173,000</u></u>	<u><u>138,043</u></u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u><u>94</u></u>	<u><u>88</u></u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2012/13 financial year

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	13,540,732	19,227,960	13,540,732	19,227,960
Receivables	2,086,684	2,596,318	2,086,684	2,596,318
	<u>15,627,416</u>	<u>21,824,278</u>	<u>15,627,416</u>	<u>21,824,278</u>
Financial Liabilities				
Payables	1,543,141	2,401,956	1,543,141	2,401,956
Borrowings	4,578,398	4,995,834	4,148,654	4,506,801
	<u>6,121,539</u>	<u>7,397,790</u>	<u>5,691,795</u>	<u>6,908,757</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 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and cash equivalents:		
- Equity	135,407	192,280
- Statement of Comprehensive Income	135,407	192,280

Notes:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	94.56%	95.72%
- Overdue	5.44%	4.28%

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings**

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

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

	<u>2013</u>	<u>2012</u>
	Due within 1 year \$	Due between 1 & 5 years \$
	Due after 5 years \$	Total contractual cash flows \$
	Carrying values \$	
Payables	1,543,141	0
Borrowings	704,195	3,157,483
	<u>2,247,336</u>	<u>3,157,483</u>
	1,543,141	1,543,141
	4,578,398	6,632,124
	<u>6,121,539</u>	<u>8,175,265</u>
Payables	2,401,956	0
Borrowings	718,687	4,068,219
	<u>3,120,643</u>	<u>4,068,219</u>
	2,401,956	2,401,956
	4,995,834	7,597,195
	<u>7,397,790</u>	<u>9,999,151</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<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 2013								
Borrowings								
Fixed Rate								
Debentures	0	0	17,547	115,183	835,588	3,610,080	4,578,398	6.09%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.02%	6.67%	5.72%	6.16%		
Year Ended 30 June 2012								
Borrowings								
Fixed Rate								
Debentures	13,975	0	0	22,726	139,496	4,819,637	4,995,834	6.12%
Weighted Average Effective Interest Rate	6.55%	0.00%	0.00%	6.12%	6.96%	6.10%		

**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 2013, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

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

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 2013 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).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) There are no matter that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matter indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 65 of this report we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

**UHY HAINES NORTON
CHARTERED ACCOUNTANTS**


**GREG GODWIN
PARTNER**

Date: 13 December 2013
Perth, WA

**SHIRE OF NORTHAM
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

	2013	2012	2011
Asset Consumption Ratio	0.579	N/A	N/A
Asset Renewal Funding Ratio	0.884	N/A	N/A

The above ratios are calculated as follows:

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

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

N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceeding years (being 2012 and 2011) have not been reported as financial information is not available.