

The Northam Eco-Retro House—Before and After



2003 / 2004
ANNUAL REPORT

CONTENTS

Town Information & Organisation Overview	.....3
Mission & Vision Statements	.....4
Mayor's Report	.....5-6
Chief Executive Officer's Report	.....7
Principal Activities	.....8
Organisation Chart	.....9
SECTION REPORTS	
Community Services	..... 10
Operation Services	.....10
Killara Adult Day Centre	.....11
Town Planning	.....12
Library Services	.....13
Ranger Services	.....13
Building Services	.....14
Northam Swimming Pool	.....14
Environmental Health	.....15
Recreation Services	.....16
Disability Services Plan	.....16
Financial Report	.....17
Declaration by the Chief Executive Officer	.....18
Operating Statement	.....19
Statement of Financial Position	.....20
Statement of Changes in Equity	.....21
Statement of Cash Flows	.....22
Notes to and forming part of the Financial Report	.....23-52
Independent Audit Report	.....53-54

Northam is situated 96 kilometres from Perth in the picturesque Avon Valley. The Town occupies approximately 2,400 hectares and is completely surrounded by the Shire of Northam - commonly referred to as a 'donut' situation.

The Town is the Regional Centre of the Avon Valley and Central Wheatbelt. Farming communities outside the Town (which primarily produce wheat, barley, oats, sheep, wool and cattle) use Northam for their everyday banking, retail, shopping and government needs. The Northam Marketing Strategy completed during the 2001/02 financial year identifies Northam as a "market town", which survives and grows through the provision of services to surrounding towns and communities.

Northam has also been clearly established by the State Government as a Regional Centre, resulting in many Government Departments strengthening their regional office or establishing such as office. Furthermore, the four major banks have outlets in Town.

Northam is well catered for in recreation, culture, health and education facilities. The Town is home to a Regional Library, Hospital, Senior Citizens' Centre and recreation facilities, including a Recreation Centre, three major sporting grounds and an Olympic Swimming Pool. From an educational viewpoint, Northam has a Senior High School, CY O'Connor College of TAFE, Muresk Institute of Agriculture (a division of Curtin University), three Primary Schools and St Joseph's School which provides education to Year 10.

The town-site of Northam was first gazetted in 1836 and is the focal point for important rail and road links to Eastern Australia. It was a centre for Post -War migration and many of the residents have strong links to Eastern Europe. The Mundaring to Kalgoorlie pipeline also passes through Northam, which has significance as both an engineering feat and facilitated the supply of water to the miners of the Goldfields and local residents of townships - including Northam - along the way.

TOWN

INFORMATION



The Northam Town Hall was once Northam's political and social epicentre. Today it remains one of the Town's grandest historical landmarks.

ORGANISATION



Councillors & senior staff of the Town of Northam.

Council is committed to developing the Town and encouraging growth through new investment and tourism whilst maintaining a warm country feel and friendly community. The Annual Report demonstrates the Town's commitment to this goal.

The Town of Northam has a total annual revenue of approximately \$5.7 million and consists of 9 Councillors and a Mayor.

Council meetings are held on the second and fourth Wednesday of each month and the corporate structure has been developed to efficiently manage the day to day operations of Council.

MISSION

STATEMENT

To create a vibrant, self sufficient community which is the heart of the Avon Valley...



VISION

STATEMENT

To be recognised as a community which has a country lifestyle, quality facilities and services, unique cultural identity, strong community pride and cohesion.

MAYOR'S

REPORT

The past twelve months have been a time of achievement for the Town of Northam and it is with immense pride that I present my annual report on what has been a fantastic year of activity.

Completion of the Northam Bypass and the diversion of heavy traffic provided opportunity for Council to redevelop the Central Business area of the town. After some six months of inconvenience to the business people and wider community, this great project was finally opened on 22 November, 2003.

Switching on of festive street lighting and the centrally located Christmas tree added to the significance of the opening ceremony. Public response to the occasion ensures that lighting of the Christmas tree will become an annual event.

The award winning Mitchell on Avon housing project has been a huge success. This ambitious Council project has seen a tract of derelict houses transformed into attractive and affordable housing. Revitalisation of the houses provided work for local trades people, saved considerable greenhouse emissions and generated a substantial financial benefit to be returned through community projects.

A relocated dwelling within the Mitchell on Avon estate has been prepared as an Eco demonstration house and will be available for public viewing for the next twelve months. This house features many energy saving devices which can be applied to existing and new homes. Monitoring of the various initiatives will also be performed throughout the demonstration period. Details of cost savings will be made available to the public.

During the past year Council continued to upgrade town infrastructure with the resealing of several roads. Upgrading of footpaths on major pedestrian routes has seen renewal of paths on sections of Duke, Gordon and Stirling Streets. Problem drainage on Springfield and Turner Streets and Elizabeth Place also received attention.

Funding was provided for a recreation feasibility study and this was conducted by consultants with the co-operation of sporting and community groups and Council's recreation staff. Considerable further consultation and research is required before this can advance to the next stage.



Just one of the homes in the Mitchell on Avon Housing Project



Town of Northam
Mayor Ray Head

Council continues to recognise the social and economic benefits associated with major events and provided substantial sponsorship for the BMX State Championships, Northam Flying 50, the Avon Descent and the Northam Agricultural Show. Other clubs to receive sponsorships included the Northam Bowling Club, Northam Swimming Club and the three racing codes.

MAYOR'S

REPORT

continued...

During the past year, funding allocations were also made towards reticulation of the skate park, the walk trail network and upgrading of the Jubilee Oval fencing. Several programmed changes were made to the Council's vehicle fleet and it is pleasing to note that the light vehicle purchases were through local dealers.

There is a strong focus on economic development and Council, in co-operation with the Northam Chamber of Commerce has introduced a Marketing levy. This initiative, which is designed to promote local business, has received endorsement from the business community. It is anticipated that traders will soon be in a position to measure the benefits of this innovative arrangement.

Council is also committed to the provision of a crematorium facility at the cemetery and the relocation of the Midland sheep yards to Northam. Town of Northam representatives have been working tirelessly on the relevant committees to ensure that these vital projects become a reality.

The Old Quarry Road waste facility and town waste collection arrangements continue to perform to satisfaction under contract arrangement. It is also pleasing to observe that the Shires of Cunderdin, Toodyay and York are using the Northam site, by arrangement, to accommodate their waste.

The achievements of the past twelve months have been made possible through the smooth running of the Council and the magnificent efforts of all the staff at the Administration Office, the Works Depot, Killara Day Centre, the Library, Recreation Centre and the Swimming Pool.

My assurance is given that Council will continue to provide the best possible customer service and facilities at a price reasonably acceptable to the community.




RAY HEAD,
MAYOR,
TOWN OF NORTHAM.

CEO'S

This Annual Report deals with the financial period 1 July 2003 to 30 June 2004.

Council has continued to improve the Town's built environment and has completed two major projects being the Mitchell on Avon Project and the Redevelopment of Fitzgerald Street. The total value of these projects was approximately \$5.6M. The CBD Redevelopment is continuing with the Avon Mall, being Stage 2, currently underway and Stage 3, Minson Avenue Redevelopment to commence concept design in the near future. These projects are important to ensure that the visual amenity of the Town is continually improving and the Town is user friendly for residents and visitors.

The positive and enterprising approach to this type of community development has seen the Town being recognised as a leading Local Government in Australia. The Town of

REPORT



Town of Northam CEO
Don Burnett

Northam was named the 2003 National Local Government Winner for Innovation. Council also received acknowledgement as winner of the National Local Government Awards; Land Use Planning; winner of the Planning Institute (WA) Awards for Land Use Planning; finalist in the Premier's Awards for Innovation; finalist in the WA Local Government Best Practice Awards for Innovation; finalist in the WA Tourism Awards for Significant Festivals & Events.

Sustainability will now become an issue for everyone to consider. Council has developed the Eco-Retro Demonstration House. This house is open for display and shows householders how they can, in practical and quite often inexpensive ways, reduce power and water consumption, which also saves them money and reduces greenhouse gases. This is a win-win outcome for residents and the community. Council has been recognised as providing leadership in sustainability by winning the 2004 National Local Government Award for Local Greenhouse Action.

In partnership with the Northam Chamber of Commerce, a strong marketing campaign is being conducted to promote Northam to communities that make up the Town's commercial catchment. A specified area rate is applied to all commercial and industrial properties raising approximately \$30,000 with Council matching this. All of these funds are used for the marketing campaign. The aim is to increase commercial turnover, which leads to a stronger economy and more local jobs.

I would like to thank Mayor Ray Head and the Councillors for their approach in providing strong and positive leadership and good governance. I would also like to congratulate my professional and committed staff for their efforts in making the Town of Northam a leading Council in innovation and excellence.



Donald S Burnett
Chief Executive Officer

Principal Activities

Council's Principal Activities Plan identifies five key outcomes for the Financial Year 2003/04, being: -

■ Westrail Housing Development

This Project entailed the redevelopment of the old Westrail staff housing precinct on Mitchell Avenue. The redevelopment and sale of the houses was completed by 30 June 2004. Council is relocating weatherboard or fibro houses onto vacant lots in the estate. The profit for this project was within the proposed ranges of around \$900,000.

■ CBD Streetscape

Stage 1, Fitzgerald Street was completed on target in October 2003. Stage 2, Avon Mall, is due for completion by Christmas 2004 and Stage 3, Minson Avenue, design works will commence in early 2005.

■ Crematorium and Chapel

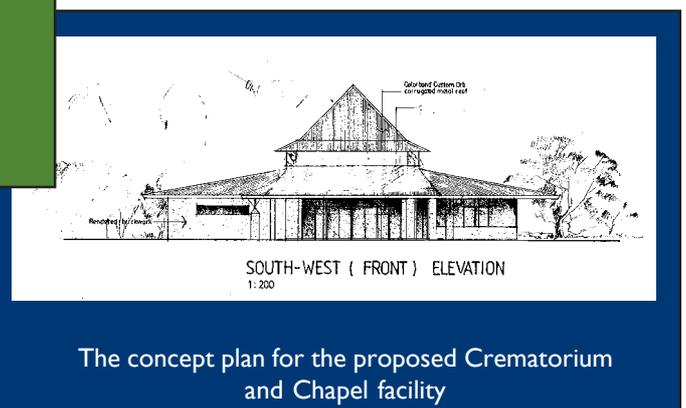
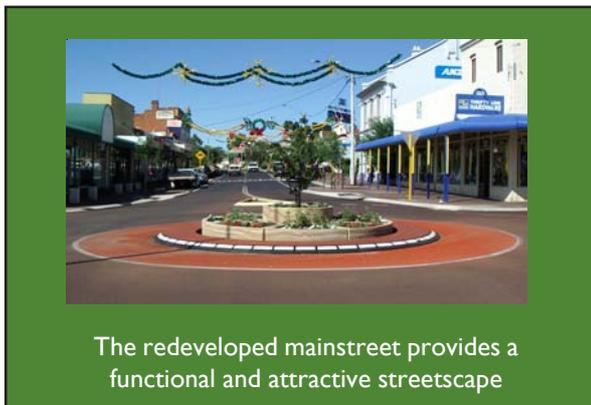
The Town of Northam and the Shire of Northam are continuing to work towards sourcing funding for this project.

■ Recreation Reserve

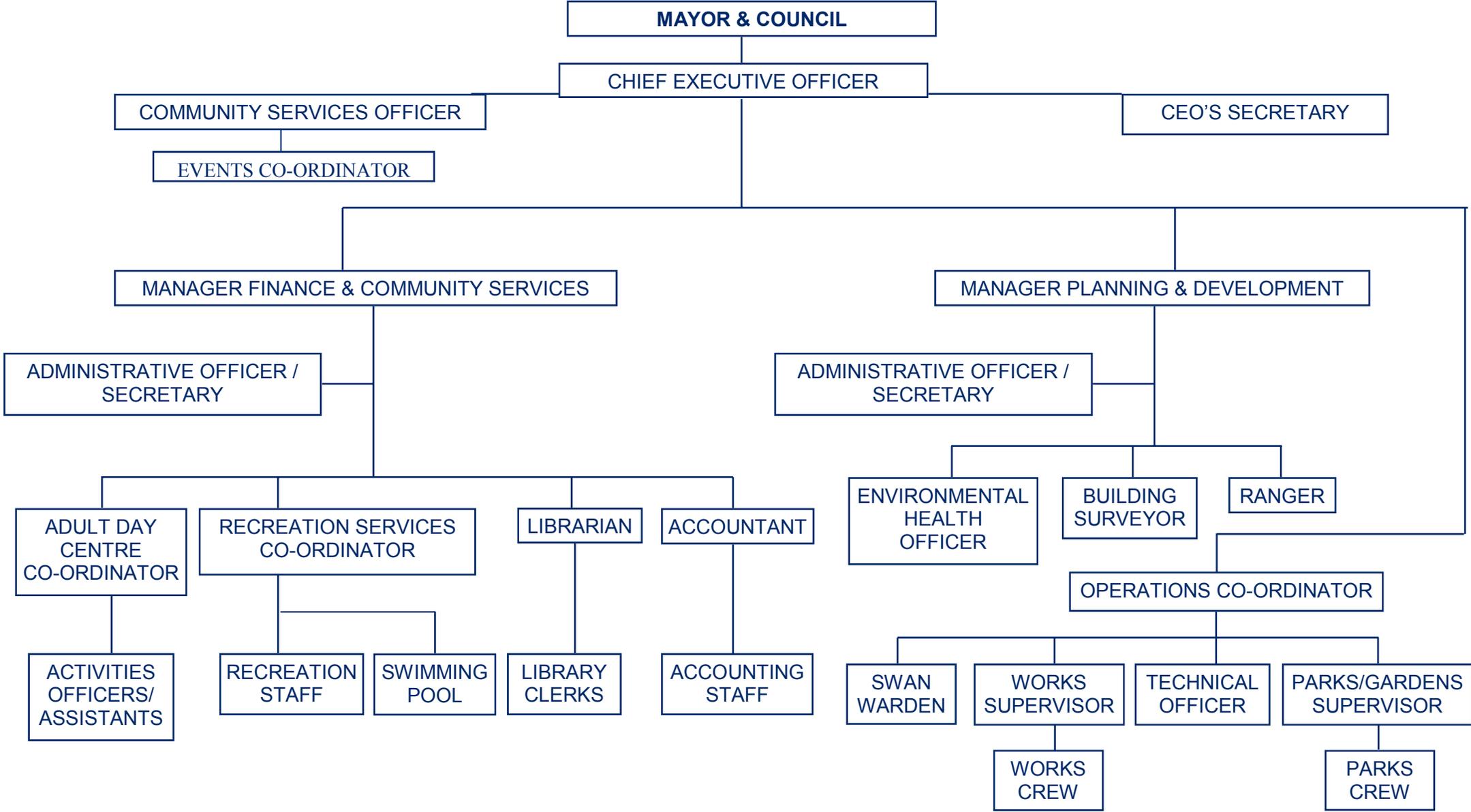
Part of the money from the Mitchell on Avon Project will be transferred to the Reserve Fund during 2004/05.

■ Commercial Land Redevelopment

Council commissioned Concept Designs for both of these projects in 2003/04.



TOWN OF NORTHAM - ORGANISATION CHART



COMMUNITY

There was plenty of action over the 2003-04 financial year with two new staff joining the Town. Taryn Beagley is the part-time Events Co-ordinator and Jodi Ingram, full-time Community Services Officer (CSO).

Taryn was busy organising the popular Summer Siesta Concert Series, Avon River Festival and Flying Fifty. The Town also hosted the National BMX Championships and placed a bid to host the National Hot Air Balloon Championships in 2005. Meanwhile, Tash Holden, who we farewelled in 2004, was kept busy submitting award submissions and applying for grants, most of which have been successful. The Community Services and Events Officers keep the town updated on upcoming events, assist with community projects and oversee the general marketing requirements of the Town.

For further information please contact Community Services Officer, Jodi Ingram on 9622 6132 or email comserv@northamtown.wa.gov.au

SERVICES



The Summer Siesta Concert Series always proves popular

Volunteers' Day is traditionally held at the Northam Race Club and provides an opportunity to thank community members for their valuable services and support



OPERATIONS

SERVICES



Enthusiastic volunteers, schoolchildren and staff members participated in Planet Ark's National Tree Day

The Town's road network was again the focus of Works and Services with 21 roads being resealed, totalling 8.9 kilometres. In addition, the completion of the Black Spot funded One Way treatment of Broome Terrace from Newcastle Road to Stirling Street.

The Town's footpath network is continuously being upgraded with particular upgrades to sections of Duke, Gordon and Stirling Streets.

A new drainage system was installed from Fitzgerald Street to the nutrient striping basin in Bernard Park.

Many residents took advantage of the Town's incentive scheme to upgrade verges, which has been a great success over past years.

Parks completed landscaping the corner of Katrine Road and Taylor Street, enhancing the town entry from Goomalling.

National Tree day was a great success with around 1500 trees planted by volunteers.

For further information, please contact the Operations Coordinator, Maxwell Thorbjornsen on 9622 6127 or email worksop@northamtown.wa.gov.au.

KILLARA ADULT

The Town of Northam sponsors the Killara Adult Day Centre located at 2 Burgoyne Street Northam. The Centre provides, to adults, Centre Based Day Care, Respite and Social Support services.

In 1994, funding from the Health Department of WA was allocated to purpose build the Killara Adult Day Centre and to commence providing services to the frail aged, younger people with disabilities and their carers. The Centre operates as a not-for-profit facility and all funds raised are utilised for the service and benefit of these clients. Council does not receive any financial benefit from the project, however it does provide annual financial support as its community contribution to the project, and in 2003 provided additional land to the Centre and assisted with funds to build a purpose built Indoor Activity area.

The Centre operates seven days a week, providing client focused services that are flexible, planned and that provide a variety of options ranging from normal operating times, early mornings, afternoons, evenings, overnight and on weekends. This makes the Centre unique, as no other agency in the region provides this kind of flexible and client focused facility.

From July 2003 to June 2004 Killara provided a total of 33,000 services, comprising of 19,000 Centre Based Day Care services, 830 Social Support services, 4,000 Meals, 9,000 Respite services, 833 Assessments, 6,200 Individual Transport Services and 2,000 other services.

The Centre provides this community based service with the aim of enhancing independence and quality of life by encouraging social interaction and maintaining of life skills, within a caring environment. Some of the activities clients participate in are games, guest speakers, guest musicians and singers, quizzes, crafts, company and friendship, sharing a laugh, entertainment, exercise, excursions and outings - with transport, morning tea and lunch supplied.

The Centre is managed by the Centre Coordinator and operates with approximately 13 staff, valuable support services are offered by volunteers. Staff and volunteers are trained to monitor and support the client's physical, mental and social needs. Services are available to people living in the Town and Shire of Northam, with some services extending to the Shires of Goomalling, Toodyay, Cunderdin and York.

The newly constructed Indoor Activity Area, which includes storage and garage facilities has been completed to lock up stage and is now in partial use. The vision for this area is to offer an environment where clients can experience activities in a tranquil, safe, secure and supervised manner undertaking therapeutic and motivational programs to maintain mobility, with a holistic approach to maintain physical and emotional wellbeing.

Over the next financial year the grounds will be extended and have a 'makeover' to provide a client focused outdoor area suited for activities to aged and disabled clients.

The Council acknowledges and appreciates the assistance and support that the Lions Club of Northam is giving to complete the outdoor area project at the Centre.

For further information or a copy of the fact sheet contact the Coordinator Linda Smith at the Killara Adult Day Centre on 9622 5765, or email killara@northamtown.wa.gov.au

DAY CENTRE



The Indoor Activity area provides an area that is well utilised by the staff, clients and visitors to the Killara Adult Day Centre



TOWN

PLANNING

Twelve subdivision applications were processed during the year. Four of these were amalgamations to create larger, more functional lots, for commercial or light & service Industrial purposes. The most significant was to accommodate the new Mitre 10 hardware redevelopment at the corner of Oliver Street and Peel Terrace. Four applications were for boundary adjustments. No new subdivisions were constructed during the year.

Thirty development applications were processed. The most significant again was for the Mitre 10 hardware premises. Eight new grouped dwelling units were also approved. Other large developments for which approval was granted are covered in the building services report.

The Council continues to encourage businesses to improve street frontages. The Business Development Incentive Grants approved during the year included proposals for repainting the Grand Hotel in Fitzgerald Street, the City Room Gospel Church redevelopment in Duke Street, and a coordinated proposal to construct verandahs along several shopfronts in Fitzgerald Street. This is the first time such a project has been supported to benefit multiple businesses and improve a longer stretch of Fitzgerald Street.

The Council's new Town Planning Scheme No 5 was completed and submitted for the Minister's final approval (this was granted on the 31 August 2004).

Further information can be obtained by contacting the Manager Planning and Development, Aiton Sheppard, on 9622 6120 or email mgrp@d@northamtown.wa.gov.au.



LIBRARY

SERVICES

The Northam Region Library had an interesting year in 2003/2004. Staff issued over 67,000 items to over 5,000 members. Members made more than 59,000 enquiries on the library catalogue. Staff answered over 8,000 reference enquiries and placed more than 1,200 requests on library stock. Over 3,700 items were received on Interlibrary Loan for library members and more than 6,700 new items were added to library stock. Customers logged over 1,200 hours on the Internet and Word Processor.

Unfortunately for library members, the subscription house used to purchase magazines for the library went into receivership, interrupting the influx of new magazines. This was finally rectified in June.

As always the library participated in work experience programs involving the High School VET Program and Essential Personnel. The Northam Region Library was also involved in a statewide lobbying campaign for new books. Members assisted by signing petitions, adding to the 17,800 signatures sent to Government Ministers.

Well done to Viv, Anita and Alison for their excellent efforts in providing a first-class library service to the members of the Northam Region Library.

For further information please contact the Librarian Miss Wendy Porter on 9622 6130 or email norlib@northamtown.wa.gov.au



The library now has access to Encyclopaedia Britannica online. Members can access the service from home or book the internet service at the library.



RANGER

SERVICES



The Town's Ranger, Luc Thirion, handles an enthusiastic dog that was taken into care at the Town of Northam Pound

The role of the Town Ranger is varied and diversified, often dealing with issues of fire control, dog control, stock control, public education, litter control, parking in the central business district and general complaints.

Public education was at the forefront this year with the Ranger visiting several schools and initiating a School Ranger Program. Many students in pre-primary, grades 1, 2, and 3, competing in the 2004 Ranger colouring-in competition excelled with the best entries receiving a school ranger sticker a certificate of and being school ranger for the week.

The year was quite busy with 522 General service complaints dealt with, 71 properties failing to comply with bush fire regulations, and 232 dogs being impounded. The trend of misusing the disabled bays around Town has been reduced, which is very much appreciated by people displaying ACROD stickers.

For further information, please contact the Ranger, Luc Thirion, on 9622 6118, mobile 0407 448 078, or email ranger@northamtown.wa.gov.au

BUILDING SERVICES

During the 2003/04 financial year, a total of 134 building licenses were issued encompassing developments for swimming pools (3), new dwellings (30), commercial buildings (12), outbuildings (54) and additions to houses (30) and 5 for fences and retaining walls.

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

Some of the large development works included Mitre 10 Hardware in Oliver Street, renovations to the physiotherapy/gymnasium in Fitzgerald Street, new Boekeman Machinery development and major internal renovations to Coles.

Building and construction works undertaken with these licenses came to a total value of \$6,205,061. Redevelopment of Mitchell on Avon housing has also continued with many resited dwellings being placed on vacant lots including the completion of Northam's Eco-House.



The Mitchell on Avon housing development is transforming the entrance to Northam

For further information on Building Services, please contact the Town's Building Surveyor, Hayley Fegan on (08)9622 6119, mobile 0417992802 or email building@northamtown.wa.gov.au

NORTHAM SWIMMING POOL



The Town of Northam Olympic Swimming Pool has a wide range of programs available and provides a facility that is well patronised by Northam and surrounding areas

The 2003/2004 pool season provided a consolidation of the recently completed five-year program of improvements at the facility.

Attendance during the season rose on previous years figures to just under 60,000. As in previous years the pool hosted a range of programs including school carnivals, in-term swimming classes and vacation swimming classes, conducted by the Department of Education and Training during the Christmas/New Year period.

Patrons continue to enjoy the facility for the five-month duration of the pool season from early November to early April each year.

For further information, please contact the Pool Manager Tony Walthaus on 9622 1535.

ENVIRONMENTAL

Where possible, all food premises in the Town of Northam were visited at least twice by Council's Environmental Health Officer during the 2003/2004 financial year. There were a number of requisitions issued in respect to upgrading premises and improving food handling techniques, however the general standard was found to be acceptable.

Over the 12 month period, a number of food samples from food premises were sent to Pathcentre's Food Hygiene Laboratory for analysis to detect any signs of bacterial contamination such as salmonella, campylobacter and listeria. Outcomes are monitored to ensure that safe standards are maintained at all times. A number of dwellings were also declared unfit for human habitation and subsequently restored, cleaned or demolished.

During the summer months, samples of treated sewage water were also taken and monitored on a monthly basis. Samples were forwarded to the Pathcentre's Waters Laboratories where the samples underwent bacteriological analysis. The treated sewage water is held in the Water Corporation's "Polishing Ponds" and is chlorinated by the Town of Northam and used to irrigate Council's parks, gardens and ovals. Monthly samples of public swimming pool water were also taken to ensure that high public safety standards were maintained. In terms of waste disposal, a total of 23730 tonnes of solid waste was deposited and covered at the Waste Disposal Site. All waste from the York, Toodyay and Cunderdin Shire's transfer stations and mobile bin waste collection services are brought to the site for disposal at a negotiated fee.

For further information, please do not hesitate to contact the Environmental Health Officer, David Chidlow on 9622 6131 or email health@northamtown.wa.gov.au

HEALTH



Council's Parks, Gardens and Ovals use recycled water



The recycling options at the Old Quarry Road Waste Facility are an important sign of the times

The free Bulk Collection Service proves an invaluable service to the Town's residents



The Town of Northam's Recreation Services team has had a busy year with staff changes and a focus on the future direction of recreational facilities and services for the Town of Northam.

The Recreation Services team is responsible for the management and maintenance, cleaning and bookings for the Council's sporting grounds, recreational facilities and halls. The Town is fortunate to have facilities such as the Town and Lesser Halls to hold functions. These facilities are aging and will need to be well maintained to continue to offer the community facilities of a high standard.

The Feasibility Study into the council's recreational needs and facilities was completed and copies have been distributed to relevant groups and individuals in the community. Recommendations from the study have been looked at and the Recreation Services Coordinator is working on a report for Council on the best direction to take to develop the town's recreational facilities. More community consultation will be undertaken during 2004/2005.

As well as the traditional events, Northam has been successful in attracting many new events to the town over the past 12 months. Some of the events during year were the annual Eisteddfod, Agricultural Show, BMX Super Series, Country Ute Muster and Best of Bred Horse Show.

The Recreation Services Team will continue working to offer the people in Northam new and exciting recreational opportunities and clean well maintained facilities to hold their sporting, social and leisure activities.

For further information on the Town Of Northam recreation programs or facilities contact Recreation Services Coordinator, Craig Wall on 96225153, mobile 0407088183 or email recreation@northamtown.wa.gov.au

RECREATION SERVICES



The Recreation Centre not only provides sporting facilities, but is home to events such as the WA Country Ute Muster

DISABILITY SERVICES PLAN



The Town has installed user-friendly footpath entrances

Following is a summary of the Town's Disability Services planning to date:

SERVICES FOR PROPERTY:

1. Council has undertaken maintenance and renewal of selected footpaths around the Town. All the footpaths on the mainstreet have been renewed as part of the Mainstreet Redevelopment project. Stages 2 & 3 are currently being reviewed.

2. Upgrade of roads - Council has renewed the mainstreet road as part of the Mainstreet Redevelopment project which has provided disability access in the CBD area.

For further information, please contact the Operations Co-ordinator, Maxwell Thorbjornsen on 9622 6127 or email worksop@northamtown.wa.gov.au

FINANCIAL

Once again, the 2003/2004 year provided challenges to Finance staff in the control and management of Council's finances.

The year in review saw the continuation of the 'Mitchell on Avon' housing development with over 30 properties sold and the finalising of Stage One of the Central Business District (CBD) redevelopment project.

Other significant projects undertaken during 2003/2004 included:-

- Construction of the driveway/turning area at the Killara Adult Day Centre Garage.
- An increase in the number of Concerts held as part of the annual "Summer Siesta" Concert series to four.
- Installation of electronically operated stage curtains at the Northam Town Hall.
- Completion of the Feasibility Study into Recreation Facilities in the Town of Northam.
- Installation of artificial bowling greens and renovation of the club-house at the Northam Bowling Club, funded via a self-supporting loan from Council.
- Re-sealing of the carpark area at the Northam Region Library.
- A marketing/promotion campaign by the Northam Chamber of Commerce, partially funded via a Specified Area Rate on all Commercial, Industrial and Community zoned properties.

Major Roadworks completed during 2003/2004 included:-

- Footpaths constructed on Duke, Stirling and Gordon Streets.
- Drainage works on Springfield Road, Turner Street and Elizabeth Place.
- Road Construction works on Broome Terrace and Hutt Street.
- Road Re-sealing works on Church Street, Gillett Road, Lawley Avenue, Bryant Street, Leake Street, Quelquelling Road, Christmas Street, Gregory Street and Broome Terrace, as part of the annual RoMan program. Re-seals were also completed on Rockett Street, May Street, Perina Place, Selby Street, Moore Street, Mudalla Way, Inkpen Street and Suburban Road as part of the Federal Government's Roads to Recovery program.

The 2003/2004 year saw a significant change to the main thoroughfare, with the completion of the First Stage of roadworks as part of the CBD redevelopment on Fitzgerald Street. Stage Two works involving the installation of Christmas decorations, were also completed by the official "opening" of the street by the Hon. Kim Chance MLA in November 2003. The coming financial year will continue to provide challenges to be met by the efficient management of Council's finances to ensure a continuation of the high standard of services provided to all Town of Northam residents.

For further information, please contact Council's Manager Finance and Community Services, Darren Friend or Accountant Samantha Appleton on 9622 6100 or email mgrfcs@northamtown.wa.gov.au





STATEMENT
by the

CHIEF EXECUTIVE OFFICER

ANNUAL FINANCIAL STATEMENTS
for the ended 30 June 2004

The attached financial report of the Town of Northam, being the annual financial report and other information for the financial year ended 30th June 2004, are in my opinion properly drawn up to the present fairly the financial position of the Town of Northam at 30th June 2004 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 regulations under the Act.

Signed on the Twenty Ninth day of September 2004

Donald S Burnett
Chief Executive Officer

TOWN OF NORTHAM

OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2004

NOTE	2004 \$	2004 Budget \$	2003 \$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	29,644	20,055	(17,104)
General Purpose Funding	3,658,697	3,647,150	3,424,670
Law, Order, Public Safety	50,146	22,569	19,463
Health	8,651	10,901	10,302
Education and Welfare	479,006	448,969	382,754
Housing	11,098	16,690	15,044
Community Amenities	742,632	661,193	649,379
Recreation and Culture	335,935	368,030	353,401
Transport	264,889	240,396	257,603
Economic Services	1,827,190	1,124,890	468,809
Other Property and Services	141,804	19,500	14,068
2	7,549,692	6,580,343	5,578,389
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE			
Governance	367,787	351,295	318,004
General Purpose Funding	271,523	244,650	164,683
Law, Order, Public Safety	150,879	126,005	173,933
Health	122,443	114,705	114,596
Education and Welfare	581,923	497,405	417,306
Housing	16,503	19,065	20,929
Community Amenities	951,996	960,865	899,085
Recreation & Culture	1,450,615	1,459,660	1,373,354
Transport	1,413,038	1,463,828	1,238,329
Economic Services	893,539	750,770	669,948
Other Property and Services	47,879	19,745	18,132
2	6,268,125	6,007,993	5,408,299
BORROWING COSTS EXPENSE			
Governance	19,539	19,545	20,253
Education and Welfare	6,693	65,660	6,073
Community Amenities	3,410	3,405	3,581
Recreation and Culture	43,327	40,225	34,981
Transport	4,720	4,685	11,015
Economic Services	134,794	135,910	34,574
2	212,481	269,430	110,478
NET RESULT	1,069,086	302,920	59,613

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

TOWN OF NORTHAM
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2004

	NOTE	2004 \$	2003 \$
CURRENT ASSETS			
Cash Assets	3	642,022	1,268,171
Receivables	4	652,999	747,962
Inventories	5	365,269	3,876
TOTAL CURRENT ASSETS		<u>1,660,290</u>	<u>2,020,009</u>
NON-CURRENT ASSETS			
Receivables	4	945,921	772,203
Inventories	5	-	-
Property, Plant and Equipment	6	8,011,975	9,713,403
Infrastructure	7	23,069,052	18,346,855
TOTAL NON-CURRENT ASSETS		<u>32,026,948</u>	<u>28,832,461</u>
TOTAL ASSETS		<u>33,687,238</u>	<u>30,852,470</u>
CURRENT LIABILITIES			
Payables	8	565,057	631,823
Interest-bearing Liabilities	9	184,405	488,580
Provisions	10	206,610	196,337
TOTAL CURRENT LIABILITIES		<u>956,072</u>	<u>1,316,740</u>
NON-CURRENT LIABILITIES			
Interest-bearing Liabilities	9	3,171,149	2,898,305
Provisions	10	111,476	72,370
TOTAL NON-CURRENT LIABILITIES		<u>3,282,624</u>	<u>2,970,675</u>
TOTAL LIABILITIES		<u>4,238,696</u>	<u>4,287,415</u>
NET ASSETS		<u>29,448,541</u>	<u>26,565,055</u>
EQUITY			
Retained Surplus		23,425,361	22,695,829
Reserves - Cash Backed	11	475,722	136,168
Reserves - Asset Revaluation	12	5,547,458	3,733,058
TOTAL EQUITY		<u>29,448,541</u>	<u>26,565,055</u>

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

TOWN OF NORTHAM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2004

	NOTE	2004 \$	2003 \$
RETAINED SURPLUS			
Balance as at 1 July 2003		22,695,829	22,623,201
Net Result		1,069,086	59,613
Other Adjustments		-	(13,826)
Transfer from/(to) Reserves		(339,554)	26,841
Balance as at 30 June 2004		<u>23,425,361</u>	<u>22,695,829</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2003		136,168	163,009
Amount Transferred (to)/from Retained Surplus		339,554	(26,841)
Balance as at 30 June 2004	11	<u>475,722</u>	<u>136,168</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2003		3,733,058	3,733,058
Revaluation Increment		1,814,400	-
Revaluation Decrement		-	-
Balance as at 30 June 2004	12	<u>5,547,458</u>	<u>3,733,058</u>
TOTAL EQUITY		<u>29,448,541</u>	<u>26,565,055</u>

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

**TOWN OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2004**

	NOTE	2004 \$	2004 Budget \$	2003 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,597,052	2,598,760	2,400,021
Grants and Subsidies - Operating		1,418,233	1,393,595	1,292,822
Contributions, Reimbursements & Donations		260,098	207,650	312,756
Fees and Charges		1,047,017	800,930	922,815
Interest Earnings		138,061	197,170	134,138
Goods and Services Tax		390,404	110,000	99,000
Other		25,647	110,381	34,587
		<u>5,876,512</u>	<u>5,418,486</u>	<u>5,196,139</u>
Payments				
Employee Costs		(2,079,764)	(1,924,052)	(1,755,239)
Materials and Contracts		(2,488,901)	(2,192,031)	(1,985,411)
Utilities (gas, electricity, water, etc)		(271,248)	(267,985)	(265,021)
Insurance		(130,160)	(151,931)	(114,738)
Interest		(212,481)	(278,930)	(104,204)
Goods and Services Tax		(353,615)	(95,000)	(402,749)
Other		(62,543)	(410,000)	(344,934)
		<u>(5,598,712)</u>	<u>(5,319,929)</u>	<u>(4,972,296)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>277,800</u>	<u>98,557</u>	<u>223,843</u>
Cash Flows from Investing Activities				
Payments for Development of				
Land Held for Resale		(844,911)	(610,000)	(985,227)
Payments for Purchase of				
Property, Plant & Equipment		(441,173)	(412,270)	(771,790)
Payments for Construction of				
Infrastructure		(519,790)	(1,390,566)	(435,599)
Payments for Streetscape		(2,555,406)	-	(511,329)
Grants/Contributions for				
the Development of Assets		823,590	749,715	379,703
Proceeds from Sale of Assets		2,841,767	1,714,870	519,953
		<u>(695,923)</u>	<u>51,749</u>	<u>(1,804,289)</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(695,923)</u>	<u>51,749</u>	<u>(1,804,289)</u>
Cash Flows from Financing Activities				
Self Supporting Loans Funded		(300,000)	(2,200,000)	-
Repayment of Debentures		(531,330)	(488,580)	(162,079)
Self Supporting Loan Principal Reimbursed		123,304	68,740	27,712
Proceeds from New Debentures		500,000	2,400,000	2,100,000
		<u>(208,026)</u>	<u>(219,840)</u>	<u>1,965,633</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(208,026)</u>	<u>(219,840)</u>	<u>1,965,633</u>
Net Increase (Decrease) in Cash Held		(626,149)	(69,534)	385,187
Cash at Beginning of Year		1,268,171	178,007	882,984
Cash at End of Year	13(a)	<u>642,022</u>	<u>108,473</u>	<u>1,268,171</u>

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

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

(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 this financial report.

(c) Goods and Services Tax

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

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation or amortisation.

The value of all infrastructure assets (other than land under roads) has been recorded in the Statement of Financial Position. Land under roads are excluded from infrastructure in accordance with legislative requirements.

As of 1 July 2001, Council elected to revert to the cost basis for measuring land and buildings and all infrastructure assets (other than roads) that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2001.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on first application of the Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'.

(e) 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 and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Depreciation of Non-Current Assets

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

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	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years

(g) 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 company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and operating statement. Information about the joint venture is set out in Note 16.

(j) Employee Benefits

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

(i) Wages, Salaries and Annual Leave

The provision for employees' benefits to wages, salaries and annual leave represents the amount that the municipality has a present obligation to pay resulting from employees services to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave

The provision for employees' benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

(k) 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(e). 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.

(l) Superannuation

The Town of Northam contributes to the Western Australian Local Government Superannuation Plan.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 22(e).

(n) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(o) Net Fair Values

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

(p) Rounding Off Figures

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

(q) Comparative Figures

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

(r) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards (IFRSs)

Effective for financial periods commencing on or after 1 January 2005, the Australian Accounting Standards Board (AASB) will amend existing Australian Accounting Standards so content and wording is consistent with IFRSs.

As the AASB has prohibited the early adoption of the Australian equivalents to IFRSs, the first period to which they relate will be the year ended 30 June 2006 (that is, the year commencing 1 July 2005).

The transition to the Australian equivalents to IFRSs is being managed via a process of education which includes technical training and liaison with Council's auditors and industry groups. This will include a review of the pending standards to determine the effect on Council's existing accounting policies and treatments.

From the review performed to date, it is not anticipated the adoption of the 'new' standards, when they become applicable, will result in any key differences in the accounting policies or treatments of Council.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES	2004	2003
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Significant Expense		
Nil	-	-
Amortisation		
Capitalised Leased Assets	-	-
Auditors Remuneration		
- Audit	5,350	2,540
- Other Services	3,000	2,100
Bad and Doubtful Debts		
Rates	37,922	-
Sundry Debtors	283	-
Depreciation		
Buildings	185,765	179,919
Furniture and Equipment	39,913	43,120
Plant and Equipment	126,764	151,632
Roads	317,100	302,984
Footpaths	145,223	148,759
Drainage	105,759	102,815
Parks & Reserves	65,087	47,995
Streetscape	45,560	-
	<u><u>1,031,171</u></u>	<u><u>977,224</u></u>
Rental Charges		
- Operating Leases & Rentals	<u>91,555</u>	<u>89,983</u>
(ii) Crediting as Revenue:		
	2004	2004
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	6,554	6,350
- Other Funds	100,146	161,820
Other Interest Revenue (refer note 27)	31,360	29,000
	<u><u>138,061</u></u>	<u><u>197,170</u></u>
		<u><u>136,138</u></u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES (Continued)

(b) Revenues and Expenses from Ordinary Activities Classified According to Nature and Type	2004 \$	2003 \$
Revenues from Ordinary Activities		
Rates (refer note 23)	2,530,750	2,373,144
Grants and Subsidies - operating (refer note 29)	1,418,233	1,289,822
Grants and Subsidies - non-operating (refer note 29)	823,590	379,703
Contributions Reimbursements and Donations	280,098	296,664
Profit on Asset Disposals (refer note 21)	1,083,673	80,723
Fees and Charges (refer note 28)	1,147,017	989,875
Interest Earnings (refer note 2(a))	138,061	136,138
Other Revenue	128,270	32,321
	<u>7,549,692</u>	<u>5,578,389</u>
Expenses from Ordinary Activities		
Employee Costs	2,099,764	1,765,787
Materials and Contracts	2,288,901	1,992,488
Utilities (gas, electricity, water, etc)	271,248	269,028
Depreciation on Non-current Assets (refer note 2(a))	1,031,171	977,224
Loss on Asset Disposals (refer note 21)	5,600	59,865
Insurance	130,160	114,738
Other	441,282	229,168
	<u>6,268,125</u>	<u>5,408,298</u>
Interest/Borrowing Costs (refer Note 2(c))	212,481	110,478
	<u>6,480,606</u>	<u>5,518,776</u>
 (c) Borrowing Costs Expense		
Comprises:		
Debentures (refer Note 22(a))	212,481	110,478
	<u>212,481</u>	<u>110,478</u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES (Continued)

(d) Statement of Objective

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

GOVERNANCE

Members expenses and Governance general.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants, interest income, other general purpose funding.

LAW, ORDER, PUBLIC SAFETY

Supervision of local laws, fire prevention and animal control.

HEALTH

Food quality control, contributions to medical health and operation of the child health clinic.

EDUCATION AND WELFARE

Pre School centre operation and School prizes, scholarships etc. Operation and control of the Home and Community Care facility and assistance to Meals on Wheels for Seniors.

HOUSING

Maintenance of housing rented to staff and income for rent and reimbursements

COMMUNITY AMENITIES

Operation, maintenance and control of public conveniences, sanitation services and contribution to cemetery. Town Planning and Regional Development expenses and projects to enhance and protect the environment.

RECREATION AND CULTURE

Maintenance and operation of halls, swimming pool facilities, Recreation Centre and various playing reserves/clubroom facilities. Library services and other cultural activities, including Museums and Art Centres.

TRANSPORT

Construction and maintenance of roads, footpaths, drainage works, cleaning and lighting of streets. Supervision of vehicle parking local laws.

ECONOMIC SERVICES

Tourism & Area Promotion, Economic Development, Water Recycling Operations and Building Controls.

OTHER PROPERTY & SERVICES

Private works carried out by Council, Plant Operating Costs and Public Works Overheads.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES (Continued)	2004	2003
	\$	\$
(e) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
NRCP Respite	14,848	
Roads to Recovery	11,539	
	<u>60,757</u>	<u>34,370</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
Park and Walk Grant	5,000	
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
NRCP Respite	14,848	
Roads to Recovery	11,539	
Closing balances of unexpended grants	<u>53,153</u>	<u>60,757</u>
Comprises:		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
Park and Walk Grant	5,000	
	<u>53,153</u>	<u>60,757</u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

	2004	2003
	\$	\$
3. CASH ASSETS		
Unrestricted	(147,868)	835,109
Restricted	789,890	433,062
	<u>642,022</u>	<u>1,268,171</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Replacement Reserve	25,764	665
Recreation Reserve	226,033	8,618
Refuse Site Reserve	107,416	26,157
Building/Office Refurbishment Reserve	18,000	-
Computer Reserve	16,704	6,396
Fire Service Plant Reserve	-	16,283
Regional Development Reserve	81,805	78,048
Trust - restricted	21,075	21,075
HACC - Killara	65,976	70,683
Town Entry Upgrades	29,584	-
Accrued Leave	144,380	144,380
MRWA Grant - Peel Terrace Bridge	34,370	34,370
Park and Walk Grant	5,000	-
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
	<u>789,890</u>	<u>433,062</u>
4. RECEIVABLES		
Current		
Rates Outstanding	119,226	116,521
Sundry Debtors	196,453	423,468
GST Receivable	36,789	100,484
Property Debtors	235	110
Rubbish Charges	10,946	14,362
Pensioner Rate Rebates	7,483	11,241
Accrued Income	258,048	13,036
Loans - Clubs/Institutions	62,025	68,740
	<u>691,205</u>	<u>747,962</u>
Provision for Doubtful Debts	(38,206)	-
	<u>652,999</u>	<u>747,962</u>
Non-Current		
Rates Outstanding - Pensioners	82,594	95,204
Loans - Clubs/Institutions	863,327	676,999
	<u>945,921</u>	<u>772,203</u>
5. INVENTORIES		
Current		
Fuel and Materials	5,222	3,876
Land held for resale - cost		
Cost of Acquisition	30,400	-
Development Cost	329,647	-
	<u>365,269</u>	<u>3,876</u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

	2004	2003
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	9,270,654	10,338,515
Less Accumulated Depreciation	<u>(2,084,002)</u>	<u>(1,933,108)</u>
	<u>7,186,652</u>	<u>8,405,407</u>
Furniture and Equipment - Cost	613,629	541,195
Less Accumulated Depreciation	<u>(381,695)</u>	<u>(343,285)</u>
	<u>231,934</u>	<u>197,911</u>
Plant and Equipment - Cost	1,298,613	1,282,692
Less Accumulated Depreciation	<u>(705,224)</u>	<u>(683,936)</u>
	<u>593,389</u>	<u>598,756</u>
Works in Progress	511,329	511,329
Less Transferred to Streetscape	<u>(511,329)</u>	<u>-</u>
	<u>-</u>	<u>511,329</u>
	 <u><u>8,011,975</u></u>	 <u><u>9,713,403</u></u>

Effective from 1 July 2001, Council deemed the carrying amount of land and buildings previously carried at a revalued amount based on market value to be their cost.

This was in accordance with the requirements on first application of Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'. These assets, along with all other property, plant and equipment asset classes, are now being carried at cost and are not subject to a policy of regular revaluation.

Valuations of Land and Buildings Measured at Cost Basis

In accordance with the requirements of AAS36 'Statement of Financial Position' the current valuation of land and buildings disclosed above and measured on the cost basis is as follows:

Current Valuation: \$8,011,975

The above valuation is a management valuation based on the written down replacement cost of all of Council's land and buildings as at 30 June 2004.

It is not considered independent in nature.

TOWN OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Operating Statement	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to and Forming Part of the Financial Report	7 to 36
Independent Audit Report	37

TOWN OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Northam being the annual financial report and other information for the financial year ended 30th June 2004 are in my opinion properly drawn up to present fairly the financial position of the Town of Northam at 30th June 2004 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 regulations under that Act.

Signed on the twenty ninth day of September 2004.

Donald S Burnett
Chief Executive Officer

TOWN OF NORTHAM

OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2004

NOTE	2004 \$	2004 Budget \$	2003 \$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	29,644	20,055	(17,104)
General Purpose Funding	3,658,697	3,647,150	3,424,670
Law, Order, Public Safety	50,146	22,569	19,463
Health	8,651	10,901	10,302
Education and Welfare	479,006	448,969	382,754
Housing	11,098	16,690	15,044
Community Amenities	742,632	661,193	649,379
Recreation and Culture	335,935	368,030	353,401
Transport	264,889	240,396	257,603
Economic Services	1,827,190	1,124,890	468,809
Other Property and Services	141,804	19,500	14,068
2	7,549,692	6,580,343	5,578,389
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE			
Governance	367,787	351,295	318,004
General Purpose Funding	271,523	244,650	164,683
Law, Order, Public Safety	150,879	126,005	173,933
Health	122,443	114,705	114,596
Education and Welfare	581,923	497,405	417,306
Housing	16,503	19,065	20,929
Community Amenities	951,996	960,865	899,085
Recreation & Culture	1,450,615	1,459,660	1,373,354
Transport	1,413,038	1,463,828	1,238,329
Economic Services	893,539	750,770	669,948
Other Property and Services	47,879	19,745	18,132
2	6,268,125	6,007,993	5,408,299
BORROWING COSTS EXPENSE			
Governance	19,539	19,545	20,253
Education and Welfare	6,693	65,660	6,073
Community Amenities	3,410	3,405	3,581
Recreation and Culture	43,327	40,225	34,981
Transport	4,720	4,685	11,015
Economic Services	134,794	135,910	34,574
2	212,481	269,430	110,478
NET RESULT	1,069,086	302,920	59,613

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

TOWN OF NORTHAM
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2004

	NOTE	2004 \$	2003 \$
CURRENT ASSETS			
Cash Assets	3	642,022	1,268,171
Receivables	4	652,999	747,962
Inventories	5	365,269	3,876
TOTAL CURRENT ASSETS		<u>1,660,290</u>	<u>2,020,009</u>
NON-CURRENT ASSETS			
Receivables	4	945,921	772,203
Inventories	5	-	-
Property, Plant and Equipment	6	8,011,975	9,713,403
Infrastructure	7	23,069,052	18,346,855
TOTAL NON-CURRENT ASSETS		<u>32,026,948</u>	<u>28,832,461</u>
TOTAL ASSETS		<u>33,687,238</u>	<u>30,852,470</u>
CURRENT LIABILITIES			
Payables	8	565,057	631,823
Interest-bearing Liabilities	9	184,405	488,580
Provisions	10	206,610	196,337
TOTAL CURRENT LIABILITIES		<u>956,072</u>	<u>1,316,740</u>
NON-CURRENT LIABILITIES			
Interest-bearing Liabilities	9	3,171,149	2,898,305
Provisions	10	111,476	72,370
TOTAL NON-CURRENT LIABILITIES		<u>3,282,624</u>	<u>2,970,675</u>
TOTAL LIABILITIES		<u>4,238,696</u>	<u>4,287,415</u>
NET ASSETS		<u>29,448,541</u>	<u>26,565,055</u>
EQUITY			
Retained Surplus		23,425,361	22,695,829
Reserves - Cash Backed	11	475,722	136,168
Reserves - Asset Revaluation	12	5,547,458	3,733,058
TOTAL EQUITY		<u>29,448,541</u>	<u>26,565,055</u>

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

TOWN OF NORTHAM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2004

	NOTE	2004 \$	2003 \$
RETAINED SURPLUS			
Balance as at 1 July 2003		22,695,829	22,623,201
Net Result		1,069,086	59,613
Other Adjustments		-	(13,826)
Transfer from/(to) Reserves		(339,554)	26,841
Balance as at 30 June 2004		<u>23,425,361</u>	<u>22,695,829</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2003		136,168	163,009
Amount Transferred (to)/from Retained Surplus		339,554	(26,841)
Balance as at 30 June 2004	11	<u>475,722</u>	<u>136,168</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2003		3,733,058	3,733,058
Revaluation Increment		1,814,400	-
Revaluation Decrement		-	-
Balance as at 30 June 2004	12	<u>5,547,458</u>	<u>3,733,058</u>
TOTAL EQUITY		<u>29,448,541</u>	<u>26,565,055</u>

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

**TOWN OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2004**

	NOTE	2004 \$	2004 Budget \$	2003 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,597,052	2,598,760	2,400,021
Grants and Subsidies - Operating		1,418,233	1,393,595	1,292,822
Contributions, Reimbursements & Donations		260,098	207,650	312,756
Fees and Charges		1,047,017	800,930	922,815
Interest Earnings		138,061	197,170	134,138
Goods and Services Tax		390,404	110,000	99,000
Other		25,647	110,381	34,587
		<u>5,876,512</u>	<u>5,418,486</u>	<u>5,196,139</u>
Payments				
Employee Costs		(2,079,764)	(1,924,052)	(1,755,239)
Materials and Contracts		(2,488,901)	(2,192,031)	(1,985,411)
Utilities (gas, electricity, water, etc)		(271,248)	(267,985)	(265,021)
Insurance		(130,160)	(151,931)	(114,738)
Interest		(212,481)	(278,930)	(104,204)
Goods and Services Tax		(353,615)	(95,000)	(402,749)
Other		(62,543)	(410,000)	(344,934)
		<u>(5,598,712)</u>	<u>(5,319,929)</u>	<u>(4,972,296)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>277,800</u>	<u>98,557</u>	<u>223,843</u>
Cash Flows from Investing Activities				
Payments for Development of				
Land Held for Resale		(844,911)	(610,000)	(985,227)
Payments for Purchase of				
Property, Plant & Equipment		(441,173)	(412,270)	(771,790)
Payments for Construction of				
Infrastructure		(519,790)	(1,390,566)	(435,599)
Payments for Streetscape		(2,555,406)	-	(511,329)
Grants/Contributions for				
the Development of Assets		823,590	749,715	379,703
Proceeds from Sale of Assets		2,841,767	1,714,870	519,953
		<u>(695,923)</u>	<u>51,749</u>	<u>(1,804,289)</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(695,923)</u>	<u>51,749</u>	<u>(1,804,289)</u>
Cash Flows from Financing Activities				
Self Supporting Loans Funded		(300,000)	(2,200,000)	-
Repayment of Debentures		(531,330)	(488,580)	(162,079)
Self Supporting Loan Principal Reimbursed		123,304	68,740	27,712
Proceeds from New Debentures		500,000	2,400,000	2,100,000
		<u>(208,026)</u>	<u>(219,840)</u>	<u>1,965,633</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(208,026)</u>	<u>(219,840)</u>	<u>1,965,633</u>
Net Increase (Decrease) in Cash Held		(626,149)	(69,534)	385,187
Cash at Beginning of Year		1,268,171	178,007	882,984
Cash at End of Year	13(a)	<u>642,022</u>	<u>108,473</u>	<u>1,268,171</u>

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

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

(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 this financial report.

(c) Goods and Services Tax

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

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation or amortisation.

The value of all infrastructure assets (other than land under roads) has been recorded in the Statement of Financial Position. Land under roads are excluded from infrastructure in accordance with legislative requirements.

As of 1 July 2001, Council elected to revert to the cost basis for measuring land and buildings and all infrastructure assets (other than roads) that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2001.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on first application of the Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'.

(e) 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 and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Depreciation of Non-Current Assets

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

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	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years

(g) 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 company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and operating statement. Information about the joint venture is set out in Note 16.

(j) Employee Benefits

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

(i) Wages, Salaries and Annual Leave

The provision for employees' benefits to wages, salaries and annual leave represents the amount that the municipality has a present obligation to pay resulting from employees services to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave

The provision for employees' benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

(k) 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(e). 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.

(l) Superannuation

The Town of Northam contributes to the Western Australian Local Government Superannuation Plan.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 22(e).

(n) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(o) Net Fair Values

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

(p) Rounding Off Figures

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

(q) Comparative Figures

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

(r) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards (IFRSs)

Effective for financial periods commencing on or after 1 January 2005, the Australian Accounting Standards Board (AASB) will amend existing Australian Accounting Standards so content and wording is consistent with IFRSs.

As the AASB has prohibited the early adoption of the Australian equivalents to IFRSs, the first period to which they relate will be the year ended 30 June 2006 (that is, the year commencing 1 July 2005).

The transition to the Australian equivalents to IFRSs is being managed via a process of education which includes technical training and liaison with Council's auditors and industry groups. This will include a review of the pending standards to determine the effect on Council's existing accounting policies and treatments.

From the review performed to date, it is not anticipated the adoption of the 'new' standards, when they become applicable, will result in any key differences in the accounting policies or treatments of Council.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES	2004	2003
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Significant Expense		
Nil	-	-
Amortisation		
Capitalised Leased Assets	-	-
Auditors Remuneration		
- Audit	5,350	2,540
- Other Services	3,000	2,100
Bad and Doubtful Debts		
Rates	37,922	-
Sundry Debtors	283	-
Depreciation		
Buildings	185,765	179,919
Furniture and Equipment	39,913	43,120
Plant and Equipment	126,764	151,632
Roads	317,100	302,984
Footpaths	145,223	148,759
Drainage	105,759	102,815
Parks & Reserves	65,087	47,995
Streetscape	45,560	-
	<u><u>1,031,171</u></u>	<u><u>977,224</u></u>
Rental Charges		
- Operating Leases & Rentals	<u>91,555</u>	<u>89,983</u>
(ii) Crediting as Revenue:		
	2004	2004
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	6,554	6,350
- Other Funds	100,146	161,820
Other Interest Revenue (refer note 27)	31,360	29,000
	<u><u>138,061</u></u>	<u><u>197,170</u></u>
		<u><u>136,138</u></u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES (Continued)

(b) Revenues and Expenses from Ordinary Activities Classified According to Nature and Type	2004 \$	2003 \$
Revenues from Ordinary Activities		
Rates (refer note 23)	2,530,750	2,373,144
Grants and Subsidies - operating (refer note 29)	1,418,233	1,289,822
Grants and Subsidies - non-operating (refer note 29)	823,590	379,703
Contributions Reimbursements and Donations	280,098	296,664
Profit on Asset Disposals (refer note 21)	1,083,673	80,723
Fees and Charges (refer note 28)	1,147,017	989,875
Interest Earnings (refer note 2(a))	138,061	136,138
Other Revenue	128,270	32,321
	<u>7,549,692</u>	<u>5,578,389</u>
Expenses from Ordinary Activities		
Employee Costs	2,099,764	1,765,787
Materials and Contracts	2,288,901	1,992,488
Utilities (gas, electricity, water, etc)	271,248	269,028
Depreciation on Non-current Assets (refer note 2(a))	1,031,171	977,224
Loss on Asset Disposals (refer note 21)	5,600	59,865
Insurance	130,160	114,738
Other	441,282	229,168
	<u>6,268,125</u>	<u>5,408,298</u>
Interest/Borrowing Costs (refer Note 2(c))	212,481	110,478
	<u>6,480,606</u>	<u>5,518,776</u>
 (c) Borrowing Costs Expense		
Comprises:		
Debentures (refer Note 22(a))	212,481	110,478
	<u>212,481</u>	<u>110,478</u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES (Continued)

(d) Statement of Objective

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

GOVERNANCE

Members expenses and Governance general.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants, interest income, other general purpose funding.

LAW, ORDER, PUBLIC SAFETY

Supervision of local laws, fire prevention and animal control.

HEALTH

Food quality control, contributions to medical health and operation of the child health clinic.

EDUCATION AND WELFARE

Pre School centre operation and School prizes, scholarships etc. Operation and control of the Home and Community Care facility and assistance to Meals on Wheels for Seniors.

HOUSING

Maintenance of housing rented to staff and income for rent and reimbursements

COMMUNITY AMENITIES

Operation, maintenance and control of public conveniences, sanitation services and contribution to cemetery. Town Planning and Regional Development expenses and projects to enhance and protect the environment.

RECREATION AND CULTURE

Maintenance and operation of halls, swimming pool facilities, Recreation Centre and various playing reserves/clubroom facilities. Library services and other cultural activities, including Museums and Art Centres.

TRANSPORT

Construction and maintenance of roads, footpaths, drainage works, cleaning and lighting of streets. Supervision of vehicle parking local laws.

ECONOMIC SERVICES

Tourism & Area Promotion, Economic Development, Water Recycling Operations and Building Controls.

OTHER PROPERTY & SERVICES

Private works carried out by Council, Plant Operating Costs and Public Works Overheads.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

2. REVENUES AND EXPENSES (Continued)	2004	2003
	\$	\$
(e) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
NRCP Respite	14,848	
Roads to Recovery	11,539	
	60,757	34,370
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
Park and Walk Grant	5,000	
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
NRCP Respite	14,848	
Roads to Recovery	11,539	
Closing balances of unexpended grants	53,153	60,757
Comprises:		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
Park and Walk Grant	5,000	
	53,153	60,757

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

	2004	2003
	\$	\$
3. CASH ASSETS		
Unrestricted	(147,868)	835,109
Restricted	789,890	433,062
	<u>642,022</u>	<u>1,268,171</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Replacement Reserve	25,764	665
Recreation Reserve	226,033	8,618
Refuse Site Reserve	107,416	26,157
Building/Office Refurbishment Reserve	18,000	-
Computer Reserve	16,704	6,396
Fire Service Plant Reserve	-	16,283
Regional Development Reserve	81,805	78,048
Trust - restricted	21,075	21,075
HACC - Killara	65,976	70,683
Town Entry Upgrades	29,584	-
Accrued Leave	144,380	144,380
MRWA Grant - Peel Terrace Bridge	34,370	34,370
Park and Walk Grant	5,000	-
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
	<u>789,890</u>	<u>433,062</u>
4. RECEIVABLES		
Current		
Rates Outstanding	119,226	116,521
Sundry Debtors	196,453	423,468
GST Receivable	36,789	100,484
Property Debtors	235	110
Rubbish Charges	10,946	14,362
Pensioner Rate Rebates	7,483	11,241
Accrued Income	258,048	13,036
Loans - Clubs/Institutions	62,025	68,740
	<u>691,205</u>	<u>747,962</u>
Provision for Doubtful Debts	(38,206)	-
	<u>652,999</u>	<u>747,962</u>
Non-Current		
Rates Outstanding - Pensioners	82,594	95,204
Loans - Clubs/Institutions	863,327	676,999
	<u>945,921</u>	<u>772,203</u>
5. INVENTORIES		
Current		
Fuel and Materials	5,222	3,876
Land held for resale - cost		
Cost of Acquisition	30,400	-
Development Cost	329,647	-
	<u>365,269</u>	<u>3,876</u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

	2004	2003
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	9,270,654	10,338,515
Less Accumulated Depreciation	<u>(2,084,002)</u>	<u>(1,933,108)</u>
	<u>7,186,652</u>	<u>8,405,407</u>
Furniture and Equipment - Cost	613,629	541,195
Less Accumulated Depreciation	<u>(381,695)</u>	<u>(343,285)</u>
	<u>231,934</u>	<u>197,911</u>
Plant and Equipment - Cost	1,298,613	1,282,692
Less Accumulated Depreciation	<u>(705,224)</u>	<u>(683,936)</u>
	<u>593,389</u>	<u>598,756</u>
Works in Progress	511,329	511,329
Less Transferred to Streetscape	<u>(511,329)</u>	<u>-</u>
	<u>-</u>	<u>511,329</u>
	<u><u>8,011,975</u></u>	<u><u>9,713,403</u></u>

Effective from 1 July 2001, Council deemed the carrying amount of land and buildings previously carried at a revalued amount based on market value to be their cost.

This was in accordance with the requirements on first application of Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'. These assets, along with all other property, plant and equipment asset classes, are now being carried at cost and are not subject to a policy of regular revaluation.

Valuations of Land and Buildings Measured at Cost Basis

In accordance with the requirements of AAS36 'Statement of Financial Position' the current valuation of land and buildings disclosed above and measured on the cost basis is as follows:

Current Valuation: \$8,011,975

The above valuation is a management valuation based on the written down replacement cost of all of Council's land and buildings as at 30 June 2004.

It is not considered independent in nature.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the 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 \$	Furniture & Equipment \$	Plant & Equipment \$	Works In Progress \$	Total \$
Balance as at 1 July 2003	8,405,407	197,911	598,756	511,329	9,713,403
Additions	854,739	74,610	356,735		1,286,084
(Disposals)	(1,527,682)	(674)	(235,338)		(1,763,694)
Revaluation - Increments - (Decrements)					-
Write-downs					-
Depreciation (Expense)	(185,765)	(39,913)	(126,764)		(352,442)
Other Movements (includes reclassification of assets)	(360,047)			(511,329)	(871,376)
Balance as at 30 June 2004	<u><u>7,186,652</u></u>	<u><u>231,934</u></u>	<u><u>593,389</u></u>	<u><u>-</u></u>	<u><u>8,011,975</u></u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

	2004 \$	2003 \$
7. INFRASTRUCTURE		
Roads - management valuation 1997	19,143,814	19,143,814
Roads - Cost	1,621,683	724,200
Less Accumulated Depreciation	<u>(7,092,625)</u>	<u>(8,530,851)</u>
	13,672,872	11,337,163
Footpaths - Cost	4,698,562	4,464,076
Less Accumulated Depreciation	<u>(2,118,742)</u>	<u>(1,953,899)</u>
	2,579,820	2,510,177
Drainage - Cost	6,441,872	6,000,989
Less Accumulated Depreciation	<u>(3,472,483)</u>	<u>(2,527,250)</u>
	2,969,389	3,473,739
Parks & Reserves - cost	1,900,751	1,139,413
Less Accumulated Depreciation	<u>(1,074,955)</u>	<u>(113,636)</u>
	825,796	1,025,777
Streetscape - cost	3,066,735	-
Less Accumulated Depreciation	<u>(45,560)</u>	<u>-</u>
	3,021,175	-
	23,069,052	18,346,855

The valuations of the municipality's infrastructure were originally based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 'Current Cost Accounting'.

Effective from 1 July 2001, Council deemed the carrying amount of all infrastructure assets, other than roads, previously carried at a revalued amount based on market value, to be their cost.

This was in accordance with the requirements on first application of Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'. These assets, are now being carried at cost and are not subject to a policy of regular revaluation.

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy accords with the requirements of AASB 1041.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Footpaths	Drainage	Parks and Ovals	Streetscape	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2003	11,337,162	2,510,177	3,473,739	1,025,777		18,346,855
Additions	300,713	42,729	163,559	12,790	2,555,406	3,075,197
(Disposals)						-
Revaluation - Increments - (Decrements)	1,814,400					1,814,400
Write-downs						-
Depreciation (Expense)	(317,100)	(145,223)	(105,759)	(65,087)	(45,560)	(678,729)
Other Movements (includes reclassification of assets)	537,697	172,137	(562,150)	(147,684)	511,329	511,329
Balance as at 30 June 2004	<u>13,672,872</u>	<u>2,579,820</u>	<u>2,969,389</u>	<u>825,796</u>	<u>3,021,175</u>	<u>23,069,052</u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

	2004	2003
	\$	\$
8. PAYABLES		
Current		
Sundry Creditors	347,483	455,508
Accrued Interest on Loans	24,725	22,896
Accrued Salaries and Wages	33,609	28,320
Other Accrued Expenditure	159,240	125,099
	<u>565,057</u>	<u>631,823</u>
9. INTEREST-BEARING LIABILITIES		
Current		
Secured by Floating Charge		
Debentures	184,405	488,580
Lease Liability	-	-
	<u>184,405</u>	<u>488,580</u>
Non-Current		
Secured by Floating Charge		
Debentures	3,171,149	2,898,305
Lease Liability	-	-
	<u>3,171,149</u>	<u>2,898,305</u>
Additional detail on borrowings is provided in Note 22.		
10. PROVISIONS		
Current		
Provision for Annual Leave	118,763	101,074
Provision for Long Service Leave	87,847	95,263
	<u>206,610</u>	<u>196,337</u>
Non-Current		
Provision for Annual Leave	36,315	-
Provision for Long Service Leave	30,089	30,292
Other Trust	14,178	14,178
P.O.S. & Parking Cash in Lieu	30,894	27,900
	<u>111,476</u>	<u>72,370</u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

	2004 \$	2004 Budget \$	2003 \$
11. RESERVES - CASH BACKED			
(a) Plant Replacement Reserve			
Opening Balance	665	665	637
Amount Set Aside / Transfer to Reserve	25,098	41,280	28
Amount Used / Transfer from Reserve	-	(17,000)	-
	<u>25,764</u>	<u>24,945</u>	<u>665</u>
(b) Recreation Facilities Reserve			
Opening Balance	8,618	8,618	64,305
Amount Set Aside / Transfer to Reserve	217,415	1,500	2,813
Amount Used / Transfer from Reserve	-	-	(58,500)
	<u>226,033</u>	<u>10,118</u>	<u>8,618</u>
(c) Computer Reserve			
Opening Balance	6,396	-	13,793
Amount Set Aside / Transfer to Reserve	10,308	10,200	603
Amount Used / Transfer from Reserve	-	-	(8,000)
	<u>16,704</u>	<u>10,200</u>	<u>6,396</u>
(d) Refuse Site Reserve			
Opening Balance	26,157	26,157	25,061
Amount Set Aside / Transfer to Reserve	81,259	1,500	1,096
Amount Used / Transfer from Reserve	-	-	-
	<u>107,416</u>	<u>27,657</u>	<u>26,157</u>
(e) Fire Service Plant Reserve			
Opening Balance	16,283	16,280	15,600
Amount Set Aside / Transfer to Reserve	-	-	683
Amount Used / Transfer from Reserve	(16,283)	(16,280)	-
	<u>-</u>	<u>-</u>	<u>16,283</u>
(f) Building/Office Refurbishment Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	18,000	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>18,000</u>	<u>-</u>	<u>-</u>
(g) Regional Development Reserve			
Opening Balance	78,048	81,052	43,612
Amount Set Aside / Transfer to Reserve	3,757	1,500	34,436
Amount Used / Transfer from Reserve	-	-	-
	<u>81,805</u>	<u>82,552</u>	<u>78,048</u>
TOTAL CASH BACKED RESERVES	<u><u>475,722</u></u>	<u><u>155,472</u></u>	<u><u>136,168</u></u>

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

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

11. RESERVES - CASH BACKED (continued)

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

a. Plant Replacement Reserve

Purpose - Acquisition, upgrading of Council's Motor Vehicle and Works Plant.
No date has been specified for the use of this Reserve.

b. Recreation Reserve

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

c. Computer Reserve

Purpose - To facilitate Council's Information Technology program ensuring that both computer hardware and software are in keeping with the latest available technology.
No date has been specified for the use of this Reserve.

d. Refuse Site Reserve

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

e. Fire Services Plant Reserve

Purpose - Acquisition and upgrading of Plant used for fire services within the Northam Town District. No date has been specified for the use of this Reserve.

f. Building/Office Refurbishment Reserve

Purpose - Improvements/replacement for Council Buildings including Administration Office Refurbishment. No date has been specified for the use of this Reserve.

g. 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. No date has been specified for the use of this Reserve.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

12. RESERVES - ASSET REVALUATION	2004	2003
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2003	3,733,058	3,733,058
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2004	<u>3,733,058</u>	<u>3,733,058</u>
(b) Roads		
Balance as at 1 July 2003	-	-
Revaluation Increment	1,814,400	-
Revaluation Decrement	-	-
Balance as at 30 June 2004	<u>1,814,400</u>	<u>-</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>5,547,458</u></u>	<u><u>3,733,058</u></u>

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, 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:

	2004	2004	2003
	\$	Budget	\$
		\$	
Cash Assets	<u>642,022</u>	<u>108,473</u>	<u>1,268,171</u>

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

Net Result	1,069,086	302,920	59,613
Depreciation	1,031,171	1,022,500	977,224
Bad and Doubtful Debts	38,205	-	-
(Increase)/Decrease in Receivables	62,386	-	(276,947)
(Profit)/Loss on Sale of Asset	(1,078,073)	(432,379)	(20,858)
(Increase)/Decrease in Inventories	(1,346)	(50,000)	258
Increase/(Decrease) in Payables	(66,766)	(45,124)	(150,395)
Increase/(Decrease) in Employee Provisions	46,727	2,880	14,652
Grants/Contributions for the Development of Assets	(823,590)	(702,240)	(379,703)
Net Cash from Operating Activities	<u><u>277,800</u></u>	<u><u>98,557</u></u>	<u><u>223,843</u></u>

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

13. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	2004	2003
	\$	\$
(c) Credit Standby Arrangements		
Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	-	-
Credit Card limit	11,000	13,000
Credit Card Balance at Balance Date	(1,877)	(2,164)
Total Amount of Credit Unused	<u><u>109,123</u></u>	<u><u>110,836</u></u>
 (d) Loan Facilities		
Loan Facilities - Current	184,405	488,580
Loan Facilities - Non-Current	3,171,149	2,898,305
Total Facilities in Use at Balance Date	<u><u>3,355,554</u></u>	<u><u>3,386,885</u></u>
 Unused Loan Facilities at Balance Date	<u><u>Nil</u></u>	<u><u>Nil</u></u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

	2004	2003
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Nil		
(b) Operating Lease Commitments		
Operating Rental Agreements Office/Computer Equipment ex C.I.T		
Agreements due:		
- within one year	21,898	17,371
- one to five years	33,075	41,779
- over five years	Nil	Nil
	54,974	59,150
 comprising:		
	Rental Commencement	Annual Repayment
#15505 - Computer Software	30-Mar-99	1,048
#18794 - Computers	13-Jan-00	5,744
#22574 - Laser Printer	14-Nov-00	1,206
#25629 - Terminal Server	4-Dec-01	3,487
#25738 - Photocopiers	14-Dec-01	8,622
#26428 - Laptop	9-May-02	1,791
#27159 - Commander Telephone System	22-Aug-02	6,857
#27380 - Computers	20-Sep-02	12,934
#27923 - Computer	3-Dec-02	934
#28306 - IBM Server	10-Feb-03	7,153
#31578 - Computers	16-Dec-03	5,197
		54,974
 (c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	-	2,059,263
- plant & equipment purchases	-	-
Payable:		
- not later than one year	-	2,059,623

15. CONTINGENT LIABILITIES

Nil

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

16. JOINT VENTURE

Nil

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	2,281,586	2,269,001
Law, Order, Public Safety	118,878	121,435
Health	68,110	69,600
Education and Welfare	486,416	477,506
Housing	47,446	158,523
Community Amenities	1,699,459	1,763,683
Recreation and Culture	5,890,184	5,286,558
Transport	21,909,564	18,863,840
Economic Services	1,055,332	1,713,407
Other Property and Services	130,263	128,917
	<u>33,687,238</u>	<u>30,852,470</u>

18. FINANCIAL RATIOS

	2004	2003	2002
Current Ratio	1 to 0.9326	1 to 0.8673	1 to 1.023
Debt Ratio	1 to 7.9476	1 to 7.1960	1 to 11.596
Debt Service Ratio	1 to 9.0428	1 to 23.0947	1 to 21.900
Rate Coverage Ratio	1 to 2.9833	1 to 2.2852	1 to 2.193
Outstanding Rates Ratio	1 to 13.5887	1 to 22.650	1 to 20.357

The above rates are calculated as follows:

Current Ratio equals	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Debt Ratio equals	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio equals	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Rate Coverage Ratio equals	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio equals	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

19. TRUST FUNDS

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

	Balance 1-Jul-03	Amounts Received	Amounts Paid	Balance 30-Jun-04
	\$	\$	(\$)	\$
Facility Hire Bonds	4,002	12,646	12,986	3,662
Footpath and Kerbing Deposits	17,815	14,031	12,700	19,146
Bonds Buildings	13,680	19,198	22,098	10,780
Friends of the White Swans	444	-	-	444
Building Levy Fee	-	-	-	-
Sundry Trust	13,807	22,839	19,870	16,776
Retentions	14,153	4,993	12,153	6,993
	63,901	73,707	79,808	57,800

20. BUDGET COMPARISON

(a) Non Operating Income and Expenditure

The following is a comparison of capital income and expenditure and movements to and from reserve accounts and the amounts contained in the Rate Setting Statement in the annual budget.

Non Operating Income

Proceeds on sale of assets	2,841,767	1,714,870
Debentures raised	500,000	2,400,000
Repayments of self supporting loans	123,304	68,740
Transfers from Reserves	16,283	33,280
Transfers from Restricted Cash	36,617	28,115

Non Operating Expenditure

Advances to Community Groups	300,000	2,200,000
Principal repayment of Debentures	531,330	488,580
Construction/Purchase of Assets		
Land Held for Resale	844,911	610,000
Land and Buildings	9,828	35,000
Furniture and Equipment	74,610	29,400
Plant and Equipment	356,735	382,870
Roads	300,713	1,311,816
Footpaths	42,729	-
Other Infrastructure	2,731,755	43,750
Transfers to Reserves	339,554	55,980
Transfers to Restricted Cash	53,890	40,350

(b) Current Position at 1st July 2003

The current position balance carried forward from the previous financial year for the purpose of the 2003/2004 Budget was \$20,000.

The actual current position balance shown in the audited financial report as at 30th June 2003 was \$1,107,638

This difference amounts to \$1,087,638 and was due to balance day adjustments of accruals on Council projects.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

21. DISPOSALS OF ASSETS - 2003/04 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land & Buildings						
<u>Mitchell on Avon Housing</u>	-	1,020,000	-	1,420,000	-	400,000
3 Abbott Street	27,998	-	56,000	-	28,002	-
4 Abbott Street	76,850	-	80,000	-	3,150	-
5 Abbott Street	28,593	-	62,000	-	33,407	-
6 Abbott Street	7,297	-	25,000	-	17,703	-
8 Abbott Street	53,449	-	69,000	-	15,551	-
1 James Street	21,551	-	65,000	-	43,449	-
11 James Street	62,132	-	73,000	-	10,868	-
13 James Street	61,193	-	83,000	-	21,807	-
19 James Street	61,994	-	89,000	-	27,006	-
21 James Street	33,171	-	54,000	-	20,829	-
23 James Street	33,972	-	50,750	-	16,778	-
29 James Street	70,054	-	78,000	-	7,946	-
31 James Street	24,438	-	52,000	-	27,562	-
37 James Street	5,061	-	25,000	-	19,939	-
39 James Street	41,310	-	58,000	-	16,690	-
20 Mitchell Ave	62,784	-	67,000	-	4,216	-
24 Mitchell Ave	21,815	-	55,000	-	33,185	-
28 Mitchell Ave	61,538	-	69,000	-	7,462	-
30 Mitchell Ave	62,379	-	75,000	-	12,621	-
32 Mitchell Ave	66,218	-	90,000	-	23,782	-
36 Mitchell Ave	22,078	-	65,000	-	42,922	-
38 Mitchell Ave	60,960	-	76,000	-	15,040	-
40 Mitchell Ave	21,455	-	66,000	-	44,545	-
42 Michell Ave	22,211	-	68,000	-	45,789	-
44 Mitchell Ave	62,476	-	80,000	-	17,524	-
46 Mitchell Ave	32,054	-	62,000	-	29,946	-
48 Mitchell Ave	20,953	-	68,000	-	47,047	-
50 Mitchell Ave	62,057	-	86,000	-	23,943	-
52 Mitchell Ave	29,677	-	63,000	-	33,323	-
54 Mitchell Ave	49,717	-	75,000	-	25,283	-
56 Mitchell Ave	20,836	-	65,000	-	44,164	-
58 Mitchell Ave	64,203	-	88,000	-	23,797	-
60 Mitchell Ave	22,167	-	90,000	-	67,833	-
64 Mitchell Ave	20,920	-	70,000	-	49,080	-
66 Mitchell Ave	25,192	-	66,000	-	40,808	-
<u>Sale of Surplus Land</u>	-	2,000	-	7,000	-	5,000
Lot 22 Katrine Road	-	-	18,000	-	18,000	-
7 Throssell Street	106,929	-	195,000	-	88,071	-

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

21. DISPOSALS OF ASSETS - 2003/04 FINANCIAL YEAR (CONTINUED)

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Furniture & Equipment						
Epson Slip Printer	-	-	-	-	-	-
Panasonic Fax KX-F1110AL	327	-	-	-	(327)	-
Nokia 6210 Mobile Phone	347	-	-	-	(347)	-
Plant & Equipment						
CEO Vehicle	36,950	36,610	38,220	37,620	1,270	1,010
MF & CS Vehicle	26,264	27,255	27,272	27,600	1,008	345
Ranger Vehicle	13,121	12,931	13,182	13,000	61	69
EHO Vehicle	21,963	22,014	21,818	23,000	(145)	986
Killara Vehicle - KILLARA	23,460	23,530	22,727	24,700	(733)	1,170
Killara Vehicle - KILLARA 3	23,248	23,722	22,727	24,700	(520)	978
MP & D Vehicle	26,380	27,582	26,364	27,600	(16)	18
Works Utility - P515	13,067	15,808	12,818	13,000	(249)	(2,808)
Works Utility - P513	14,670	13,650	14,000	13,000	(670)	(650)
Works Utility - P514	13,067	13,650	12,546	13,000	(521)	(650)
Works Utility - P532	-	-	-	24,000	-	-
4 Tonne Truck	1,684	1,044	28,636	28,650	26,952	27,606
Works - Minor Plant	-	-	-	1,000	-	1,000
Two-Way Radios	-	-	-	-	-	-
Small Mixer (CEP 117)	-	-	-	-	-	-
Brushcutter - Husquarna 235	-	-	-	-	-	-
Brushcutter - Husquarna 235	-	-	-	-	-	-
Victa Vac Cleaner	-	-	-	-	-	-
Husquarna 235R Brushcutter	404	-	341	-	(63)	-
Husquarna 235R Brushcutter	404	-	341	-	(63)	-
Husquarna 55 Chainsaw	382	-	273	-	(110)	-
Husquarna 340 Chainsaw	258	-	227	-	(30)	-
Stihl MS190 Chainsaw	243	-	182	-	(62)	-
Gentech Generator	1,089	-	854	-	(235)	-
2 x VHF Radios	-	-	-	-	-	-
Pedestrian Roller	2,237	2,240	4,488	1,500	2,251	(740)
Howard Slasher EHD	-	245	3,000	1,500	3,000	1,255
Building Surveyor's Utility	16,448	16,210	15,000	14,000	(1,448)	(2,210)
	1,763,694	1,258,491	2,841,767	1,714,870	1,078,073	432,379

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

22. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-03 \$	New Loans \$	Principal Repayments		Principal 30-Jun-04		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Administration								
Land Purchase	14,884		4,605	4,605	10,279	10,274	1,016	1,020
Refurbish Admin Office	275,353		6,089	6,090	269,264	21,263	18,522	18,525
Education & Welfare								
Avon Youth Services**	95,841		79,698	5,010	16,143	90,831	6,693	5,660
Avon Residency**			-	26,525	-	1,973,475	-	60,000
Community Amenities								
River Dredging	57,624		3,010	3,010	54,614	54,613	3,410	3,405
Recreation & Culture								
Northam Country Club**	470,000		9,927	9,927	460,073	460,073	27,918	27,895
Northam Country Club**	60,000		-		60,000	60,000	4,476	4,477
Trotting Club Building**	15,637		3,129	3,128	12,508	12,509	882	800
Turf Club Track Equipment**	21,892		5,809	5,810	16,083	16,082	1,201	1,053
Northam Bowling Club**		300,000	6,357	7,445	293,643	192,555	8,850	6,000
Transport								
Carpark Construction*	16,195		2,288	2,293	13,907	13,904	1,016	1,012
Carpark Construction*	16,195		2,288	2,292	13,907	13,905	1,016	1,013
Airstrip Upgrade**	47,693		10,893	10,895	36,800	36,798	2,687	2,660
Economic Services								
Tourist Bureau	66,461		4,692	4,695	61,769	57,073	5,761	5,760
Visitors Centre Café	129,109		10,181	10,180	118,928	118,930	8,123	8,125
Mitchell on Avon	300,000		300,000	300,000	-	-	7,773	7,815
CBD Streetscape	-	200,000	4,224	8,535	195,776	191,465	10,878	11,875
CBD Streetscape	1,800,000		78,140	78,140	1,721,860	1,721,860	102,259	102,335
	3,386,884	500,000	531,330	488,580	3,355,554	5,045,610	212,481	269,430

Note: **Indicates self - supporting loans

*Indicates self - supporting loans where income is generated by Specified Area Rates as per Note 24

All debenture repayments are financed by general purpose income.

TOWN OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2004

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2003/04

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Education & Welfare										
Avon Residency**	-	2,000,000	unknown	Debenture	unknown	unknown	unknown	-	2,000,000	-
Recreation & Culture										
Northam Bowling Club**	300,000	200,000	WATC	Debenture	15	456,211	5.90%	300,000	200,000	-
Economic Services										
CBD Streetscape	200,000	200,000	WATC	Debenture	15	304,930	5.94%	200,000	200,000	-

(c) Unspent Debentures

Nil

(d) Overdraft

Council established an overdraft facility of \$100,000 in 1990 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2003 and 30 June 2004 was Nil.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

<u>Borrowings</u>	2004 \$	2003 \$
Floating interest rates		
Fixed interest rate maturing		
- within one year	-	300,000
- one to five years	103,487	132,495
- over five years	3,252,067	2,954,390
Non interest bearing	-	-
Total Borrowings	<u>3,355,554</u>	<u>3,386,885</u>
Weighted average effective interest rate	5.993%	5.925%

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

23. RATING INFORMATION - 2003/04 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate - GRV											
Residential	10.1980	2,301	15,564,169	1,586,916	1,076	108	1,588,100	2,421,200	10,000	1,000	2,432,200
Commercial	10.1980	122	4,305,187	439,043	(2,572)		436,471				-
Industrial	10.1980	93	1,149,559	117,232	2,182		119,414				-
Special Residential	10.1980	93	970,710	98,993	1,095		100,088				-
Rural - Special Etc	10.1980	144	1,310,541	133,649	2,336		135,985				-
Community	10.1980	38	498,402	50,827	322		51,149				-
Sub-Totals		2,791	23,798,568	2,426,660	4,439	108	2,431,207	2,421,200	10,000	1,000	2,432,200
Minimum Rates	Minimum \$										
Residential	350	259	265,810	90,650	-	-	90,650	131,950	-	-	131,950
Commercial	350	4	13,574	1,400			1,400				-
Industrial	350	14	22,622	4,900			4,900				-
Special Residential	350	33	45,245	11,550			11,550				-
Rural - Special Etc	350	49	50,263	17,150			17,150				-
Community	350	20	8,554	7,000			7,000				-
Sub-Totals		379	406,068	132,650	-	-	132,650	131,950	-	-	131,950
Specified Area Rates (refer note 24)							<u>2,563,857</u>				<u>2,564,150</u>
							36,378				36,610
							2,600,235				2,600,760
Concessions							<u>-</u>				<u>(2,000)</u>
							2,600,235				2,598,760
Discounts (refer note 26)							69,485				(71,000)
Totals							2,530,750				2,527,760

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

24. SPECIFIED AREA RATE - 2003/04 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Specified Area 1 - GRV Commercial	2.4264	GRV	136,136	3,303	3,305	3,303	3,305
Specified Area 2 - GRV Commercial	3.6718	GRV	89,960	3,303	3,305	3,303	3,305
Specified Area 3 - GRV Commercial/Industrial/ Community	0.4802	GRV	6,276,967	29,772	30,000	29,772	30,000
				36,378	36,610	36,378	36,610

Note: Loan Repayments are applied as follows:

Interest	2,033
Principal	4,576
	6,609

1. Specified Area Rate 1 -

- (i) The purpose for the Specified Area Rate is to repay loan number 200 - Construct and seal Carpark.
- (ii) The amount to be applied for this purpose in 2003/2004 was \$3,303.
- (iii) Definition of Specified Area - all that land comprising Lot 30 of Northam Lot 25, as shown on Office of Titles Diagram 83304; Lot 3, Lot 2 of Northam Lots 25 and 26 and Lot 1 of Northam Lot 26 as shown on Office of Titles Diagram 7638 and Lots 5 and 6 as shown on Office of Titles Plan 4975.

2. Specified Area Rate 2 -

- (i) The purpose for the Specified Area Rate is to repay loan number 201 - Construct and seal Carpark.
- (ii) The amount to be applied for this purpose in 2003/2004 was \$3,303.
- (iii) Definition of Specified Area - all that portion of land comprising Lot 502 of Northam Town Lots 26 and 27, as shown on Office of Titles Diagram 69077.

The proceeds of the rate are applied in full to the costs of the loans and no transfer to or from reserve accounts has occurred.

3. Specified Area Rate 3 -

- (i) The purpose for the Specified Area Rate is to raise an amount of \$30,000 towards a marketing campaign for Northam via the Northam Chamber of Commerce.
- (ii) The amount to be applied for this purpose was \$29,772.
- (iii) Definition of Specified Area - all rateable properties within Council's Rate Book zoned Commercial, Industrial or Community Use.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

25. SERVICE CHARGES - 2003/04 FINANCIAL YEAR

Nil

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2003/04 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5%	66,527	68,000
Minimum Rate	Discount	5%	2,958	3,000
			69,485	71,000
Rates/Debtors	Write-Off	N/A	2,928	1,000

Sub-Notes:

1. Discount on Rates

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice. The due date was 1 September 2003.

2. Write Offs

An amount totalling \$119.98, being rate assessment balances under \$4.00 was written off.
Sundry debtors totalling \$2,808.12 were written off as per Council resolution C.7984 dated 21 January 2004.

Note: Provision for doubtful debts of \$38,205.03 was made at balance day. (Refer note 2(a)).
This amount represents sundry debtors of \$283.05 and rates debtors of \$37,921.98

27. INTEREST CHARGES AND INSTALMENTS - 2003/04 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.0%		19,200	10,000
Interest on Instalments Plan	5.50%		12,160	19,000
Charges on Instalment Plan		\$3 p/install	7,350	6,500
			38,710	35,500

Ratepayers had the option of paying rates in four equal instalments, due on 1 September 2003, 3 November 2003, 5 January 2004 and 5 March 2004. Administration charges and interest applied for the final three instalments.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

28. FEES & CHARGES	2004	2003
	\$	\$
Governance	6,494	2,637
General Purpose Funding	20,920	15,749
Law, Order, Public Safety	20,580	21,879
Health	6,547	5,782
Education & Welfare Services	62,739	50,430
Housing	10,667	14,539
Community Amenities	732,673	638,839
Recreation & Culture	151,536	131,286
Transport	633	1,011
Economic Services	130,648	107,723
Other Property & Services	3,582	-
	<u><u>1,147,017</u></u>	<u><u>989,875</u></u>

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

29. GRANT REVENUE

By Nature and Type:

Grants and Subsidies - operating	1,418,233	1,289,822
Grants and Subsidies - non-operating	823,590	379,703
	<u><u>2,241,823</u></u>	<u><u>1,669,525</u></u>

By Program:

General Purpose Funding	987,197	924,020
Education & Welfare Services	353,962	296,152
Recreation and Culture	28,047	57,873
Transport	212,616	191,480
Economic Services	660,000	200,000
	<u><u>2,241,823</u></u>	<u><u>1,669,525</u></u>

30. COUNCILLORS' REMUNERATION

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

	2004	2004	2003
	\$	Budget	\$
		\$	
Meeting Fees	19,350	16,160	15,100
President's Allowance	10,600	10,600	10,000
Deputy President's Allowance	1,060	1,060	997
Travelling Expenses	1,576	1,500	1,218
Telecommunications Allowance	2,250	2,840	2,200
	<u><u>34,836</u></u>	<u><u>32,160</u></u>	<u><u>29,515</u></u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

	2004	2003
	<u><u>36</u></u>	<u><u>36</u></u>

32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 29.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

33. MAJOR LAND TRANSACTIONS

Mitchell on Avon Estate

(a) Details

Council commenced the redevelopment of Westrail land and houses in the area of the western entrance to Northam during 2002/2003.

Council advertised its business plan as required by section 3.59 of the Local Government Act 1995 during November and December 2000 and at the Council meeting on 17 January 2001, Item 10.14, resolution C6958, resolved to proceed with this major land transaction.

	2004	2003
(b) Current year transactions	\$	\$
Operating Income		
- Profit on sale	942,997	19,987
Capital Income		
- Sale Proceeds	2,363,750	80,000
- Loan Proceeds		300,000
Capital Expenditure		
- Purchase of Land	(312,500)	(380,590)
- Development Costs	(532,411)	(604,637)
	(844,911)	(985,227)

The above capital expenditure is included as land held for resale (refer Note 5).

There are no liabilities in relation to this land transaction as at 30 June 2004.

(c) Expected Future Cash Flows

	2005	2006	2007	2008	Total
	\$	\$	\$	\$	\$
Cash Outflows					
- Development Costs	(641,800)	-	-	-	(641,800)
- Loan Repayments	-	-	-	-	-
	(641,800)	-	-	-	(641,800)
Cash Inflows					
- Loan Proceeds	-	-	-	-	-
- Sale Proceeds	1,327,000	-	-	-	1,327,000
	1,327,000	-	-	-	1,327,000
Net Cash Flows	685,200	-	-	-	685,200

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2003/04 financial year.