



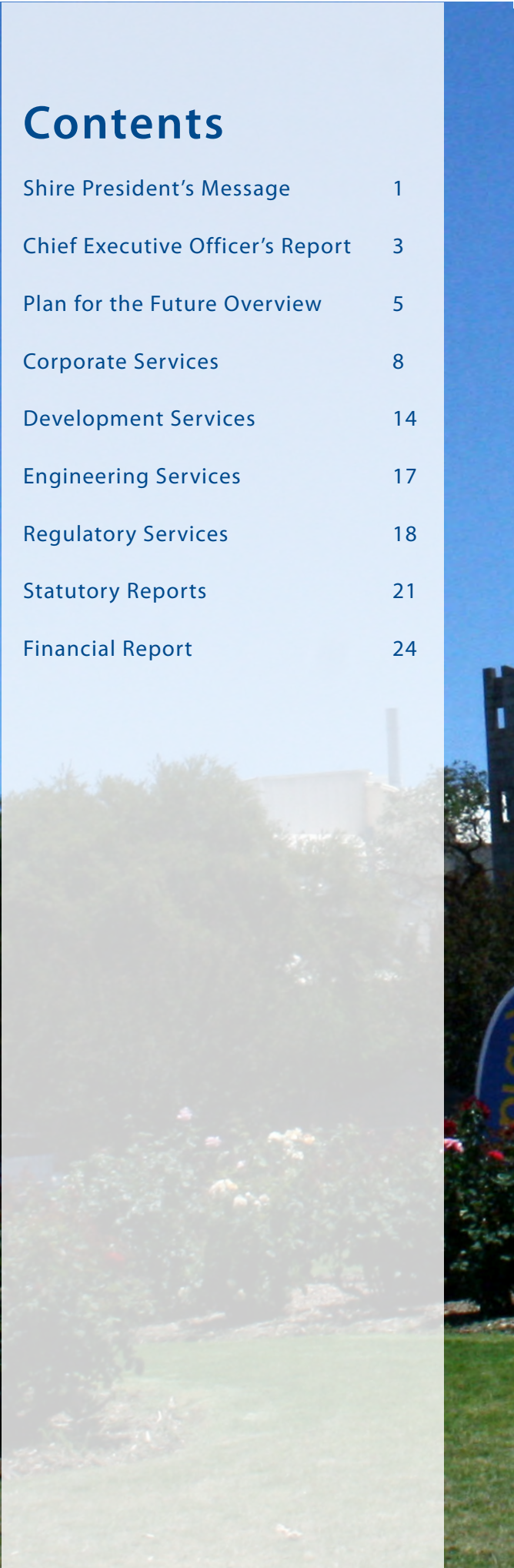
Shire of Northam

Annual Report 2009/10



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Shire President's Message

It is with pleasure that I provide this report on some of the key activities of the Shire of Northam for 2009/10 on behalf of Council.

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

Council has agreed to construct a new recreation facility at Jubilee Oval in Northam and this significant building costing around \$9m will be a benefit to the sporting community for many years to come. Federal funding of \$3.2m has been a major factor in making this long held project a reality.

The Council continued to be engaged for a further 6 months of this year in attending to a requirement by the Minister for

Local Government that consideration be given to merge or amalgamate with other Local Government Authorities.

For a number of reasons, our position is that the Shire of Northam should be allowed to continue to stand alone. We have been moving to vindicating our position by strengthening our resolve to provide value for our ratepayers. It will now be up to the State Government to advance this issue further, if that is their desire.

The Council has been focussed on executing the aims of our Plan for the Future and I refer readers to that document which can be found on our website at www.northam.wa.gov.au.

We have adopted a 10 year financial plan and projects have been identified

within that document for roll out over time.

Our Council has again been the beneficiary of Federal stimulus funds and Royalties for Regions funding with many capital works around the Shire being aided by these funding streams. The skate park and tennis courts at Wundowie are examples of the use of these funds.

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

Cr Steven Pollard
Shire President



Council Members



Cr Steven Pollard
Shire President
Town Ward



Cr Chantelle D'Ascenzo
Town Ward



Cr Ray Head
Town Ward



Cr Rob Tinetti
Town Ward



Cr Des Hughes
Town Ward



Cr Kathy Saunders
Deputy President
East Ward



Cr Terry Little
West Ward



Cr Bert Llewellyn
West Ward



Cr Michael Letch
Central Ward



Cr Ulo Rumjanstev
Central Ward



Chief Executive Officer's Report

Following on from the community projects identified in the previous year, the Shire has continued to work with its community and government agency partners to improve facilities and services across the Shire of Northam.

The Shire again held a number of community meetings and conducted a comprehensive community survey to seek input into its revised Plan for the Future. The end product has identified a number of precincts for development within the Shire, has identified key infrastructure projects and, by way of a detailed 10 year financial plan, has demonstrated the feasibility of achieving the desired outcomes.

Regrettably, some of the major projects planned for 2009/10 were delayed for various reasons, sometimes beyond the control of the Shire.

However it is pleasing to report that in the spirit of improving services and infrastructure, the Shire has finalised the preliminary earthworks and design for its new recreation centre with work on its construction to commence in September 2010. A contract was let in 2009/10 for the construction of additions to the Wundowie Hall with works to commence in early 2010/11 and tenders will soon be called for the construction of the new Sound Shell in Bernard Park, Northam.

Notwithstanding these setbacks, the Shire continued to enhance facilities and infrastructure and improved recycling services. An example of some of the projects undertaken are:

- Clackline – Toodyay Road - major reconstruction and widening;
- Fitzgerald Street, Northam - new bitumen seal and line

marking;

- Carter Road – shoulder reconstruction;
- Dog Pound – new brick facility constructed;
- Old Railway Station – renovations commenced, including new gardens;
- Wundowie Tennis Courts;
- Wundowie Youth Space – BMX and skate facility;
- Footpaths in Northam and Bakers Hill; and
- Bakers Hill Tennis and Golf Club – minor improvements.

In addition, the Shire had planned to construct 8 aged care units in Northam and 4 units in Wundowie at a combined value of \$2.3 million. Regrettably, as a result of a change in government policy, the Department of Housing and Works rejected the Shire's application on the grounds that it no longer qualifies as a registered housing provider. This change of policy will have a significant negative

impact on such housing across regional areas and is a matter of some concern to local government authorities.

Further to my comments in last year's Annual Report, the local government reform process announced by the Minister in February 2009 continued to be a costly distraction to local governments in the Wheatbelt and placed unnecessary pressure on councillors and staff. Notwithstanding the requirement in September 2009 to make costly submissions and recommendations to the Minister, the matter remained unresolved as at the 30 June 2010.

The Shire continues to demonstrate solid growth that is the equal or greater than that of the wider Avon region bringing with it a greater awareness of competing expectations regarding lifestyle choices. During the year, the Shire introduced an enhanced compliance approach to planning and building services with an increased focus on ensuring that

conditions imposed during the approval process are being complied with for the benefit of and amenity of the wider community. Local government continues to provide employees an opportunity to enhance their knowledge and skills through the continued merry-go-round of employment across the industry. The past year has again seen some key employees move on to new challenges elsewhere, and I wish to express my thanks to Max Thorbjornsen, Cory Gale, Rebecca House and Craig Wall and their contribution to the Shire. During the year we welcomed, Ian Bartlett (Executive Manager Engineering Services), Gloria Ingram (Community Development Officer) and Suzanne George (Events Coordinator).

I wish to thank all staff for their ongoing commitment and efforts, particularly those in the Works and Services, Parkes and Gardens team, Rangers and Volunteer Bush Fire Brigades who put in many extra hours to

respond to emergency call-outs due to fire, flood and other unscheduled events. Planning, Health, Building, Finance and Administration staff have all responded positively to the many challenges over the year and are commended for their efforts. The Killara Day Care Service and staff continue to provide excellent services and attract positive feedback from clients and funding agencies.

2010/11 will again present us with new challenges, most significantly being the completion of the Recreation Centre and Sound Shell. The new front counter service area should be completed with corresponding improvement to service delivery and we look forward to new events, such as Pink October, and enhancement of the Avon Descent Festival, Iron Festival and Concerts in the Park.

Neville Hale
Chief Executive Officer

Executive Managers



Denise Gobbart
Corporate Services



Chadd Hunt
Development Services



Ian Bartlett
Engineering Services



Phil Steven
Regulatory Services

Plan for the Future Overview

Mission and Values

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

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

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

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

Values

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

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

Teamwork: we achieve through the efforts of the team

Excellence: we aspire to one standard

Openness: we engender trust through our openness



Plan for the Future

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

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

2009/10 Major Projects

Recreation Facilities Redevelopment Stage One

The Shire of Northam has commenced construction of the new Northam Recreation Centre which consists of three indoor multipurpose sprung timber courts with viewing area, new Administration area, mezzanine club offices, three multipurpose activity rooms, creche, hospitality and viewing area overlooking the oval. The redevelopment also includes the construction of four multipurpose outdoor courts (including lighting) and the extension and lighting of Henry Street Oval to become the feature oval of the

precinct. The facility will provide residents and visitors with the latest updated sporting and community facilities within the townsite of Northam.

Cultural Precinct Stage One

The Wheatbelt Development Commission and Shire of Northam will be funding a major renovation of the old Northam Railway Station, involving replacement of ceilings, polishing floors, installation of ceiling fans, repair of the verandah and roof sheeting, and installation of a security system. This will enhance the appearance of the historic building which

is a tourist attraction, improve the presentation of displays by community groups, and add years of life to the building.

Bernard Park Sound Shell

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



2010/11 Proposed Projects

Throssell Memorial Restoration

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

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

Town Pool Floating Islands

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

river, plus revegetation of the river banks.

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

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

Northam Airport Power Upgrade

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

Works Depot Relocation

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

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

Corporate Services

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

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

The budgeting principles used to prepare the 2009/10 budget were balanced and reflected community needs. A significant portion of the capital works program objectives were met and a full and efficient range of services was provided to the community within the specified budget.

Finance

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

work undertaken and their continual desire to improve skills and knowledge.

Reserve Accounts

The Shire is well positioned in regard to Cash-Backed Reserve Accounts with a holding as at 30 June 2010 of \$5,247,502; an increase of \$219,665 or 4.4% on 30 June 2009.

Loans and Borrowing

The Shire of Northam is in debt to the Western Australian Treasury Corporation to the extent of \$3,306,618 as at 30 June 2010. These various loans mature over the next 10 years. Of this indebtedness the community has self supporting loans of \$658,271.

The distribution of Council Purpose Loans is as follows:

Administration Office	\$183,525
CBD Streetscape	\$1,280,972
Visitors/Tourism	\$65,072
River Dredging	\$32,192
Airstrip Upgrade	\$86,586
Recreation Facilities	\$1,000,000
	\$2,648,347



Outstanding Rates

Rate debtors have increased from \$427,743 at 30 June 2009 to \$566,180 at 30 June 2010 resulting in the outstanding rates ratio increasing from 7% to 9%. This is flagging a problem with collection procedures. Monitoring and collection of outstanding receivables has a direct impact on the cash available to Council. Considerable effort will be taken to reduce this ratio during 2010/11.

Community Funding

A large number of sporting and community groups

benefited from the Shire's Community Grants Program in 2009/10 with \$100,190 distributed to 38 organisations including the Bakers Hill / Clackline Playgroup, Dorntj Koorliny Art Group, Hurricane Go Kart Club of WA Inc, Northam Country Club – Tennis, Northam Netball Association, Share and Care (Meals on Wheels) and Bakers Hill Riding For The Disabled.

Various Progress and Community associations received funding of \$78,101 to be spent within their locality on activities and projects of their choice.

Additional funding was allocated to the following groups:

- Avon Valley Arts Inc - \$40,000
- Northam Agricultural Society - \$5,000
- Avon Descent Association - \$20,000
- Avon Tourism Inc - \$15,500
- Vintage Sports Car Club of WA Inc - \$15,500



Killara Adult Day Care and Respite Centre

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

As well as programs based at the centre, Killara also hosts the following groups and activities:

- Men's Group meeting (weekly)
- Adults over the age of 18 and have a disability (weekly)
- Men's Outing Group (fourtnightly)
- Getabout Outing Group (monthly)
- Carer's Group (quarterly)

A collaborative inter-generational program between Killara and St Joseph's Primary School provides the opportunity for students to interact on a weekly basis with Killara clients. Year seven students are paired off

with a client and can choose from a variety of activities such as playing a game, completing a jigsaw, helping with the train set or talking to each other.

2009/10 also saw the extension of Killara's services to Wundowie where a weekly day centre is provided to over 20 clients.

A Killara Advisory Group was established in April 2010 to provide a link to the community, to support staff, clients and carers and to raise funds for Killara. The Group's first fundraising initiative – a wood raffle, raised over \$1,000.

Through the Home and Community Care Program, the Shire received non recurrent funding of \$87,530. The funding was used to update vehicles, install air conditioning, upgrade floor coverings and security fencing.



Libraries

During 2009/10, 4,718 members borrowed over 60,000 items from the Shire of Northam's two public libraries in Northam and Wundowie.

The Northam Library undertook a significant facelift during 2009/10 which involved painting, window treatments, re-arranging shelving, creation of a reading area on the upper floor, a garden make over, and new furniture and a floor mat for the children's area.

Storytime continues to grow in popularity and is held each Wednesday at the Northam Library to promote the love

	Northam	Wundowie
Items Issued	56,153	5,668
Library Members	3,913	805
Inter-Library Loans	3,599	617
Reference Enquiries	7,800	753
Reservations	1,495	57
Use of Public Computers	698 hrs	n/a

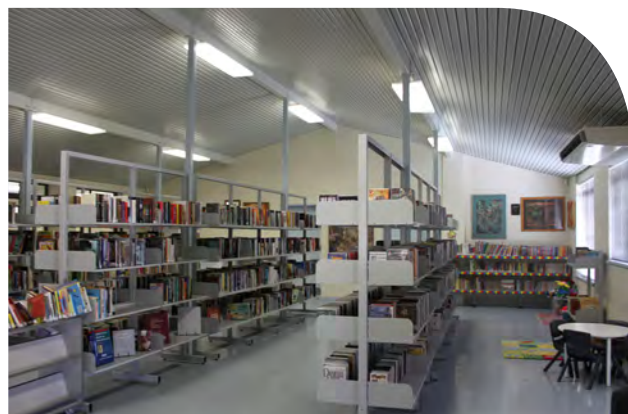
of reading and the development of language to children.

In-conjunction with the Department for Communities, the Northam Library also hosted Pyjama Storytime which was held once a month of an evening to encourage and promote reading as a family.

The well-liked service for house-bound residents

also proved popular throughout 2009/10, which also included providing books and other reading materials to Killara Adult Day Care and Respite Centre and Bethavon.

Staff showing initiative and a willingness to continually improve the Library facilities and services to the community are commended.



Events

The Shire of Northam staged and promoted a wide range of events throughout 2009/10 which attracted thousands of spectators and visitors of all age groups to the region and added vibrancy and excitement to the Shire.

Some of the major events included

- Australia Day Celebrations
- Concerts in the Park
- Flying 50 Family Fun Day
- German Car Day
- Avon River Festival & Avon Descent
- Northam Markets
- Christmas Lights Celebration

During 2009/10, over seven individual event applications and 143 stallholders licences were successfully processed, as the Shire continues to facilitate a range of social and cultural experiences and encourage community participation.

Events such as the Northam Race Day (Greyhounds), Carols in the Park, Mystery Bus Trips (Northam Over 60's), Australia Day Celebrations in Southern Brook and the Flying 50, were supported through the Shire's Community Grants program.



Citizenship Ceremonies

Four Citizenship Ceremonies were conducted in 2009/10, with around 20 people becoming Australian Citizens.

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

Northam Visitor Centre

The Shire of Northam Visitor Centre provides residents and visitors with information, maps, souvenirs and an accommodation booking service for everything in and around Northam.

Tourism is an integral part of the Shire of Northam's economy which the Shire continued to support over the year.

2009/10 has been an interesting year for tourism in the Shire, with the global economic situation filtering through to hot air ballooning and accommodation providers. Local operators reported that business was steady and followed usual seasonal trends, however a decline in the second half of the financial year was felt, and also reflected in the visitor numbers through the Visitor Centre.

Marketing and promotion initiatives included



a print advertising campaign (Beautiful South, Experience Perth Holiday Planner, caravanning magazines, WA Accommodation and Tours) and a website strategy for www.visitnorthamwa.com.au.

The weekly radio segment "Around the Avon" on Radiowest with Mic Brooke continued to promote the Visitor Centre, its members and events throughout Northam and the Avon Valley.

The Visitor Centre Conference Room was

well utilised throughout 2009/10, with regular booking from the Department of Transport, West Australian Local Government Association and WA Country Builders.

Also during 2009/10:

- the Visitor Centre experienced a 46% increase in accommodation bookings
- Visitor Centre membership increased from 17 to 57, a 35% increase

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

Development Services

Planning Services

Subdivisions

During the 2009/10 financial year, a total of 51 lots were created including 32 Residential, four Rural Smallholdings, seven Agricultural Local, six Agricultural Regional, one Community Purpose and one Special Use lots.

A number of other subdivisions are currently in preliminary engineering approval stages which are anticipated to commence construction in the 2010/11 financial year.

Developments

A total of 102 development approvals were issued during this year, including home occupations,

reduced setbacks, oversized outbuildings, commercial developments, group dwellings and relocated dwellings.

Scheme Amendments

During the 2009/10 financial year, one Amendment to Town Planning Scheme No 5 (former Town of Northam Planning Scheme) was gazetted and finalised. In addition, seven amendments to Town Planning Scheme No 3 (former Shire of Northam Planning Scheme) were gazetted and finalised whilst four amendments were initiated but were not finalised as at the end of the financial year.

Statutory Planning

Due to the amalgamation of the two local authorities, Council was required to re-adopt or modify a number of pre-existing policies relating to town planning. This also involved the formalisation of structure and content for the policy documents. This amalgamation and review of policies was finalised in December 2009.

Council will be finalising the amalgamation of both Town Planning Schemes and Strategies into consolidated documents in the new financial year.



Recreation Services

Recreation Services works to deliver a broad range of programs and services to the local community which provide a range of ongoing and new opportunities for residents to participate in sport, recreation and leisure activities and events.

Regular programs included floorball, mixed netball, volleyball, badminton, tennis, junior soccer, and the corporate challenge resulted in over 4,200 participant visits.

The Northam Recreation Centre also hosts the Hockey, Basketball and Netball clubs which use the facility over three nights a week and weekends.

The Shire was successful in securing \$ 5,477,992 as funding towards the new sport and recreation facility to be completed next financial year:

- \$ 3,267,487 - Regional and Local Community Infrastructure Program - Strategic Projects
- \$334,658 (08/09) + \$890,847 (10/11) - Country Local Government Fund
- \$ 700,000 - Lotterywest
- \$ 260,000 - Community Sport and Recreation Facilities Fund
- \$ 25,000 - Office of Crime Prevention

The new facility is to be the heart of a revitalised Jubilee Oval precinct that will see the expansion of Henry Street Oval, replacement of the existing Recreation Centre and demolition of Jubilee Pavilion as its functions are incorporated into a new Recreation Centre.

The design incorporates a number of energy saving features that should assist the Shire to moderate operating costs and ensure user access fees are affordable.

Programs undertaken during 2009/10 included:

- Females in Training Program
- Active Fun for Little Ones
- Physical Active sessions each week for Killara's disabled clients

After School and Vacation Care Services

Recreation Services commenced after school and vacation care services for children aged between five and twelve in December 2007. Each year, this service sees continued growth as it is the only licensed child care provided for after school and vacation care services for children aged between five and 12 in Northam.

The after school program and vacation care services caters to approximately 16 children and 17 children per day, respectively and aims to offer a varied program of physical and passive activities to enhance social integration and provide positive learning opportunities.





2009/10 Recreation Events

Pink Ribbon Community Walk	October 2009
Stay On Your Feet Healthy Living Solutions for Seniors	September 2009
Christmas Community Fun Day	December 2009
Northam & Wundowie Swimming Pool Christmas Party	December 2009
Wild Oats Music Festival	March 2010
Northam Community Triathlon	March 2010

Northam & Wundowie Swimming Pools

Attendance has continued to increase over the past 12 months with more than 57,937 customers enjoying the Northam Swimming Pool and 11,438 customers to the Wundowie Swimming Pool.

Royalties for Regions funding of \$74,998 was used to upgrade the facilities at the Northam Pool prior to the commencement of the swimming season. Programs and Events hosted at the Northam Swimming Pool include

- Avon Descent Registrations

- Northam Open
- Country Pennants
- BMX Presentations
- St Joseph's School Twilight Carnival
- Pony Club Tetrathon
- Club Championships
- Aqua aerobics
- Vacation and in-term swimming programs (including Wundowie)



Engineering Services

Engineering Services continue to develop the amenities and infrastructure in 2009/10. In excess of \$4.4million was spent on the construction, maintenance and operation of these facilities. This includes street lighting, street sweeping, graffiti removal, signage, roads, drains, paths, kerbing, parks, gardens and reserves.

Road Construction

\$1.28million was invested in road construction / renewal throughout the Shire. Projects included in 2009/10 were:

Toodyay-Clackline Road – reconstruct & widen
Fitzgerald Street – drainage & asphalt seal
Hunter Road – Sealing
Carter Road – shoulder construction
Benruea Road – drain line
Grey & Duke Streets – blackspot improvements
Leaver Road – verge improvements
Oyston Road – verge improvements
Decastilla Road – verge improvements

Footpaths

\$765,217 was invested in footpath construction and renewal, this included Royalties for Regions funding of \$524,330. Works were completed in Bakers Hill, Wundowie and Northam including the new footpath along Yilgarn Avenue from the Northam Caravan Park to the Chidlow Rail Crossing.

Drainage

As part of the ongoing maintenance program, all storm water drains were inspected and cleaned. Funding of \$185,975 was used for drainage maintenance throughout the district. Drainage construction valued at \$127,307 was completed including a

drainage basin at Lyon and Gregory Streets. Drainage issues in the Northam central business district are an ongoing problem, requiring additional investigation and funding in future years. Royalties for Regions of \$245,000 assisted with these works.

Parks & Reserves

Progress for the continual improvement and maintenance of parks and reserves is evident throughout the shire. Enhancements will continue to ensure more vibrant public open space areas exist within our community. \$492,692 was invested in maintenance and improvements to these areas.

New barbecues were installed in Bernard Park, Apex Park and Broome Terrace Riverbank. Shade sails were installed in Bernard and Apex Park's.

Events & Festivals

During 2009/10, Engineering Services continued to provide valuable assistance to the many and varied events hosted throughout the Shire of Northam.



Regulatory Services

Health

Environmental Health monitors premises that prepare food for sale, to ensure compliance with state and local laws and regulations. Environmental Health Officers are responsible for implementing a food sampling program and undertaking routine food premise inspections to ensure that a high standard of food hygiene is maintained.

With the introduction of new food legislation in October 2009, known as the Food Act 2008, all businesses in order to sell food are required to be registered with the Shire or provide a copy of their registration certificate. As a consequence the food business register has increased 36% during 2009/10.

Waste Management and Recycling

Approximately 25,000 tonnes of waste material was received at the Old Quarry Road and Inkpen Road Waste Management Facilities during 2009/10. The minimal increase in the volume of waste being produced in the Shire and surrounding regional areas



is a notable effort from the community and local businesses to minimise the amount of waste being disposed of to landfill.

Major earthworks were undertaken to the main disposal pit at the Old Quarry Road Waste Management Facility.

An additional septic waste pond was constructed with the installation of the plastic liner. Redrilling of the ground water monitoring bore below the ponds was undertaken.

The entrance road was widened with compacted gravel to allow trucks entering the weighbridge area to pull over allowing other vehicle traffic to safely pass.

The Inkpen Road Waste Management Facility had an additional waste trench constructed. Cover

material was purchased for daily waste cover and site rehabilitation.

The free Bulk Bin Collection Service for the Northam town site was a valuable service to the residents with approximately 500 properties utilising the services. Similarly the Bulk Regional Skip Bins periodically located at Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie for the collection of household waste were well received.

The 'Drop Off Recycling Points' at the Waste Management Facilities, Peel Terrace Northam, Clackline, Bakers Hill, Wundowie, Grass Valley, and El Caballo received increasing support.

Recycling services expanded to include

printer and photocopier cartridges, mobile phones & batteries and general household batteries. There are deposit boxes located at the Shire Administration Building or Northam Library.

During 2009/10 residents in the Shire recycled:

- 537 tonnes of cans, glass, plastic, cardboard and paper
- Over 850 vehicle tyres,
- 560 tonnes of scrap metal
- 10 tonnes of batteries
- 31,750L of waste oil
- 3553 chemical containers

Meat Inspection

During 2009/10, 19,463 cattle carcasses were inspected at PR Hepple & Sons Abattoir to ensure the cattle was fit for human consumption. A 22% increase on the previous financial year.

Building Control

The 2009/10 financial year saw an increase in the number of approvals issued and the value of works approved. The overall increase was 17% in approvals and 72% in the value of works.

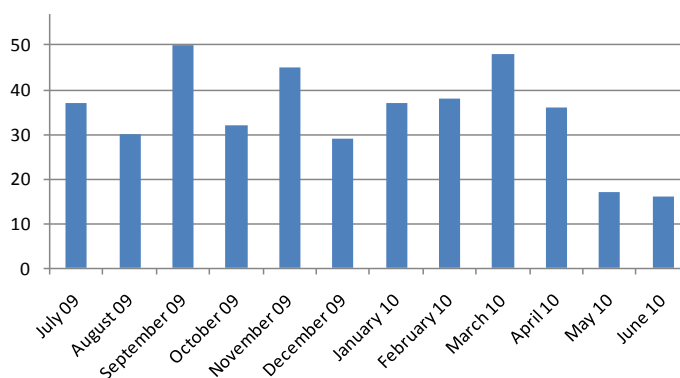
A variety of applications for building approvals were processed including, 107 new dwellings, 250 building additions and outbuildings, 29 swimming

pools, 4 demolitions, and 10 retaining walls.

Major commercial applications processed during 2009/10 include:

- Primary Crushing Building (JTB Quarry)
- McDonalds Restaurant
- WA Country Builders office
- Northam Senior High School additions
- Woolworths's mezzanine floor, and
- St Joseph's Primary School additions.

Building Licence Approvals



Rangers Services

From 1 July 2009 the Shire commenced the in-house provision of Ranger Services with the employment of two Rangers.

The Shire was fortunate to receive Royalty for Regions funding which enabled the construction of a new dog pound doubling the capacity of the original pound.

Over the 2009/10 period the Ranger Services dealt with almost 1,700 enquiries from the public in relation to matters such as dogs, parking, litter, fire, stock control and abandoned vehicles.

The Shire Rangers issued 166 infringements during 2009/10 which totalled \$32,050.



Emergency Services

For the 2009/10 financial year the Shire received funding of \$97,521 to meet the operational costs of the local Bush Fire Brigades and State Emergency Service (SES).

In addition to this operational funding, the

Shire took delivery of two new 1.4 fire fighting appliances allocated to Inkpen and Southern Brook Bush Fire Brigades.

In addition, a Toyota personnel carrier, was allocated to the Northam District SES.

During the year our Bush Fire Brigade and SES Volunteers were heavily involved in assisting the Shire of Toodyay at the major fire event where 38 houses were lost.



Statutory Reports

Disability Access & Inclusion

The Shire of Northam continues to provide access and inclusion for everyone. The Shire's Disability Access and Inclusion Plan (DAIP) ensures that people with disabilities have equal access to Shire services, facilities and information.

During 2009/10, the Shire implemented the following in line with the DAIP:

- Assisted wheelchair and gophers to access their local area through the maintenance of pathways, ramps and footpaths
- Required provisions for disabled access in new commercial buildings or where major alterations have been undertaken in existing buildings
- Constructed an access ramp to the barbeque area at Apex Park
- Provided new shade over the benches at the Wundowie Telecentre
- Installed wheelchair accessible toilets as part of the refurbishment of the Old Railway Station

Council is also affiliated with the Companion Card

Program, which provides people with a disability, (who are cardholders), the opportunity to be included in community events and activities by enabling their companion a second entrance ticket to events at no charge.

A progress report on the Shire's DAIP was submitted to the Disabilities Services with seven strategies completed and 12 strategies partially completed.

Freedom of Information

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

is available from Shire of Northam Administration Centre or the website.

During 2009/10 the Shire received six Freedom of Information applications, and one referral for third party consultation. The Act requires that all applications are responded to within 45 days.

National Competition Policy

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

Local government will also be affected where local



laws unnecessarily affect competition.

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

Competitive Neutrality

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

The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a

result of their public sector ownership.

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

Compliance with the State Records Act 2000

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

The Records Keeping Plan is reviewed and evaluated at least once every five years for efficiency and



effectiveness of the organisation's record keeping systems.

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

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

Register of Complaints

The Local Government Act 1995 s5.121 requires the complaints officer of the Local Government to maintain a register of complaints which records all complaints that result in an action under the Local Government Act s5.110 (6) (b) or (c).

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

- Name of Council Member about whom the complaint is made;
- Name of the person who makes the complaint;

- A description of the minor breach that the standards panel finds has occurred; and
- Details of the actions taken under LGA s5.110 (6)(b) or (c).

During the 2009/2010 financial year there have been no complaints recorded that resulted in an action under LGA s5.110 (6) (b) or (c).

Local Laws

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

This was subsequently completed and gazetted on 16 September 2008.

During 2009/10 amendments were instigated on the following Local Laws

- Fencing,
- Waste,
- Northam Parking and Parking Facilities.

Employees Remuneration

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

Salary Range	2010	2009
\$150,000 - \$159,000	-	1
\$160,000 - \$169,000	1	-



Financial Report

SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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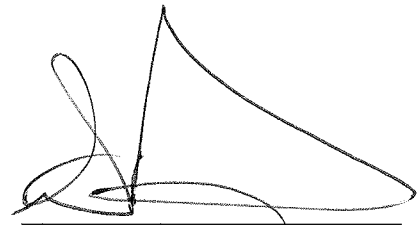
SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Northam being the annual financial report and other information for the financial year ended 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2010 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 29th day of November 2010.

A handwritten signature in black ink, consisting of a large, stylized 'N' followed by a horizontal line and a small flourish.

Neville Hale
Chief Executive Officer

SHIRE OF NORTHAM
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	5,955,236	5,926,236	5,589,848
Operating Grants, Subsidies and Contributions	28	4,956,878	5,029,417	5,348,897
Fees and Charges	27	3,028,816	2,433,685	2,363,636
Interest Earnings	2(a)	484,876	278,000	459,087
Other Revenue		373,203	363,750	885,703
		<u>14,799,009</u>	<u>14,031,088</u>	<u>14,647,171</u>
EXPENSES				
Employee Costs		(4,771,620)	(5,255,956)	(4,451,600)
Materials and Contracts		(4,551,085)	(4,938,716)	(4,720,101)
Utility Charges		(522,168)	(414,220)	(413,593)
Depreciation on Non-Current Assets	2(a)	(2,820,471)	(2,764,715)	(2,725,052)
Interest Expenses	2(a)	(148,908)	(148,908)	(154,044)
Insurance Expenses		(384,770)	(381,395)	(384,121)
Other Expenditure		(398,102)	(323,318)	(300,221)
		<u>(13,597,124)</u>	<u>(14,227,228)</u>	<u>(13,148,732)</u>
		1,201,885	(196,140)	1,498,439
Non-Operating Grants, Subsidies and Contributions				
	28	2,673,724	4,603,358	2,446,800
Profit on Asset Disposals	20	118,100	528,365	125,586
Loss on Asset Disposals	20	<u>(77,816)</u>	<u>(179,657)</u>	<u>(57,591)</u>
NET RESULT		3,915,893	4,755,926	4,013,234
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>3,915,893</u></u>	<u><u>4,755,926</u></u>	<u><u>4,013,234</u></u>

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

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		87,863	28,250	98,351
General Purpose Funding		9,741,282	9,725,468	10,105,275
Law, Order, Public Safety		473,176	442,540	208,447
Health		170,504	528,826	118,997
Education and Welfare		1,112,870	983,671	982,672
Housing		42,519	1,891,802	48,746
Community Amenities		1,641,796	1,481,708	1,447,148
Recreation and Culture		2,100,185	2,196,370	1,966,892
Transport		1,280,116	1,262,641	1,460,109
Economic Services		520,333	560,335	586,472
Other Property and Services		420,189	61,200	196,448
	2 (a)	<u>17,590,833</u>	<u>19,162,811</u>	<u>17,219,557</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(641,880)	(714,621)	(619,695)
General Purpose Funding		(149,369)	(215,216)	(185,282)
Law, Order, Public Safety		(811,673)	(842,542)	(774,707)
Health		(434,268)	(463,817)	(382,940)
Education and Welfare		(1,029,612)	(1,029,335)	(1,022,125)
Housing		(74,406)	(80,900)	(71,881)
Community Amenities		(2,331,552)	(2,605,801)	(2,194,426)
Recreation & Culture		(2,356,749)	(2,640,214)	(2,113,050)
Transport		(3,748,836)	(3,956,999)	(4,076,614)
Economic Services		(1,471,153)	(1,657,547)	(1,475,238)
Other Property and Services		(476,534)	(50,985)	(136,321)
	2 (a)	<u>(13,526,032)</u>	<u>(14,257,977)</u>	<u>(13,052,279)</u>
FINANCE COSTS				
Governance		(13,441)	(13,441)	(14,627)
Housing		0	0	(40)
Community Amenities		(2,170)	(2,170)	(2,310)
Recreation and Culture		(41,801)	(41,801)	(38,540)
Transport		(5,840)	(5,840)	(6,271)
Economic Services		(85,656)	(85,656)	(92,256)
	2 (a)	<u>(148,908)</u>	<u>(148,908)</u>	<u>(154,044)</u>
NET RESULT		3,915,893	4,755,926	4,013,234
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>3,915,893</u>	<u>4,755,926</u>	<u>4,013,234</u>

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

SHIRE OF NORTHAM
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	11,044,262	8,868,984
Trade and Other Receivables	4	2,322,458	1,205,102
Inventories	5	105,812	114,327
TOTAL CURRENT ASSETS		<u>13,472,532</u>	<u>10,188,413</u>
NON-CURRENT ASSETS			
Other Receivables	4	884,017	929,058
Property, Plant and Equipment	6	14,582,613	13,645,811
Infrastructure	7	36,703,757	36,205,768
TOTAL NON-CURRENT ASSETS		<u>52,170,387</u>	<u>50,780,637</u>
TOTAL ASSETS		<u>65,642,919</u>	<u>60,969,050</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,020,117	1,033,009
Long Term Borrowings	9	315,620	233,951
Provisions	10	576,982	573,677
TOTAL CURRENT LIABILITIES		<u>1,912,719</u>	<u>1,840,637</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	2,990,998	2,306,618
Provisions	10	73,578	72,064
TOTAL NON-CURRENT LIABILITIES		<u>3,064,576</u>	<u>2,378,682</u>
TOTAL LIABILITIES		<u>4,977,295</u>	<u>4,219,319</u>
NET ASSETS		<u>60,665,624</u>	<u>56,749,731</u>
EQUITY			
Retained Surplus		55,418,122	51,721,894
Reserves - Cash Backed	11	5,247,502	5,027,837
TOTAL EQUITY		<u>60,665,624</u>	<u>56,749,731</u>

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

**SHIRE OF NORTHAM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	TOTAL EQUITY \$
Balance as at 1 July 2008		47,998,315	4,738,182	52,736,497
Net Result		4,013,234	0	4,013,234
Total Other Comprehensive Income		0	0	0
Reserve Transfers		(289,655)	289,655	0
Balance as at 30 June 2009		51,721,894	5,027,837	56,749,731
Net Result		3,915,893	0	3,915,893
Total Other Comprehensive Income		0	0	0
Reserve Transfers		(219,665)	219,665	0
Balance as at 30 June 2010		<u>55,418,122</u>	<u>5,247,502</u>	<u>60,665,624</u>

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

**SHIRE OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		5,793,642	5,976,236	5,524,669
Operating Grants, Subsidies and Contributions		4,014,002	5,279,417	5,048,897
Fees and Charges		3,037,033	2,433,685	2,331,209
Interest Earnings		487,286	298,000	459,087
Goods and Services Tax		492,643	300,000	345,937
Other Revenue		373,203	513,750	882,676
		<u>14,197,809</u>	<u>14,801,088</u>	<u>14,592,475</u>
Payments				
Employee Costs		(4,752,511)	(5,005,956)	(4,302,465)
Materials and Contracts		(4,599,991)	(4,788,716)	(4,024,573)
Utility Charges		(522,168)	(414,220)	(413,593)
Insurance Expenses		(384,770)	(381,395)	(384,121)
Interest Expenses		(118,669)	(139,671)	(155,236)
Goods and Services Tax		(424,682)	(300,000)	(466,233)
Other Expenditure		(398,102)	(323,318)	(300,220)
		<u>(11,200,893)</u>	<u>(11,353,276)</u>	<u>(10,046,441)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,902,375</u>	<u>3,447,812</u>	<u>4,546,034</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(2,246,190)	(11,134,743)	(1,858,751)
Payments for Construction of Infrastructure		(2,206,778)	(2,318,120)	(1,785,304)
Advances to Community Groups		0	0	(105,000)
Self Supporting Loan Written Off		0	0	109,570
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,673,724	4,603,358	2,446,800
Proceeds from Sale of Plant & Equipment		237,992	876,700	432,649
Net Cash Provided By (Used In) Investing Activities		<u>(1,541,252)</u>	<u>(7,972,805)</u>	<u>(760,036)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(233,951)	(233,951)	(214,030)
Proceeds from Self Supporting Loans		48,106	56,859	60,876
Proceeds from New Debentures		1,000,000	1,295,000	105,000
Net Cash Provided By (Used In) Financing Activities		<u>814,155</u>	<u>1,117,908</u>	<u>(48,154)</u>
Net Increase (Decrease) in Cash Held		2,175,278	(3,407,085)	3,737,844
Cash at Beginning of Year		8,868,984	8,868,096	5,131,140
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>11,044,262</u></u>	<u><u>5,461,011</u></u>	<u><u>8,868,984</u></u>

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

**SHIRE OF NORTHAM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		87,863	28,250
General Purpose Funding		3,786,046	3,799,232
Law, Order, Public Safety		473,176	442,540
Health		170,504	528,826
Education and Welfare		1,112,870	983,671
Housing		42,519	1,891,802
Community Amenities		1,641,796	1,481,708
Recreation and Culture		2,100,185	2,196,370
Transport		1,280,116	1,262,641
Economic Services		520,333	560,335
Other Property and Services		420,189	61,200
		<u>11,635,597</u>	<u>13,236,575</u>
EXPENSES			
Governance		(655,321)	(728,062)
General Purpose Funding		(149,369)	(215,216)
Law, Order, Public Safety		(811,673)	(842,542)
Health		(434,268)	(463,817)
Education and Welfare		(1,029,612)	(1,029,335)
Housing		(74,406)	(80,900)
Community Amenities		(2,333,722)	(2,607,971)
Recreation & Culture		(2,398,550)	(2,682,015)
Transport		(3,754,676)	(3,962,839)
Economic Services		(1,556,809)	(1,743,203)
Other Property and Services		(476,534)	(50,985)
		<u>(13,674,940)</u>	<u>(14,406,885)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(40,284)	(348,708)
Movement in Accrued Interest		30,239	0
Movement in Accrued Salaries and Wages		18,491	0
Movement in Employee Benefit Provisions		4,819	0
Depreciation on Assets		2,820,471	2,764,715
Capital Expenditure and Revenue			
Purchase Land and Buildings		(974,173)	(9,462,483)
Purchase Infrastructure Assets - Roads		(898,013)	(1,083,901)
Purchase Infrastructure Assets - Bridges & Culverts		(378,000)	(120,000)
Purchase Infrastructure Assets - Footpaths		(765,217)	(567,704)
Purchase Infrastructure Assets - Drainage		(127,307)	(245,000)
Purchase Infrastructure Assets - Streetscape		(2,955)	(2,955)
Purchase Infrastructure Assets - Parks		(33,624)	(66,500)
Purchase Infrastructure Assets - Aero		(1,662)	(140,000)
Purchase Playground Equipment		0	(92,060)
Purchase Plant and Equipment		(851,177)	(1,218,460)
Purchase Bushfire Equipment		(298,683)	(295,000)
Purchase Furniture and Equipment		(122,157)	(158,800)
Proceeds from Disposal of Assets		237,992	876,700
Repayment of Debentures		(233,951)	(233,951)
Proceeds from New Debentures		1,000,000	1,295,000
Self-Supporting Loan Principal Income		48,106	56,859
Transfers to Reserves (Restricted Assets)		(921,580)	(1,234,610)
Transfers from Reserves (Restricted Assets)		701,915	1,335,054
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		4,072,157	4,185,878
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		7,201,300	0
Amount Required to be Raised from Rates	22	<u>(5,955,236)</u>	<u>(5,926,236)</u>

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements 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 as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to 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) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

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 statement of comprehensive income as at the time of signing a binding contract of sale.

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

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

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

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

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

Buildings	50 years
Furniture and Equipment	5 years
Computer Hardware/Software	4 years
Tools	4 years
Cars	5 years
Utilities	4 years
Heavy Vehicles -	
-Trucks	5 years
-Graders, Loaders, & Heavy Equipment	10 years
Other Plant and Equipment	10 years
Sealed Roads and Streets	
Construction-Road Reconstruction	50 years
original surfacing and major re-surfacing	
- bituminous seals	15 years
- asphalt surfaces	20 years
Car Parks (Sealed)	40 years
Unsealed Gravel Roads	
construction/road base/sub grade	50 years
gravel sheet/resheet	10 years
Reserves/Playground Equipment	10 years
Bridges & Culverts	
-timber	50 years
-concrete	100 years
Footpaths	
-insitu concrete and slabs	40 years
-asphalt, bitumen surfaces	20 years
Kerbing	
- concrete	40 years
Street lighting	25 years
Sewerage piping	60 years
Water supply piping	60 years
Parks & Reserves	50 years
Main Drains & Water Retarding Basins	85 years

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance date.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Estimation of Fair Value

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

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

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

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

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

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

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee Benefits

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

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

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided 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 (Long-term Benefits)

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

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) 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.

(q) 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 statement of comprehensive income. Information about the joint venture is set out in Note 16.

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vi) (Continued)			
AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES	2010	2009
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	26,660	38,533
- Other Services	4,035	2,670
Depreciation		
Buildings	327,309	294,909
Furniture and Equipment	131,605	116,368
Plant and Equipment	433,333	395,203
Roads	1,196,151	1,264,324
Bridges & Culverts	78,219	77,372
Parks	66,587	49,128
Footpaths	127,230	108,609
Drainage	116,297	116,099
Aero	12,327	3,715
Bushfire Equipment	219,435	187,285
Streetscape	111,978	111,868
Playground Equipment	0	172
	<u>2,820,471</u>	<u>2,725,052</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	148,908	154,044
	<u>148,908</u>	<u>154,044</u>
Rental Charges		
- Operating Leases	7,049	53,466
(ii) Crediting as Revenue:	2010	2010
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	193,614	100,000
- Other Funds	210,161	100,000
Other Interest Revenue (<i>refer note 26</i>)	81,101	79,112
	<u>484,876</u>	<u>278,000</u>
	<u>484,876</u>	<u>459,087</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

Assistance to playgroups and other voluntary services.

HOUSING

Maintenance of rental housing (including aged accommodation).

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*)	2008/09	2008/09	Balance (*)	2009/10	2009/10	Balance
		1-Jul-08	2008/09	2008/09	30-Jun-09	2009/10	2009/10	30-Jun-10
		\$	\$	\$	\$	\$	\$	\$
Office of Crime Prevention	Recreation	52,018	0	(42,268)	9,750	25,000	(9,750)	25,000
Roads to Recovery	Transport	50,389	0	(50,389)	0	311,306	(251,180)	60,126
Roads to Recovery - Sup	Transport	27,390	0	(27,390)	0	0	0	0
Regional Airfield Development	Aerodromes	37,032	0	(37,032)	0	0	0	0
Dept of Sport & Recreation	Recreation	8,120	0	(8,120)	0	0	0	0
Dept of Local Govt & Reg Dev	Governance	173,000	0	(63,116)	109,884	0	(39,884)	70,000
Recreation Programs	Recreation	14,069	0	(14,069)	0	0	0	0
Grants Commission - Bridges	Transport	236,000	0	0	236,000	0	(236,000)	0
Wild Oats Festival	Tourism	17,000	0	(17,000)	0	0	0	0
Greening Australia	Environment	0	16,781	0	16,781	0	(14,703)	2,078
SGIO	Fire Prevention	0	1,318	0	1,318	0	0	1,318
Main Roads WA	Transport	0	200,000	0	200,000	0	(14,970)	185,030
Grants Commission	Transport	0	4,000	0	4,000	0	0	4,000
Indigenous Affairs	Tourism	0	3,000	0	3,000	0	(3,000)	0
Dept Recreation & Sport	Recreation	0	2,000	0	2,000	0	(2,000)	0
Dept of Infrastructure	Recreation	0	1,633,744	0	1,633,744	1,633,743	0	3,267,487
Royalties for Regions	General Purpose	0	564,974	0	564,974	706,594	(819,217)	452,351
Reg & Local Community Infra	General Purpose	0	193,781	0	193,781	132,000	(193,781)	132,000
Wheatbelt Development Comm	Recreation	0	0	0	0	14,000	0	14,000
Wheatbelt Development Comm	Other Culture	0	0	0	0	70,000	0	70,000
Dept Reg Development & Lands	Governance	0	0	0	0	35,000	0	35,000
Total		615,018	2,619,598	(259,384)	2,975,232	2,927,643	(1,584,485)	4,318,390

Notes:

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

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	709,173	865,915
Restricted	10,335,089	8,003,069
	<u>11,044,262</u>	<u>8,868,984</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves		
Aged Accommodation Reserve (S)	203,336	189,069
Employees Future Liability Reserve	504,841	484,816
Housing Reserve (S)	195,201	187,975
Meat Inspection Reserve (S)	103,643	99,052
Office Equipment Reserve (S)	97,087	83,864
Plant & Equipment Reserve (S)	978,466	1,092,428
Recreation Reserve (S)	291,764	341,413
Refuse Site Reserve (S)	209,188	201,275
Road & Bridgeworks Reserve (S)	581,982	772,635
Recreation Reserve (T)	189,813	182,787
Refuse Site Reserve (T)	203,700	177,071
Regional Development Reserve (T)	131,502	112,190
Speedway Reserve (S)	108,516	104,499
Community Bus Replacement Reserve	27,088	16,456
Septic Pond Reserve	62,711	41,130
Killara Reserve	206,543	177,095
Minson Ave/Bernard Park Reserve	28,218	27,174
Recreation and Community Facilities Reserve	470,751	340,884
Stormwater Drainage Projects Reserve	134,138	100,284
Administration Office Reserve	369,014	295,740
Council Buildings & Amenities Reserve	100,000	0
River Town Pool Dredging Reserve	<u>50,000</u>	<u>0</u>
Total Reserves	5,247,502	5,027,837
Conditions over Contributions		
Unspent Grants	4,318,390	2,975,232
Unspent Loans	<u>769,197</u>	<u>0</u>
Total Conditions over Contributions	5,087,587	2,975,232
	<u>10,335,089</u>	<u>8,003,069</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	566,180	427,743
Sundry Debtors	1,475,155	571,356
GST Receivable	142,110	115,530
Loans - Clubs/Institutions	60,292	48,106
Debtors - Pensioner Rebates	23,456	18,692
Emergency Services Levy	29,651	26,509
Debtors - Rubbish Charges	67,405	75,622
Accrued Income	4,615	7,027
	<u>2,368,864</u>	<u>1,290,585</u>
 Less Provision for Doubtful Debts	 (46,406)	 (85,483)
	<u><u>2,322,458</u></u>	<u><u>1,205,102</u></u>
 Non-Current		
Rates Outstanding - Pensioners	286,039	270,788
Loans - Clubs/Institutions	597,978	658,270
	<u><u>884,017</u></u>	<u><u>929,058</u></u>
 5. INVENTORIES		
Current		
Fuel and Materials	15,684	24,199
Land Held for Resale - Cost		
Cost of Acquisition	90,128	90,128
	<u><u>105,812</u></u>	<u><u>114,327</u></u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2009 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	16,061,186	15,087,013
Less Accumulated Depreciation	<u>(4,562,440)</u>	<u>(4,235,131)</u>
	11,498,746	10,851,882
Plant and Equipment - Cost	4,331,609	4,028,115
Less Accumulated Depreciation	<u>(2,154,765)</u>	<u>(2,071,409)</u>
	2,176,844	1,956,706
Furniture and Equipment - Cost	1,571,255	1,449,098
Less Accumulated Depreciation	<u>(1,221,905)</u>	<u>(1,090,300)</u>
	349,350	358,798
Bushfire Equipment - Cost	1,814,153	1,515,470
Less Accumulated Depreciation	<u>(1,256,480)</u>	<u>(1,037,045)</u>
	557,673	478,425
Playground Equipment - Cost	29,700	29,700
Less Accumulated Depreciation	<u>(29,700)</u>	<u>(29,700)</u>
	0	0
Tools - Cost	3,756	3,756
Less Accumulated Amortisation	<u>(3,756)</u>	<u>(3,756)</u>
	0	0
	<u><u>14,582,613</u></u>	<u><u>13,645,811</u></u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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 \$	Plant & Equipment \$	Furniture & Equipment \$	Bushfire Equipment \$	Playground Equipment \$	Tools \$	Total \$
Balance as at 1 July 2009	10,851,882	1,956,706	358,798	478,425	0	0	13,645,811
Additions	974,173	851,177	122,157	298,683	0	0	2,246,190
(Disposals)	0	(197,708)	0	0	0	0	(197,708)
Depreciation (Expense)	(327,309)	(433,333)	(131,605)	(219,435)	0	0	(1,111,682)
Other movements	0	2	0	0	0	0	2
Balance as at 30 June 2010	<u>11,498,746</u>	<u>2,176,844</u>	<u>349,350</u>	<u>557,673</u>	<u>0</u>	<u>0</u>	<u>14,582,613</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	54,259,713	53,361,700
Less Accumulated Depreciation	<u>(32,215,375)</u>	<u>(31,019,224)</u>
	22,044,338	22,342,476
 Parks & Ovals - Cost	 2,558,949	 2,525,325
Less Accumulated Depreciation	<u>(1,449,085)</u>	<u>(1,382,498)</u>
	1,109,864	1,142,827
 Drainage - Cost	 7,206,961	 7,079,654
Less Accumulated Depreciation	<u>(4,433,756)</u>	<u>(4,317,459)</u>
	2,773,205	2,762,195
 Footpaths - Cost	 6,474,668	 5,709,451
Less Accumulated Depreciation	<u>(3,071,518)</u>	<u>(2,944,288)</u>
	3,403,150	2,765,163
 Streetscape - Cost	 3,789,807	 3,786,852
Less Accumulated Depreciation	<u>(633,775)</u>	<u>(521,797)</u>
	3,156,032	3,265,055
 Bridges & Culverts - Cost	 8,121,860	 7,743,860
Less Accumulated Depreciation	<u>(4,267,695)</u>	<u>(4,189,476)</u>
	3,854,165	3,554,384
 Aero - Cost	 383,397	 381,735
Less Accumulated Depreciation	<u>(20,394)</u>	<u>(8,067)</u>
	363,003	373,668
	<u><u>36,703,757</u></u>	<u><u>36,205,768</u></u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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	Parks and Ovals	Drainage	Footpaths	Streetscape	Bridges and Culverts	Aero	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2009	22,342,476	1,142,827	2,762,195	2,765,163	3,265,055	3,554,384	373,668	36,205,768
Additions	898,013	33,624	127,307	765,217	2,955	378,000	1,662	2,206,778
Depreciation (Expense)	(1,196,151)	(66,587)	(116,297)	(127,230)	(111,978)	(78,219)	(12,327)	(1,708,789)
Balance as at 30 June 2010	22,044,338	1,109,864	2,773,205	3,403,150	3,156,032	3,854,165	363,003	36,703,757

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	879,557	936,978
Accrued Interest on Debentures	53,372	23,133
Accrued Salaries and Wages	84,905	66,414
Rostered Days Off Liability	2,283	6,484
	<u>1,020,117</u>	<u>1,033,009</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	<u>315,620</u>	<u>233,951</u>
	<u>315,620</u>	<u>233,951</u>
Non-Current		
Secured by Floating Charge		
Debentures	<u>2,990,998</u>	<u>2,306,618</u>
	<u>2,990,998</u>	<u>2,306,618</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	339,939	337,455
Provision for Long Service Leave	237,043	236,222
	<u>576,982</u>	<u>573,677</u>
Non-Current		
Provision for Long Service Leave	<u>73,578</u>	<u>72,064</u>
	<u>73,578</u>	<u>72,064</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Aged Accommodation Reserve (\$)			
Opening Balance	189,069	189,049	172,966
Interest	7,267	3,750	9,303
Amount Set Aside / Transfer to Reserve	7,000	7,000	6,800
Amount Used / Transfer from Reserve	0	(100,000)	0
	<u>203,336</u>	<u>99,799</u>	<u>189,069</u>
(b) Employees Liability Reserve			
Opening Balance	484,816	484,764	375,751
Interest	18,635	9,617	20,405
Amount Set Aside / Transfer to Reserve	1,390	1,390	88,660
Amount Used / Transfer from Reserve	0	0	0
	<u>504,841</u>	<u>495,771</u>	<u>484,816</u>
(c) Housing Reserve (\$)			
Opening Balance	187,975	187,955	178,400
Interest	7,226	3,729	9,575
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(160,000)	0
	<u>195,201</u>	<u>31,684</u>	<u>187,975</u>
(d) Meat Inspection Reserve (\$)			
Opening Balance	99,052	99,041	123,182
Interest	3,807	1,965	6,530
Amount Set Aside / Transfer to Reserve	784	0	0
Amount Used / Transfer from Reserve	0	(44,660)	(30,660)
	<u>103,643</u>	<u>56,346</u>	<u>99,052</u>
(e) Office Equipment Reserve (\$)			
Opening Balance	83,864	83,855	60,557
Interest	3,223	1,664	3,307
Amount Set Aside / Transfer to Reserve	10,000	10,000	20,000
Amount Used / Transfer from Reserve	0	0	0
	<u>97,087</u>	<u>95,519</u>	<u>83,864</u>
(f) Plant & Equipment Reserve (\$)			
Opening Balance	1,092,428	1,092,311	1,161,498
Interest	41,993	21,669	62,036
Amount Set Aside / Transfer to Reserve	254,900	254,900	259,710
Amount Used / Transfer from Reserve	(410,855)	(454,000)	(390,816)
	<u>978,466</u>	<u>914,880</u>	<u>1,092,428</u>
(g) Recreation Reserve (\$)			
Opening Balance	341,413	341,377	338,298
Interest	12,961	6,772	18,115
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(62,610)	(270,000)	(15,000)
	<u>291,764</u>	<u>78,149</u>	<u>341,413</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Refuse Reserve (S)			
Opening Balance	201,275	205,849	195,384
Interest	7,913	4,084	5,891
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
	<u>209,188</u>	<u>209,933</u>	<u>201,275</u>
(i) Road & Bridgeworks Reserve (S)			
Opening Balance	772,635	772,552	900,043
Interest	29,697	15,326	47,812
Amount Set Aside / Transfer to Reserve	7,650	7,650	26,650
Amount Used / Transfer from Reserve	(228,000)	0	(201,870)
	<u>581,982</u>	<u>795,528</u>	<u>772,635</u>
(j) Recreation Reserve (T)			
Opening Balance	182,787	182,768	173,476
Interest	7,026	3,626	9,311
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(186,394)	0
	<u>189,813</u>	<u>0</u>	<u>182,787</u>
(k) Refuse Site Reserve (T)			
Opening Balance	177,071	172,456	106,584
Interest	6,629	3,421	10,487
Amount Set Aside / Transfer to Reserve	20,000	20,000	60,000
Amount Used / Transfer from Reserve	0	0	0
	<u>203,700</u>	<u>195,877</u>	<u>177,071</u>
(l) Regional Development Reserve (T)			
Opening Balance	112,190	112,178	92,201
Interest	4,312	2,225	4,989
Amount Set Aside / Transfer to Reserve	15,000	15,000	15,000
Amount Used / Transfer from Reserve	0	0	0
	<u>131,502</u>	<u>129,403</u>	<u>112,190</u>
(m) Speedway Reserve (S)			
Opening Balance	104,499	104,488	99,176
Interest	4,017	2,073	5,323
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>108,516</u>	<u>106,561</u>	<u>104,499</u>
(n) Community Bus Replacement Reserve			
Opening Balance	16,456	16,454	6,100
Interest	632	326	356
Amount Set Aside / Transfer to Reserve	10,000	10,000	10,000
Amount Used / Transfer from Reserve	0	0	0
	<u>27,088</u>	<u>26,780</u>	<u>16,456</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED (Continued)			
(o) Septic Pond Reserve			
Opening Balance	41,130	41,126	20,000
Interest	1,581	816	1,130
Amount Set Aside / Transfer to Reserve	20,000	20,000	20,000
Amount Used / Transfer from Reserve	0	0	0
	<u>62,711</u>	<u>61,942</u>	<u>41,130</u>
(p) Killara Reserve			
Opening Balance	177,095	190,587	257,543
Interest	7,326	3,781	9,535
Amount Set Aside / Transfer to Reserve	22,572	0	34,911
Amount Used / Transfer from Reserve	(450)	0	(124,894)
	<u>206,543</u>	<u>194,368</u>	<u>177,095</u>
(q) Greening Australia - Our Patch			
Opening Balance	0	0	36,326
Interest	0	0	427
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(36,753)
	<u>0</u>	<u>0</u>	<u>0</u>
(r) Unspent Grants General Reserve			
Opening Balance	0	0	250,138
Interest	0	0	12,682
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(262,820)
	<u>0</u>	<u>0</u>	<u>0</u>
(s) Minson Ave/Bernard Park Reserve			
Opening Balance	27,174	27,171	100,559
Interest	1,044	539	5,175
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(78,560)
	<u>28,218</u>	<u>27,710</u>	<u>27,174</u>
(t) Stormwater Drainage Projects Reserve			
Opening Balance	100,284	100,273	0
Interest	3,854	1,989	284
Amount Set Aside / Transfer to Reserve	30,000	30,000	100,000
Amount Used / Transfer from Reserve	0	0	0
	<u>134,138</u>	<u>132,262</u>	<u>100,284</u>
(u) Recreation and Community Facilities Reserve			
Opening Balance	340,884	340,848	90,000
Interest	13,103	6,762	5,504
Amount Set Aside / Transfer to Reserve	116,764	116,764	245,380
Amount Used / Transfer from Reserve	0	(120,000)	0
	<u>470,751</u>	<u>344,374</u>	<u>340,884</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED (Continued)			
(v) Administration Office Reserve			
Opening Balance	295,740	295,709	0
Interest	11,368	5,866	810
Amount Set Aside / Transfer to Reserve	61,906	511,906	294,930
Amount Used / Transfer from Reserve	0	0	0
	<u>369,014</u>	<u>813,481</u>	<u>295,740</u>
(w) Council Buildings & Amenities Reserve			
Opening Balance	0	0	0
Interest	0	0	0
Amount Set Aside / Transfer to Reserve	100,000	100,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>100,000</u>	<u>100,000</u>	<u>0</u>
(x) River Town Pool Dredging Reserve			
Opening Balance	0	0	0
Interest	0	0	0
Amount Set Aside / Transfer to Reserve	50,000	30,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>50,000</u>	<u>30,000</u>	<u>0</u>
 TOTAL CASH BACKED RESERVES	 <u>5,247,502</u>	 <u>4,940,367</u>	 <u>5,027,837</u>

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

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

(a) Aged Accommodation Reserve (S)

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

(b) Employees Liability Reserve

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

(c) Housing Reserve (S)

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

(d) Meat Inspection Reserve (S)

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

(e) Office Equipment Reserve (S)

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

11. RESERVES - CASH BACKED (Continued)

(f) Plant & Equipment Reserve (S)

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

(g) Recreation Reserve (S)

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

(h) Refuse Reserve (S)

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

(i) Road & Bridgeworks Reserve (S)

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

(j) Recreation Reserve (T)

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

(k) Refuse Site Reserve (T)

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

(l) Regional Development Reserve (T)

Purpose - To provide for future projects whereby a broader range of development ideas may be required to be encouraged on a regional basis, in consultation with other stakeholders and/or Local Governments. No date has been specified for the use of this Reserve.

(m) Speedway Reserve (S)

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

(n) Community Bus Replacement Reserve

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

(o) Septic Pond Reserve

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

(p) Killara Reserve

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

(q) Greening Australia - Our Patch

Purpose - To expend funds on tree planting. No further transfers will be made to this Reserve.

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

11. RESERVES - CASH BACKED (Continued)

(r) Unspent Grants General Reserve

Purpose - To quarantine unspent grant funds from the operating surplus to restricted cash.
No further transfers will be made to this Reserve.

(s) Minson Ave/Bernard Park Reserve

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

(t) Stormwater Drainage Projects Reserve

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

(u) Recreation and Community Facilities Reserve

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

(v) Administration Office Reserve

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

(w) Council Buildings & Amenities Reserve

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

(x) River Town Pool Dredging Reserve

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

On 1 July 2007, the shire of Northam and the town of Northam was amalgamated voluntarily.

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

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

12. RESERVES - ASSET REVALUATION

The Shire has no Asset Revaluation Reserves.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>11,044,262</u>	<u>5,461,011</u>	<u>8,868,984</u>

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

Net Result	3,915,893	4,755,926	4,013,234
Depreciation	2,820,471	2,764,715	2,725,052
(Profit)/Loss on Sale of Asset	(40,284)	(348,708)	(67,995)
(Increase)/Decrease in Receivables	(1,120,423)	475,000	(547,205)
(Increase)/Decrease in Inventories	8,515	10,000	(12,920)
Increase/(Decrease) in Payables	(12,892)	344,237	742,008
Increase/(Decrease) in Employee Provisions	4,819	50,000	140,660
Grants/Contributions for the Development of Assets	(2,673,724)	(4,603,358)	(2,446,800)
Net Cash from Operating Activities	<u>2,902,375</u>	<u>3,447,812</u>	<u>4,546,034</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	15,000
Credit Card Balance at Balance Date	(2,003)	(3,132)
Total Amount of Credit Unused	<u>112,997</u>	<u>111,868</u>

Loan Facilities

Loan Facilities - Current	315,620	233,951
Loan Facilities - Non-Current	2,990,998	2,306,618
Total Facilities in Use at Balance Date	<u>3,306,618</u>	<u>2,540,569</u>

Unused Loan Facilities at Balance Date	<u>769,197</u>	<u>0</u>
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SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

14. CONTINGENT LIABILITIES

The Shire of Northam had no Contingent Liabilities at 30th June 2010.

	2010	2009
	\$	\$

(a) Finance Lease Commitments

The Shire has no finance lease commitments at 30 June 2010.

(b) Operating Lease Commitments

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

Operating Rental Agreements
Office/Computer Equipment ex CIT & Alleasing
Security Cameras ex Technology Leasing

Payable:

- not later than one year	0	9,229
- later than one year but not later than five years	0	0
- later than five years	0	0
	0	0
	0	9,229

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	9,050,197	177,000
- plant & equipment purchases	0	0

Payable:

- not later than one year	9,050,197	177,000
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The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new Recreation Facilities, Jubilee Oval Northam, and Wundowie Hall extensions.

The capital expenditure project outstanding at the end of the 2009 reporting period represents the construction of a dog pound at Old Quarry Road, Northam.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

16. JOINT VENTURE

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

	2010	2009
	\$	\$
Non-Current Assets		
Buildings (#S406)	584,522	584,522
Less: Accumulated Depreciation	(163,007)	(151,317)
	<u>421,515</u>	<u>433,205</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	2,285,690	1,914,883
General Purpose Funding	875,675	717,223
Law, Order, Public Safety	1,125,067	833,234
Health	222,662	201,229
Education and Welfare	821,995	800,333
Housing	968,694	959,733
Community Amenities	2,976,844	2,719,585
Recreation and Culture	12,614,515	10,426,255
Transport	37,047,643	36,866,398
Economic Services	2,102,917	2,228,571
Other Property and Services	261,984	238,663
Unallocated	4,339,233	3,062,943
	<u>65,642,919</u>	<u>60,969,050</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009	2008
18. FINANCIAL RATIOS			
Current Ratio	2.23	1.69	1.39
Untied Cash to Unpaid Trade Creditors Ratio	0.81	0.92	0.19
Debt Ratio	0.08	0.07	0.06
Debt Service Ratio	0.03	0.03	0.03
Gross Debt to Revenue Ratio	0.22	0.17	0.23
Gross Debt to Economically Realisable Assets Ratio	0.11	0.10	0.13
Rate Coverage Ratio	0.34	0.33	0.35
Outstanding Rates Ratio	0.09	0.07	0.08

The above ratios are calculated as follows:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

19. TRUST FUNDS

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Facilities - Bonds	2,229	5,565	(4,444)	3,350
Town Hall Bond	800	4,000	(4,300)	500
Lesser Hall Bond	0	1,900	0	1,900
Unclaimed Monies	0	0	0	0
Builders Reg Board Levy	(40)	18,295	(18,255)	0
Footpath/Kerbing Deposit	28,503	6,000	(8,000)	26,503
Retentions	411,995	13,670	(71,033)	354,632
Sundry Trust	0	8,310	0	8,310
Friends of White Swans	444	0	0	444
Building & Construction				
Industry Training Fund	0	73,250	(73,250)	0
Standpipe Key	5,200	450	(500)	5,150
Resited Dwellings	40,200	58,000	(54,000)	44,200
Extractive Industries	107,652	4,384	0	112,036
Other	214,548	4,436	(49,093)	169,891
Other - Rental Bond	800	200	0	1,000
Nomination Deposits	0	720	(720)	0
Library Deposits & Income	1,641	0	(50)	1,591
POS - Cash in Lieu	574,055	17,598	(12,000)	579,653
Bonds - Building	98,800	82,800	(67,100)	114,500
Equipment Pool - Bond	0	50	(50)	0
Crossovers - Bond	9,550	62,842	(1,000)	71,392
Bonds - Animal Traps	0	395	(195)	200
Traffic Licencing	0	4,340,025	(4,340,025)	0
	<u>1,496,377</u>			<u>1,495,252</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
CEO Vehicle	0	43,173	0	30,000	0	(13,173)
Mgr Finance Vehicle	25,302	28,012	18,182	18,000	(7,120)	(10,012)
Health						
Meat Inspectors Ute	0	21,593	0	14,000	0	(7,593)
Mgr Health Building Vehicle - 9203	0	25,770	0	18,000	0	(7,770)
Environmental Health Vehicle - 9204	20,497	22,738	18,864	15,500	(1,633)	(7,238)
Infant Health Land & building - 231	0	37,249	0	450,000	0	412,751
Education & Welfare						
Killara Vehicle - Killara - 9076	0	24,902	0	10,000	0	(14,902)
Killara Vehicle - Killara 3 - 9075	23,632	24,902	10,000	10,000	(13,632)	(14,902)
Community Amenities						
Mgr Planning & Development Vehicle	0	29,334	0	18,000	0	(11,334)
Snr Planner Vehicle - 304	24,518	25,861	13,182	15,500	(11,336)	(10,361)
Recreation & Culture						
Recreation Coordinator's Ute	0	23,864	0	15,000	0	(8,864)
Transport						
Mgr Works Vehicle Ranger 4x4 N.3368	16,663	23,551	23,000	22,500	6,337	(1,051)
Works Coordinator Vehicle 4x4 Hilux	0	34,288	0	30,000	0	(4,288)
Dual Cab 2003 - N003 - S645	0	4,412	22,730	22,800	22,730	18,388
Swan Warden Ute 2004 - P590 - 990	0	1,980	0	10,200	0	8,220
Venieri 2005 - N004 - S577	76,095	89,513	32,000	35,000	(44,095)	(54,513)
Mitsubishi Truck 9tn 2003 - N007 - S646	0	0	51,820	50,000	51,820	50,000
Gehl Bobcat 1999 - N006 - S572	6,223	10,423	9,091	9,000	2,868	(1,423)
Kubota 2001 - N508 - S630	4,570	6,374	13,525	7,500	8,955	1,126
Isuzu 4tn Tipper 2003 N1453 - P562 - 962	0	0	23,098	22,800	23,098	22,800
Isuzu NKR 2tn Truck 2004 N4963 - P589	0	5,920	0	21,000	0	15,080
Howard rota Slasher - P574 - 974	208	904	2,500	900	2,292	(4)
Economic Services						
Building Surveyor 1 Ute 1 - 9202	0	21,593	0	15,500	0	(6,093)
Building Surveyor 2 Crewman Ute - 9200	0	21,636	0	15,500	0	(6,136)
	197,708	527,992	237,992	876,700	40,284	348,708

Profit on Disposals

118,100 528,365

Loss on Disposals

(77,816) (179,657)

40,284 348,708

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Admin Office & Renovations - Loan 215	203,436	0	19,911	19,911	183,525	183,525	13,441	13,441
Housing								
Community Housing	0	0	0	0	0	195,000	0	0
Community Amenities								
River Dredging - Loan 210	36,514		4,322	4,322	32,192	32,192	2,170	2,170
Recreation & Culture								
Northam Country Club - Loan 206**	343,052	0	27,802	27,802	315,250	315,249	19,970	19,970
Northam Country Club - Loan 208**	48,288	0	3,170	3,170	45,118	45,118	3,544	3,544
Northam Bowling Club - Loan 219**	218,790	0	17,764	17,764	201,026	201,026	12,650	12,650
Northam Harness Racing Club - Loan 222**	105,000	0	8,123	8,123	96,877	96,877	5,637	5,637
Recreation Facilities - Loan 223	0	1,000,000	0	0	1,000,000	1,100,000	0	0
Transport								
Airstrip Upgrade - Loan 221*	94,721	0	8,135	8,135	86,586	86,586	5,840	5,840
Economic Services								
Visitors Centre/Tourist Bureau - Loan 204	31,047	0	7,924	7,924	23,123	23,123	2,599	2,599
Visitor Centre Café - Loan 205	56,928	0	14,979	14,979	41,949	41,949	3,482	3,482
CBD Streetscape - Loan 217	1,256,816	0	109,990	109,990	1,146,826	1,146,826	71,077	71,077
CBD Streetscape - Loan 218	145,977	0	11,831	11,831	134,146	134,148	8,498	8,498
	2,540,569	1,000,000	233,951	233,951	3,306,618	3,601,619	148,908	148,908

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

**Indicates self - supporting loans

All other loan repayments were financed by general purpose revenue.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 223 - Recreation Facilities	1,000,000	1,100,000	WA Treasury	Debenture	10	365,835	0.00%	1,000,000	1,100,000	769,197
Loan 224 - Community Housing	0	195,000	Unknown	Debenture	10	0	0.00%	0	195,000	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-09 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-10 \$
Loan 223 - Recreation Facilities	7/12/2009	0	1,000,000	230,803	769,197
		0	1,000,000	230,803	769,197

(d) Overdraft

Council acquired an overdraft facility of \$100,000 established by a predecessor Council in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2010 was \$Nil.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
0 Non-Rateable	0.0000	617	516,183	0	0	0	0	0	0	0	0
1 GRV-Northam Town Gen	10.5980	2,727	22,100,132	2,342,173	28,381	2,176	2,372,730	2,342,173	10,000	40	2,352,213
2 GRV-Northam Town Diff	11.3150	251	8,399,276	947,666	(543)	0	947,123	950,378	10,000	40	960,418
3 GRV-Old Shire	10.5980	313	2,789,900	296,614	5,277	(453)	301,438	295,674	10,000	40	305,714
5 Agricultural Local	0.3429	538	220,990,000	758,128	14,686	998	773,812	757,775	6,000	30	763,805
6 Agricultural Regional	0.2897	214	127,116,000	368,255	13,025	2,525	383,805	368,255	6,000	25	374,280
7 Rural Small Holdings	0.4099	557	113,009,000	463,224	1,371	0	464,595	463,224	8,000	25	471,249
8 Springhill (Landuse)	0.4444	1	284,000	1,262	0	0	1,262	1,262	0	0	1,262
9 Princes (Landuse)	2.1223	1	148,000	3,141	0	0	3,141	3,141	0	0	3,141
10 Solfame (Landuse)	0.5494	1	658,000	3,615	0	0	3,615	3,615	0	0	3,615
11 Bennie (Landuse)	0.7461	1	189,000	1,410	0	0	1,410	1,410	0	0	1,410
12 CSR (Landuse)	1.1508	1	324,000	3,729	0	0	3,729	3,729	0	0	3,729
Sub-Totals		5,222	496,523,491	5,189,217	62,197	5,246	5,256,660	5,190,636	50,000	200	5,240,836
Minimum Rates	Minimum \$										
0 Non-Rateable	0	0	0	0	0	0	0	0	0	0	0
1 GRV-Northam Town Gen	600	587	2,549,897	352,800	0	0	352,800	352,200	0	0	352,200
2 GRV-Northam Town Diff	600	27	104,020	29,400	0	0	29,400	16,200	0	0	16,200
3 GRV-Old Shire	600	200	943,639	120,000	0	0	120,000	120,000	0	0	120,000
5 Agricultural Local	600	138	14,306,330	83,400	0	0	83,400	82,800	0	0	82,800
6 Agricultural Regional	600	172	21,323,900	102,000	0	0	102,000	103,200	0	0	103,200
7 Rural Small Holdings	600	4	417,500	2,400	0	0	2,400	2,400	0	0	2,400
Sub-Totals		1,128	39,645,286	690,000	0	0	690,000	676,800	0	0	676,800
Ex-Gratia Rates							5,946,660				5,917,636
Specified Area Rate (refer note 23)							8,576				8,600
							0				0
							5,955,236				5,926,236
Discounts (refer note 25)							0				0
Totals							5,955,236				5,926,236

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

The Shire of Northam did not levy any Specified Area Rate as provided for under section 6.37 of the Local Government Act 1995 during the 2009/10 financial year.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

The Shire of Northam did not levy any Service Charges as provided for under section 6.38 of the Local Government Act 1995 during the 2009/10 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment	Concession	0%	0	0
Rate Assessment	Write-Off	0%	829	1,000

The Shire of Northam did not offer a discount on rates in 2009/10 financial year.

26. INTEREST CHARGES AND INSTALMENTS - 2009/10 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		65,058	60,000
Interest on Instalments Plan	5.50%		16,043	18,000
Charges on Instalment Plan		8	21,072	29,000
			102,173	107,000

Ratepayers had the option of paying rates in one instalment due on 9 September 2009, two equal instalments due on 9 September 2009 and 9 November 2009 or four equal instalments due on 9 September 2009, 9 November 2009, 11 January 2010 and 11 March 2010.

Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2010 \$	2009 \$
Governance	6	25,268
General Purpose Funding	63,536	62,722
Law, Order, Public Safety	37,499	39,880
Health	164,837	114,631
Education and Welfare	160,796	105,956
Housing	41,950	48,213
Community Amenities	1,581,807	1,393,873
Recreation and Culture	231,693	162,456
Transport	84,975	447
Economic Services	287,369	374,156
Other Property and Services	374,348	36,034
	<u>3,028,816</u>	<u>2,363,636</u>

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

28. GRANT REVENUE

	2010	2009
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	4,956,878	5,348,897
Non-Operating Grants, Subsidies and Contributions	<u>2,673,724</u>	<u>2,446,800</u>
	<u><u>7,630,602</u></u>	<u><u>7,795,697</u></u>
By Program:		
Governance	71,241	1,820
General Purpose Funding	3,263,120	3,906,015
Law, Order, Public Safety	408,965	153,200
Health	5,667	0
Education and Welfare	936,675	867,785
Housing	569	0
Community Amenities	59,989	0
Recreation and Culture	1,867,938	1,693,631
Transport	875,808	1,128,246
Economic Services	95,778	45,000
Other Property and Services	<u>44,852</u>	<u>0</u>
	<u><u>7,630,602</u></u>	<u><u>7,795,697</u></u>

29. COUNCILLORS' REMUNERATION

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

	2010	2010	2009
	\$	Budget	\$
		\$	
Meeting Fees	77,000	77,000	33,000
President's Allowance	16,000	16,000	16,000
Deputy President's Allowance	4,000	4,000	4,000
Travelling Expenses	9,643	6,000	10,798
Telecommunications Allowance	10,000	10,000	5,000
IT Allowance	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	<u><u>126,643</u></u>	<u><u>123,000</u></u>	<u><u>78,798</u></u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2010	2009
<u><u>81</u></u>	<u><u>82</u></u>

31. MAJOR LAND TRANSACTIONS

Mitchell on Avon Estate

This land was acquired during 2002/03 for residential sub-division by one of the predecessor Councils. There were no current year transactions nor were there any liabilities in relation to this land transaction at 30 June 2010. There are no plans currently in place for future development.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	11,044,262	8,868,984	11,044,262	8,868,984
Receivables	3,206,475	2,134,160	3,206,475	2,134,160
	<u>14,250,737</u>	<u>11,003,144</u>	<u>14,250,737</u>	<u>11,003,144</u>
Financial Liabilities				
Payables	1,020,117	1,033,009	1,020,117	1,033,009
Borrowings	3,306,618	2,540,569	3,024,360	2,356,314
	<u>4,326,735</u>	<u>3,573,578</u>	<u>4,044,477</u>	<u>3,389,323</u>

Fair value is determined as follows:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash:		
- Equity	111,948	74,085
- Income Statement	111,948	74,085

Notes:

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	52.30%	61.77%
- Overdue	47.70%	38.23%

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2010</u>					
Payables	1,020,117	0	0	1,020,117	1,020,117
Borrowings	<u>519,443</u>	<u>2,005,309</u>	<u>1,771,301</u>	<u>4,296,053</u>	<u>3,306,618</u>
	<u>1,539,560</u>	<u>2,005,309</u>	<u>1,771,301</u>	<u>5,316,170</u>	<u>4,326,735</u>
<u>2009</u>					
Payables	1,033,009	0	0	1,033,009	1,033,009
Borrowings	<u>382,860</u>	<u>1,487,965</u>	<u>1,094,875</u>	<u>2,965,700</u>	<u>2,540,569</u>
	<u>1,415,869</u>	<u>1,487,965</u>	<u>1,094,875</u>	<u>3,998,709</u>	<u>3,573,578</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year Ended 30 June 2010</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	65,072	0	0	3,241,546	3,306,618	5.99%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.55%	0.00%	0.00%	5.98%		
<u>Year Ended 30 June 2009</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	87,975	0	2,452,594	2,540,569	5.97%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	6.55%	0.00%	5.95%		

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Northam, which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

Address: Perth, WA
Date: 29 November 2010


GREG GODWIN
PARTNER



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