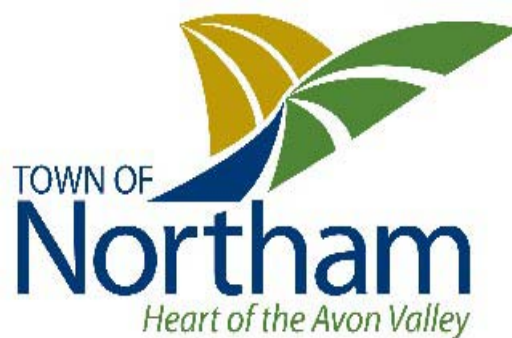


The Avon Descent



The Avon Mall Fountain



The Flying Fifties



2004/2005 ANNUAL REPORT

CONTENTS

Town Information & Organisation Overview	3-4
Mission & Vision Statements	5
Mayor's Report	6-7
Chief Executive Officer's Report	8
Principal Activities	9
Organisation Chart	10
SECTION REPORTS	
Community Services	11
Operation Services	12
Sustainability	13
Killara Adult Day Centre	14
Town Planning	15
Ranger Services	16
Building Services	16
Disability Services Plan	16
Library Services	17
Northam Swimming Pool	17
Environmental Health	18
Recreation Services	19
Corporate Services	20-21
Declaration by the Chief Executive Officer	23
Operating Statement	24
Statement of Financial Position	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Notes to and forming part of the Financial Report	28-61
Independent Audit Report	62-63

NORTHAM is an established regional centre situated 96 kilometres from Perth in the picturesque Avon Valley. Northam has offices for two Local Authorities, being the Town of Northam and the Shire of Northam, with the Town occupying approximately 24 square kilometres and the Shire 1419 square kilometres. The town is completely surrounded by the Shire of Northam - commonly referred to as a 'donut' situation.

The Town of Northam is the centre of a large agricultural district within the Avon Valley and Central Wheatbelt. There are farming communities outside the Town who primarily produce crops such as oats, wheat, barley, canola, and lupins as well as other avenues of income which include sheep, wool and cattle. Northam is used for their everyday banking, retail shopping, recreation, education and government needs.

The State Government has clearly established Northam as a Regional Centre. This has resulted in many Government Departments strengthening their regional office or establishing such an office in Northam. Furthermore, there are five major banks who are operating in Town.

Northam is well catered for in education, health, recreational and cultural facilities. The Town has a Regional Library, a Regional Hospital, Senior Citizens' and Day Care Centre, Nursing Home, Playgroup and Child care Services, together with sporting facilities such as a Recreation Centre, three major sporting grounds and a 50 metre Swimming Pool.

From an educational standpoint, Northam has a Senior High School, CY O'Connor College of TAFE, Muresk Institute of Agriculture (a division of Curtin University), three Primary schools and St Joseph's School, which provides education to Year 10.

The townsite of Northam was first gazetted in 1836 and is the focal point for important rail and road links to Eastern Australia. It was a centre for Post-War migration and many of the residents have strong links to Eastern Europe. The Golden Pipeline, which was a National Trust Project beginning its journey at Mundaring Weir and travelling through Northam to flow into the Mt Charlotte Reservoir in Kalgoorlie, was a significant engineering feat accomplished with the assistance of the Goldfield miners and the local community. Today, water is supplied to over 100,000 people and six million sheep in an area covering 44,000 square kilometres (two thirds the size of Tasmania).

Council is committed to developing the Town and encouraging growth through means of new investment and tourism, with an emphasis on maintaining the warm country feel and friendly community atmosphere. The Annual Report demonstrates the Town's commitment to this goal.

For further information please contact the Town of Northam on 9622 6100, visit our webpage www.northamtown.wa.gov.au or Email ntc@northamtown.wa.gov.au

TOWN



INFORMATION

ORGANISATION

Mayor

Ray Head

Chief Executive Officer

Donald S Burnett

Senior Staff of the Town of Northam

Darren Friend (Manager Finance & Community Services)
Aiton Sheppard (Manager of Planning & Development)

Councillors of the Town of Northam

Cr R Tinetti
Cr Jim Smith
Cr Brian Webb
Cr Des Hughes
Cr Richard Doye, J.P.
Cr Lee Ozarczuk
Cr John Roediger
Cr Gillian Beazley
Cr Denis Beresford, J.P.

Council is committed to developing the Town and encouraging growth through new investment and tourism whilst maintaining a warm country feel and friendly community. The Annual Report demonstrates the Town's commitment to this goal. The Town of Northam has a total annual revenue of approximately \$8.0 million and consists of nine Councillors and a Mayor. Council meetings are held on the second and fourth Wednesday of each month and the corporate structure has been developed to manage the day to day operations of Council.

Leaders in Excellence & Innovation

National Awards for Local Government:

OVERALL Winner: Innovation
Winner—Local Greenhouse Action
Category Winner Integrated Land-use Planning

Planning Institute Awards—WA Division:

Winner Rural & Regional Planning Category

Premiers Awards:

Finalist—Innovation Category

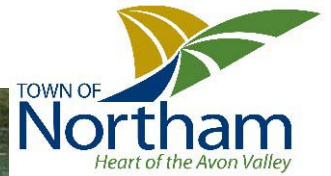
Best Practice in WA Local Government Awards:

Achievement of Best Practice—Innovation

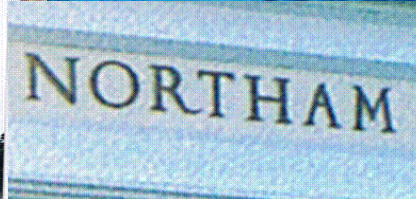
WA Tourism Awards:

Finalist—Significant Festivals & Events

Mission Statement



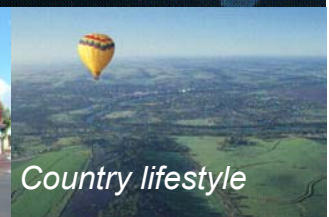
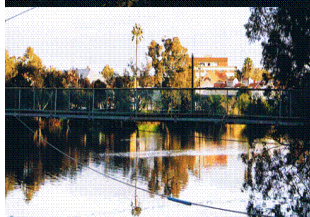
to create a vibrant,
self sufficient community
in the heart of the Avon Valley.



Community



Self-sufficient



Country lifestyle

VISION STATEMENT



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



It is with pleasure that I present Council's 2004/05 Annual Report. The Town continues to go from strength to strength and has an vibrant feel to it and my report will cover a number of areas reflecting this vibrancy.

Following on from the upgrade of Fitzgerald Street, which was Stage 1 of the CBD Redevelopment, Stage 2, the Avon Mall upgrade, was officially opened on Australian Day, 26 January 2005. This area



has been revitalised and is an ideal venue for the monthly Avon Mall Markets. The water feature has been very popular and adds to the bright and breezy feel of the Mall.



Stage 3, the Upgrade of Minson Avenue, will be substantially completed during the 2005/06 financial year and I will look forward to reporting to you next year on the final works. Council has developed concept plans which include street lighting along Minson Avenue, new playground equipment in Bernard Park, lighting and sealing of Bernard Park carpark, sealing of the gravel parking along Minson Avenue and general street scaping

improvements. Council will also be working with the owners of the properties backing onto Minson Avenue in an endeavour to improve the rear of the shops. I am pleased to report that by the time all three stages are completed, Council would have secured nearly \$2 million in grants and other contributions towards these works. This has meant that the ratepayers have only had to fund \$2 million out of the total expenditure of \$4 million.

During the year, Council was again successful in being recognised as one of the leading Local Authorities in Australia. Council won the National Local Government Award for Local Greenhouse Action and won a special commendation in the WA Environment Awards. Both awards relate to the Eco Retro Display House and the associated relocated houses project in James Street. Council will continue its commitment to sustainability and has joined the International Council for Local Environmental Initiatives (ICLEI) Association and is participating in the cities for Climate Protection Program (CCP). Council has achieved Milestone 1 and is working towards Milestone 2, which will see greenhouse gas targets set.





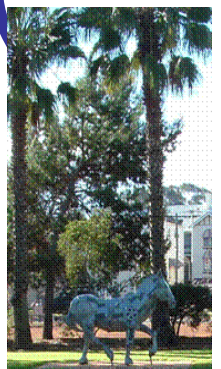
Along with addressing greenhouse gas reduction, Council is also working with Murdoch University and the Water Corporation in trialling a subsurface reticulation for recycled sewerage water. Council is already a substantial user of recycled water and this trial will mean other communities will be able to follow the Town's lead and embrace the recycling philosophy. Council is providing strong leadership in innovation and sustainability and this is demonstrated by the fact that 20 Councils, both from the metropolitan area and country areas, have visited to see what we are doing and how we are achieving such good results. A documentary on the Eco Retro Demonstration House, funded by Lotterywest, will soon be released and this will take our message to an ever broader community.



Council elections were held in May with Councillors Denis Beresford and Jim Smith being re-elected and Councillors Des Hughes and John Roediger being elected. I would like to thank retiring Councillors Geoff Ruscoe and Jan Goodacre for their service to Council. I was fortunate to be re-elected unopposed and I thank the community of Northam for their support. Council is fortunate to have a good team of committed Councillors and professional staff. The teamwork and trust displayed by Councillors and staff is reflected in the high standing the Town of Northam has in Local Government in WA.




Ray Head
Mayor
Town of Northam





CEO'S REPORT

This Annual Report deals with the financial period 1 July 2004 to 30 June 2005.

Council is working in partnership with the Safer WA, Northam Committee and local Police to ensure Northam remains a safe and inviting environment for both residents and visitors. The

Avon Mall Upgrade included two security cameras that are on a live feed back to the Northam Police Station. Council has been successful in obtaining grants of \$78,500 towards the installation of street lights along Minson Avenue and to provide lighting to Bernard Park carpark. Council will again be participating in the Seniors Lighting Project and is currently in the process of reviewing the Community Safety Audit. It is also anticipated that an audit and review of all street lighting will take place in the next 12 months.

Council is continuing to work with the Northam Chamber of Commerce in marketing the Town. Council provides the Chamber with \$60,000 for the campaign which I believe is contributing to a strong and vibrant commercial sector. Council is also the principal provider of visitor servicing through the Visitor Centre and is the major sponsor to a number of events in the Town, including the Avon Descent, Flying 50, Northam Show, Motorcycle Festival and the Summer Siesta Concerts.

I will take this opportunity to provide an update on some of Council's other major projects not covered in the Mayor's report. The Chapel and Crematorium project is on hold pending further work on a major grant that is required before this project can proceed. The Mitchell on Avon Housing project is nearly completed, with only two vacant blocks left and the TAFE project house approaching completion. Council's Waterside Apartment complex is currently having a business viability assessment done which will be completed in the near future. The proposed medical facility, on the site of the Infant Health Clinic building on Wellington Street, will be going to tender and a redevelopment of our Depot site is being considered. I can assure all residents that Council consider all projects carefully and will look at social and economic factors along with the return and risk before proceeding. Major projects such as the ones listed above are extremely important to our economy and Council will proceed if all factors are favourable.

Council is currently considering the communities recreation needs and I would anticipate that during the 2005/06 year Council will be making some decisions on the provision of recreation facilities.

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



Donald S Burnett
Chief Executive Officer

PRINCIPAL



ACTIVITIES

Westrail Housing Development

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

CBD Streetscape

Stage 1, Fitzgerald Street was completed on target in October 2003 Stage 2 Avon Mall was completed by Christmas 2004 and Stage 3 Minson Avenue design works will be completed during 2005/06.

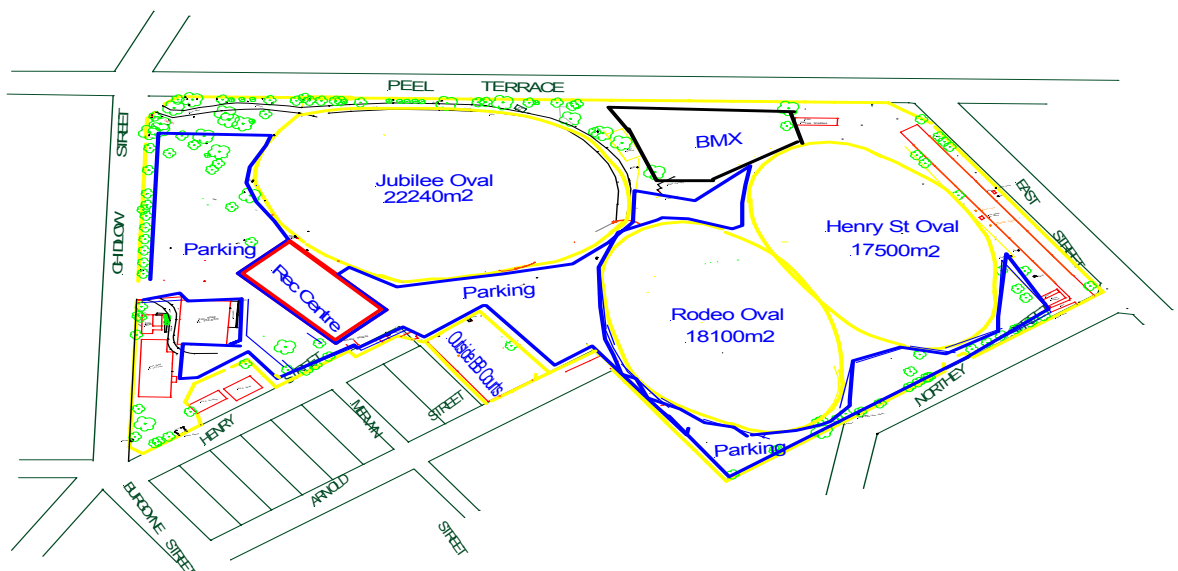
Crematorium and Chapel

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

Recreation Reserve

Council will be determining the direction for future recreation needs during 2005/06.

Recreation Feasibility Study—one of the options being considered.

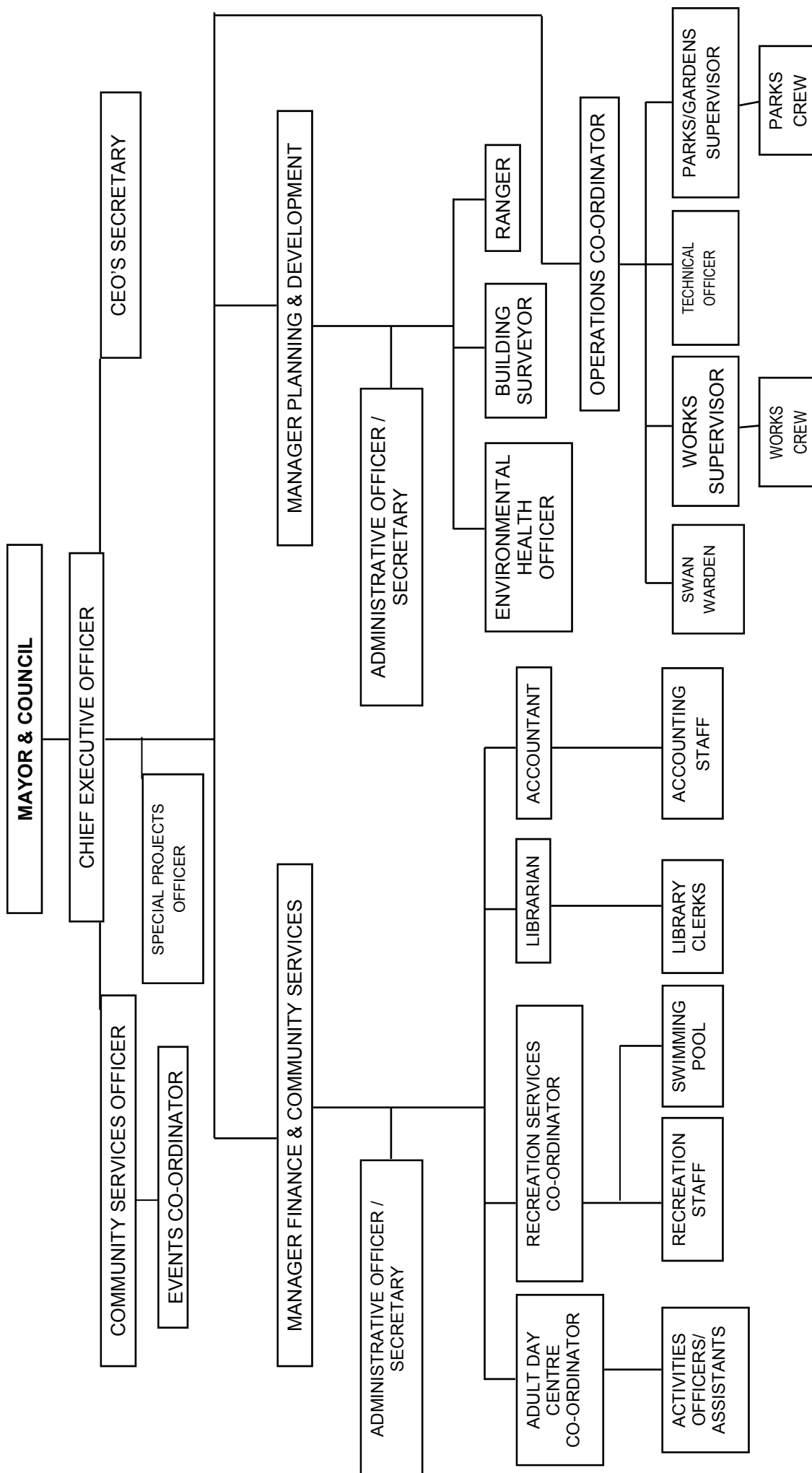


Commercial Land

A final design for the Medical Facility has been developed with construction scheduled during 2005/06.

The apartment complex will go through an extensive risk and financial assessment before Council proceeds to the next phase.

TOWN OF NORTHAM - ORGANISATIONAL STRUCTURE



COMMUNITY SERVICES



AND EVENTS

The 2004/05 year saw our Community Services Officer, Jodi Ingram, and Events Coordinator, Taryn Beagley, busier than ever. The Avon River Festival had fireworks for the first time and the ever-popular float parade and fairground attractions drew thousands of local and visiting crowds.

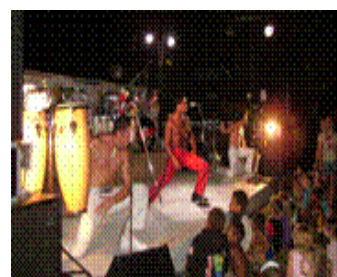
The turning on of the main street Christmas Lights saw the town turn out with their families in droves to celebrate in an atmosphere of festivity and Santa arriving on a Harley Davidson motorbike.



The opening of the new Avon Mall provided an opportunity to celebrate Australia Day with an Annual Big Breakfast at Bernard Park, with an official opening ceremony conducted at the mall, complete with non-stop entertainment and bustling market stalls. The markets proved to be a big hit and have continued each month ever since.



Our Summer Siesta Concerts were the best patronised since their inception with a total of over 10,000 people attending and bringing the community together for a huge picnic and dance under the stars.



The Flying 50 ran with a different format this year and included a free family fun day including children's rides and fairy floss plus entertainment and market stalls for the adults.



Award submissions reaped a National Award in Canberra for the Eco Retro Demonstration House and close to \$160,000 was received in successful grants towards Council projects and events for the Town.



A monthly newsletter is written and submitted to our local papers to replace the previous quarterly issues. The community is now even more updated with Council information and a Calendar of events.

The new website was completed early in 2005 and now represents all facets of Council, is easy to navigate and has a facility where residents can pay their rates on-line.

For further information contact Jodi Ingram on 9622 6132, or Email comserv@northamtown.wa.gov.au

OPERATIONS

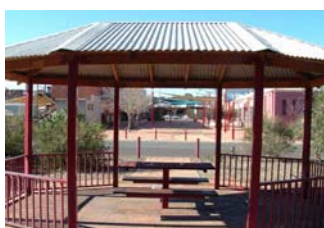


SERVICES

Once again the Towns of Northam's road network was the focus of Works and Services with 9 roads resealed totalling 2.8 kilometres and the completion of the black Spot funded Roundabout at the intersection of Gairdner Street and Wellington Street. This Roundabout is unusual as it is fully trafficable enabling large vehicles to use the whole of the roundabout

The Towns Footpath network is continuously being upgraded with upgrades to sections of Hampton Street, Gordon Street and East Street

Installation of the new drainage system from Fermoy Avenue to the R.O.W thereby removing the old open drain



Works and services crews completed the Avon mall upgrade which saw new paving laid and a water fountain installed along with shade sail's seating and trees planted

Many Residents took advantage of the Towns incentive scheme to upgrade verges; this has been a great success over past years



Parks & Gardens completed the instillation of the new play ground equipment and surrounds within Apex Park.

A subsurface irrigation trial plot was installed on the Skate Park and has been a big success.



Parks have also been planting annuals (potted colour) within the Town, which has brightened up the Gardens. National Tree day was a great success with around 3000 trees planted by volunteers



For further information please contact Council's Operations Coordinator Max Thorbjornsen on 9622 6127 or Email worksop@northamtown.wa.gov.au

The Town of Northam's ECO-RETRO Home is continuing to provide a resource for people to make their homes more comfortable and less expensive to live in.

The ECO-RETRO house was awarded the National Award for Local Greenhouse action in 2004 and also a special commendation in the WA Environment Awards.

The house is situated at 22 Mitchell Avenue in Northam and is open on the last Saturday of each month from 10.00am to 3.00 pm. The house can also be viewed by appointment through the Town of Northam's Project Officer, Mr Ray Adams.

SUSTAINABILITY



Town of Northam's ECO-Retro House continues to provide the community with information on how to save money, reducing energy and cutting greenhouse gas emissions.

The house provides the community with information on how to make gas, power and water savings. This information is normally difficult to source but the ECO-RETRO house provides solutions to most energy dilemmas.

During the 2004/05 year local schools and schools from the region have toured the ECO-RETRO House to learn more about sustainable living. The students were able to take small home projects to demonstrate to their family how they can save money and also help the environment.

During the year also, twenty homes in the Town were assessed for energy efficiency based on the ECO-RETRO house module, and advice was given on how those homes could save money. Housing of all types and from areas across Northam were selected for the project. Surprisingly most households were unaware of how their power bills compared with other of the same type and in many cases there were significant differences. Advice was given to households on how they could make a difference with many able to make just small changes and improvements in order to save \$500 per year.



The Town of Northam has enrolled our community in Cities for Climate Protection (CCP) and now joins 79% of local governments Australia-wide in making a commitment to reduce energy and greenhouse gas emissions. The CCP is funded by the Australian Greenhouse Office.

The Town of Northam is currently compiling an inventory of electricity, LPG and vehicle fuels. Once completed the report will show where further opportunities are for savings.

It is expected that we will be able to identify savings from the 2004/2005 usage of around 20% by the year 2012.

For further information contact Ray Adams on 9622 6117 or Email ray.adams@northamtown.wa.gov.au

KILLARA



ADULT DAY CENTRE

Killara Day Centre provides:-

- * Centre Based Day Care, Respite and Social Support Services. It operates seven days a week (early mornings, afternoons, evenings, overnight)
- * Client focused services that are flexible, planned and that provide a variety of options
- * Services for the aged, younger people with disabilities and carers of both groups.
- * Services for clients living in the Town and Shire of Northam with some services to other Shires.

Killara provides this community based service with the aim of enhancing independence and quality of life by encouraging social interaction and maintaining of life skills, within a caring environment.

Killara is managed by a Centre Coordinator and operates with approximately 14 staff, together with valuable support services offered by volunteers. Staff and volunteers are trained to monitor and support the client's physical, mental and social needs.

A range of interesting activities are available at the Killara Centre. Some of those activities include games, guest speakers, guest musicians and singers, quizzes, crafts, company and friendship, sharing a laugh, entertainment, exercise, excursions and outings - with transport, morning tea and lunch supplied.

In the 2004/05 year new programs have included the commencement of two groups who go on outings once or twice a month. The first of these two groups is called the "Walkabout Group" which is for aged clients who require minimal staff assistance with mobility or personal care needs. The second group is the "Men's Group" who go on outings on a regular basis. Our aim is to commence a Men's Polish group and we are asking for interested would-be participants to contact the Centre.

The Council acknowledges and appreciates the assistance and support that the Lions Club of Northam has given to Killara, with the donation this year of \$16000 towards the completion of the newly constructed activity area.

Over the past two years, Share and Care Inc, has supported the Killara Centre with Commonwealth National Respite for Carers Program (NRCP) brokerage funds to provide respite services to carers. As a result of this support Killara received an increase of funding for direct service delivery. This increase in funding will enable Killara to provide regular respite to carers, including working carers, with the service being very flexible and will include overnight care. Share and Care has also transferred the management of the "Men's Group" to Killara. The Town of Northam wishes to acknowledge the contribution to the Community Northam Share and Care makes and thank them for their ongoing support of Killara and to the community.

If you feel that you, your friend or relative would be interested in attending or you are in a caring role, please contact the Centre to see if we can be of assistance.

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

Considerable interest has been shown in the Town over the past twelve months. As many enquiries are processed in a day as were previously processed in a week.

Much of the larger, special residential, lot stock has been purchased and approval has been granted for the creation of some fifteen larger residential blocks along with 149 new standard residential lots.

Council's planning strategy and policies enable higher residential density in selected areas, particularly close to the Town Centre. During the year seven grouped dwellings were approved.

Light and semi-industrial lots remain in short supply. Approval was granted for nine new industrial lots which are yet to be constructed.

A total of fifty-one planning applications were processed during the year compared with forty-two in 2003/04. The largest project to commence is the St Joseph's Secondary School redevelopment in Wellington Street.

For further information please contact Aiton Sheppard on 9622 6120 or Email: mgrp@northamtown.wa.gov.au

TOWN PLANNING



RANGER SERVICES



William MacDonald receives a Thank You Certificate for his Act of Bravery in overcoming his fear of dogs by Town Ranger, Luc Thirion.

The 2004/2005 Financial Year was quite busy with 885 General Service complaints dealt with, 89 properties failing to comply with bush-fire regulations, and 292 dogs being impounded.

There are less instances of misuse of the disabled bays around Town, which is very much appreciated by people displaying ACROD stickers.

The Town's Ranger, Luc Thirion is working very hard towards attaining Council goals for the future by continuing programs which focus on simultaneous education and compliance.

For further information please contact Luc Thirion on 9622 6118 (Mobile 0407448078) or Email: ranger@northamtown.wa.gov.au

BUILDING SERVICES



The Town of Northam issued 166 building licences during the 2004/05 financial year, an increase of 24% over the previous years number of 134, with a value of work being \$5,800,947. This included 7 swimming pools, 18 new dwellings, 27 commercial buildings, 38 additions, 6 fences and retaining walls and 70 outbuildings.

Under normal circumstances, licences are issued within 5 working days. Some of the large development works included additions to Northam Share & Care, St Joseph's School, internal refurbishment at Coles and Boekeman Machinery.

Council's Building Department continues to address disability issues with all new commercial buildings being in compliance with AS 1428.

Council's Disability Services Plan is to be reviewed by December 25 2005

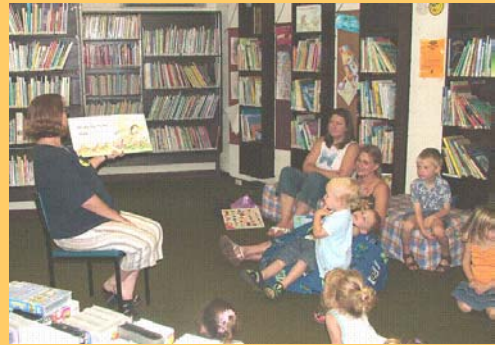


For further information on Building Services, please contact Hayley Fegan on 9622 6119 (Mobile 0417 992 802) or Email: building@northamtown.wa.gov.au

The Northam Region Library had an interesting year in 2004/2005. Staff issued over 65,000 items to over 4,800 members. Members made nearly 59,000 enquiries on the library catalogue. Staff answered over 19,000 reference enquiries and placed more than 1,100 requests on library stock. Over 3,400 items were received on Interlibrary Loan for library members and more than 6,700 new items were added to library stock. Customers logged over 1,000 hours on the Internet and Word Processor.

As always the library participated in work experience programs involving the High School VET Program and Essential Personnel as well as taking on a practicum student from Edith Cowan University.

LIBRARY SERVICES



Storybook Time:

One of our library members of staff, Viv Lewis reading to kids and parents.

The library also participated in the "One Book" event, part of the Perth Festival in partnership with the State Library of Western Australia and the WA State Literature Centre and sponsored by Chevron Texaco Australia. The book chosen for 2004 was "Rhubarb" by Craig Silvey. We hope to participate again in the new year.

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

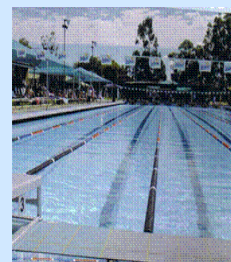
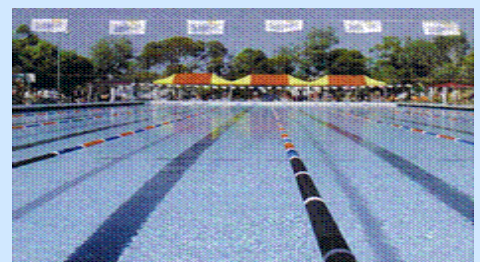
For further information please contact the Librarian Miss Wendy Porter on 9622 6130 or Email ills@northamtown.wa.gov.au

The Northam Swimming Pool was re-painted prior to the start of the 2004/2005 season and now is looking great. In March 2005 a pool party was held at the Swimming Pool complex. Entertainment was provided and games were organised too. Everyone who attended had a great time and the event was a great success.

The Northam Swimming Pool is utilised by swimming clubs and the general community. During the summer months the pool is open to early morning and late afternoon lap-swimmers. The 2004/05 season saw 61219 people use the pool.

The Council will continue with its ongoing upgrades to make the facility more comfortable for the public. Some of the work to be done this year includes replacement of paving and painting of pool structures.

SWIMMING POOL



For further information please contact Tony Walthaus on 9622 1535 or Email: recreation@northamtown.wa.gov.au

ENVIRONMENTAL HEALTH



Where possible, all food premises in the Town of Northam were visited by Council's Environmental Health Officer during the 2004/2005 financial year. There were a number of requisitions issued in respect to upgrading premises and improving food handling techniques, however the general standard was found to be acceptable.

Over the 12 month period, a number of food samples from food premises were sent to Inman and Farrell Laboratory for analysis to detect any signs of contamination. Outcomes are monitored to ensure that safe standards are maintained at all times. The results showed that all food samples complied with the Australian Food Standards Code.

In November 2004 the Water Corporation, Murdoch University and the Town of Northam combined forces with four subsurface drip-line irrigation providers to conduct an innovative trial using treated wastewater in Northam. Extensive drip-line irrigation trials have been conducted overseas and in Australia using scheme water but very little is known about drip-lines using treated wastewater. West Australian country towns reuse about 40% of all the wastewater produced by their wastewater treatment processes. Loss of water through high evaporation rates and management issues associated with meeting stringent public health requirements make subsurface drip-line irrigation an attractive alternative. This trial will examine what factors determine the suitability of subsurface drip-line irrigation using treated wastewater with special reference to water efficiency, ease of operation and long term maintenance costs.

During the summer months, samples of treated sewage water were taken and monitored on a monthly basis. Samples were forwarded to the Pathcentres Water Laboratories where the samples underwent bacteriological analysis. The treated sewage water is held in the Water Corporation's "Polishing Ponds" and is chlorinated by the Town of Northam and used to irrigate Council's parks, gardens and ovals. Monthly samples of public swimming pool water were also taken to ensure that high public safety standards were maintained.

In terms of waste disposal, a total of 20,407 tonnes of solid waste was deposited and covered at the Waste Disposal Site. All waste from the York and Toodyay Shire's transfer stations and mobile bin waste collection services are brought to the site for disposal at a negotiated fee. A recycling shelter and new shed were constructed to maximise recycling participation.

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



The Town of Northam's Recreation Services team has been working hard over the past 12 months to offer a variety of new and interesting programs aimed to include all sectors of the community.

The Northam Recreation Centre now offers programs for young people every afternoon after school. The activities include floor ball, indoor tennis, indoor soccer and badminton. Young people aged 4 to 16 can become involved in these fun and active programs.

A number of senior sports are also being played at the Recreation Centre. Floor ball, volleyball, mixed netball, indoor cricket, badminton and a Corporate Challenge are now run at the Recreation Centre.

The over 50 are catered for too. The activities offered include Life ball and Ten pin Bowling with numbers involved in the Ten Pin increasing all the time. The goal of the Recreation Service team is to continue to look for new programs that can be utilised by all sectors of the community.

Recreation Services staff continue to manage all cleaning, maintenance and bookings for Council facilities including Town/Lesser Halls, Memorial Hall, Jubilee Pavilion and the Recreation Centre.

The Town of Northam's Recreation Services team has, over the past 12 months, organised several new social programs, which took place in the community. The "Bring it ON" Youth Festival was held in September 2004 and had over 300 young people attend. Entertainment provided at the event included live bands, break dancers, rap artists, professional skaters and a climbing wall. The event was organised in collaboration with Northam Public Health, Country Arts, Healthways and the Town of Northam.

The Recreation Services team has organised a Break Dance Program. Staff will work with three local schools to offer young people professional break dance lessons over a 20 week period. The schools will be encouraged and assisted to take this program over and continue it into the future.

In the 2005/06 year the Recreation Centre will offer a Walk-Northam life-style program. This new and exciting program is a 10 week life-style program offered to the community to assist and educate in goal setting, nutrition and diet and exercise programs. 4 of these life-style programs are planned together with walking trail signage, walking maps, marketing and a walking marathon.

Plans relating to Planning for the development of a new recreational facility will continue into the 2005/06 year. Community consultation will play an important part in the development process of any new facility and staff will be working hard throughout the year to lay the groundwork for the development of a new facility.

For further information please contact Craig Wall on 9622 6128 or Email: recreation@northamtown.wa.gov.au



CORPORATE



SERVICES

The 2004/2005 year once again provided challenges to Finance staff in the Control and Management of Council's financial resources.

The year in review saw another nine "Mitchell on Avon" properties settled, leaving only five remaining of the original lots. Stage two of the CBD redevelopment was completed with the refurbished Avon Mall officially opened on Australia Day 2005. Stage three works have commenced with concept plans completed and workshops held relating to the upgrade of Minson Avenue and the levee bank.

Other significant projects undertaken during 2004/2005 included:

- Internal Fitting out of the Garage/Storeroom at the Killara Adult Day Centre with the valuable assistance of a donation by the Northam Lions Club;
- Another "Summer Siesta Concert Series" in Bernard Park with four concerts held over a six week period from late January to early March attracting large crowds from around the region;
- Contribution of the "promote Northam" campaign by the Northam Chamber of Commerce, funded partially by a specified area rate on all commercial, industrial and community zoned properties;
- Upgrade of playground facilities in Apex Park and street furniture along the Broome Terrace River foreshore area; and
- Upgrade and reseal of four courts at the Burwood Netball complex thanks to financial assistance from the Department of Sport and Recreation and the Northam Netball Association;



Major Roadworks completed during 2004/2005 included:

- Construction of a roundabout at the intersection of Wellington and Gairdner Streets
- Drainage work on Fermoy Avenue
- Footpaths constructed on Hampton Street, Old York Road and East Street
- Road resealing works on Arnold Street, Doctors Drive, Esperance Street, Burnside Avenue, Enfield Terrace and Charles Street as part of the annual Roman program. Reseals were also completed on Fermoy Avenue, Morrell Street, Chidlow Street, Elizabeth Place and Prince Place as part of the Federal Governments' Roads to Recovery program.



Annual Reporting on Compliance with Recordkeeping Plan

In compliance with the *State Records Commission Standard 2* (which is created under the provision of the *State Records Act 2002*) the following comments are made with reference to the Town of Northam's Recordkeeping Plan:-

1. Whether the efficiency and effectiveness of your recordkeeping systems has been evaluated or alternatively when such an evaluation is proposed;

The Town of Northam's recordkeeping system is in the final stages of being evaluated, with the Disaster Management Plan yet to be completed.

A trained part time Records Officer is to be employed within this calendar year.

2. The nature and extent of recordkeeping training program conducted;

Three Administration staff have undertaken training in records disposal.

The Town of Northam provides staff responsible for recordkeeping with the opportunity to undertake record keeping training.

3. Whether the efficiency and effectiveness of the record keeping training program has been reviewed or alternately how this is planned to be done;

Record keeping training will be reviewed with all staff who access records to undertake basic training in record keeping.

4. Assurance that the organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.

The organisation's induction program does not currently address employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.

A recordkeeping policy/procedure document will be drafted with the assistance of the proposed Records Officer for inclusion in the staff induction manual.

For further information please contact Darren Friend on 9622 6122 or Email mgrfcs@northamtown.wa.gov.au

This page has been left blank intentionally

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2005

The attached financial report of the Town of Northam, being the annual financial report and other information for the financial year ended 30 June 2005, are in my opinion properly drawn up to the present fair financial position of the Town of Northam as at 30 June 2005 and the results of the operations for the financial year then ended in accordance with Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under the Act.

Signed on the Thirty-first day of August 2005



Donald S Burnett
Chief Executive Officer

CHIEF EXECUTIVE OFFICER

OPERATING STATEMENT

For the year ended
June 30 2005

	NOTE	2005 \$	2005 Budget \$	2004 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		31,447	24,847	29,644
General Purpose Funding		3,688,525	3,678,675	3,658,697
Law, Order, Public Safety		84,335	48,300	50,146
Health		7,565	7,430	8,651
Education and Welfare		539,880	479,845	479,006
Housing		12,545	13,480	11,098
Community Amenities		763,238	1,446,630	742,632
Recreation and Culture		482,701	492,690	335,935
Transport		294,232	259,301	264,889
Economic Services		1,049,902	820,900	1,827,190
Other Property and Services		35,297	13,500	141,804
	2	6,989,665	7,285,598	7,549,692
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		364,776	369,852	367,787
General Purpose Funding		176,772	177,150	271,523
Law, Order, Public Safety		153,384	158,846	150,879
Health		114,021	119,890	122,443
Education and Welfare		576,863	514,684	581,923
Housing		8,203	13,475	16,503
Community Amenities		966,542	991,368	951,996
Recreation & Culture		1,454,069	1,473,123	1,450,615
Transport		1,489,417	1,366,548	1,413,038
Economic Services		782,732	66,240	893,539
Other Property and Services		73,395	17,970	47,879
	2	6,160,174	5,269,146	6,268,125
BORROWING COSTS EXPENSE				
Governance		18,771	18,650	19,539
Education and Welfare		972	75,970	6,693
Community Amenities		3,199	3,200	3,410
Recreation and Culture		50,181	49,990	43,327
Transport		3,757	3,725	4,720
Economic Services		121,645	121,895	134,794
	2	198,525	273,430	212,481
NET RESULT		630,967	1,743,022	1,069,086

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

STATEMENT of FINANCIAL POSITION

For the year ended
June 30 2005

	NOTE	2005 \$	2004 \$
CURRENT ASSETS			
Cash Assets	3	456,050	642,022
Receivables	4	1,123,442	652,999
Inventories	5	300,276	365,269
TOTAL CURRENT ASSETS		1,879,768	1,660,290
NON-CURRENT ASSETS			
Receivables	4	886,996	945,921
Inventories	5	-	-
Property, Plant and Equipment	6	8,268,415	8,011,975
Infrastructure	7	23,161,025	23,069,052
TOTAL NON-CURRENT ASSETS		32,316,435	32,026,948
TOTAL ASSETS		34,196,203	33,687,238
CURRENT LIABILITIES			
Payables	8	634,063	565,057
Interest-bearing Liabilities	9	217,960	184,405
Provisions	10	218,350	206,610
TOTAL CURRENT LIABILITIES		1,070,373	956,072
NON-CURRENT LIABILITIES			
Interest-bearing Liabilities	9	2,953,413	3,171,149
Provisions	10	92,909	111,476
TOTAL NON-CURRENT LIABILITIES		3,046,322	3,282,624
TOTAL LIABILITIES		4,116,695	4,238,696
NET ASSETS		30,079,508	29,448,841
EQUITY			
Retained Surplus		24,088,232	23,425,361
Reserves - Cash Backed	11	443,818	475,722
Reserves - Asset Revaluation	12	5,547,458	5,547,458
TOTAL EQUITY		30,079,508	29,448,541

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

STATEMENT of CHANGES in EQUITY

For the year ended
June 30 2005

	NOTE	2005 \$	2004 \$
RETAINED SURPLUS			
Balance as at 1 July 2004		23,425,361	22,695,829
Net Result		630,967	1,069,086
Transfer from/(to) Reserves		31,904	(339,554)
Balance as at 30 June 2005		<u>24,088,232</u>	<u>23,425,361</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2004		475,722	136,168
Amount Transferred (to)/from Retained Surplus		(31,904)	339,554
Balance as at 30 June 2005	11	<u>443,818</u>	<u>475,722</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2004		5,547,458	3,733,058
Revaluation Increment		-	1,814,400
Revaluation Decrement		-	-
Balance as at 30 June 2005	12	<u>5,547,458</u>	<u>5,547,458</u>
TOTAL EQUITY		<u>30,079,508</u>	<u>29,448,541</u>

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

STATEMENT of CASH FLOWS

For the year ended
June 30 2005

	NOTE	2005 \$	2005 Budget \$	2004 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,597,787	2,646,000	2,597,052
Grants and Subsidies - operating		1,412,464	1,419,344	1,418,233
Contributions, Reimbursements & Donations		334,567	610,000	280,098
Fees and Charges		795,087	1,040,000	1,147,017
Interest Earnings		155,567	224,440	138,061
Goods and Services Tax		122,863	120,000	102,460
Other		21,958	45,000	25,646
		5,440,293	6,104,784	5,708,567
Payments				
Employee Costs		(2,128,367)	(2,097,360)	(2,079,764)
Materials and Contracts		(2,206,743)	(2,150,900)	(2,288,901)
Utilities (gas, electricity, water, etc)		(271,293)	(260,000)	(271,248)
Insurance		(132,426)	(132,438)	(130,160)
Interest		(199,847)	(270,000)	(212,481)
Goods and Services Tax		(117,118)	(97,000)	(390,403)
Other		(286,022)	(394,300)	(57,810)
		(5,341,816)	(5,401,998)	(5,430,767)
Net Cash Provided By (Used In)				
Operating Activities	13(b)	98,478	702,786	277,800
Cash Flows from Investing Activities				
Payments for Development of				
Land Held for Resale		(153,277)	(641,800)	(844,911)
Payments for Purchase of				
Property, Plant & Equipment		(1,409,700)	(4,022,200)	(441,173)
Payments for Construction of				
Infrastructure		(809,850)	(1,413,701)	(519,790)
Payments for Streetscape		-	-	(2,555,406)
Grants/Contributions for				
the Development of Assets		942,188	1,289,426	823,590
Proceeds from Sale of Assets		1,268,375	1,664,725	2,841,767
		(162,264)	(3,123,550)	(695,923)
Cash Flows from Financing Activities				
Self Supporting Loans Funded		-	(2,000,000)	(300,000)
Repayment of Debentures		(184,181)	(198,655)	(531,330)
Self Supporting Loan Principal Reimbursed		61,995	71,395	123,304
Proceeds from New Debentures		-	4,515,000	500,000
		(122,186)	2,387,740	(208,026)
Net Increase (Decrease) in Cash Held		(185,972)	(33,024)	(626,149)
Cash at Beginning of Year		642,022	291,291	1,268,171
Cash at End of Year	13(a)	456,050	258,267	642,022

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

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

(d) Fixed Assets

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

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

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

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

(e) Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Depreciation of Non-Current Assets

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

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

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

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

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

(i) Joint Venture

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

(j) Employee Benefits

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

(i) Wages, Salaries and Annual Leave

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

(ii) Long Service Leave

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

(k) Rates, Grants, Donations and Other Contributions

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

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

(l) Superannuation

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

NOTES to and forming part of the **FINANCIAL REPORT**

For the year ended
June 30 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest Rate Risk

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

(n) Credit Risk

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

(o) Net Fair Values

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

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

(p) Rounding Off Figures

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

(q) Comparative Figures

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

2. REVENUES AND EXPENSES

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Significant Expense

Other Property & Services

Amortisation

Capitalised Leased Assets

Auditors Remuneration

- Audit

- Other Services

Bad and Doubtful Debts

Rates

Sundry Debtors

Depreciation

Buildings

Furniture and Equipment

Plant and Equipment

Roads

Footpaths

Drainage

Parks & Reserves

Streetscape

Rental Charges

- Operating Leases

(ii) Crediting as Revenue:

Interest Earnings

Investments

- Reserve Funds

- Other Funds

Other Interest Revenue (refer note 27)

2005
\$

2004
\$

5,660

3,800

858

-

184,346

53,802

118,090

379,353

94,829

111,134

55,892

76,668

1,074,114

65,561

2005
\$

2005
Budget
\$

2004
\$

5,350

3,000

37,922

283

185,765

39,913

126,764

317,100

145,223

105,759

65,087

45,560

1,031,171

91,555

24,456

103,264

27,847

155,567

21,485

71,955

31,000

124,440

6,554

100,146

31,360

138,061

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

2. REVENUES AND EXPENSES (Continued)

(b) Revenues and Expenses from Ordinary Activities Classified According to Nature and Type

	2005 \$	2004 \$
Revenues from Ordinary Activities		
Rates (refer note 23)	2,632,860	2,530,750
Grants and Subsidies - operating (refer note 29)	1,412,464	1,418,233
Grants and Subsidies - non-operating (refer note 29)	942,188	823,590
Contributions Reimbursements and Donations	334,567	280,098
Profit on Asset Disposals (refer note 20)	271,205	1,083,673
Service Charges (refer note 25)	-	
Fees and Charges (refer note 28)	1,218,856	1,147,017
Interest Earnings (refer note 2(a))	155,567	138,061
Other Revenue	21,958	128,270
	6,989,665	7,549,692
Expenses from Ordinary Activities		
Employee Costs	2,133,701	2,099,764
Materials and Contracts	2,243,711	2,288,901
Utilities (gas, electricity, water, etc)	271,293	271,248
Depreciation on Non-current Assets (refer note 2(a))	1,074,114	1,031,171
Loss on Asset Disposals (refer note 20)	18,906	5,600
Insurance	132,426	130,160
Other	286,022	441,282
	6,160,174	6,268,125
Interest/Borrowing Costs (refer Note 2(c))	198,525	212,481
	6,358,699	6,480,606

(c) Borrowing Costs Expense

Comprises:

Debentures (refer Note 22(a))	198,525	212,481
	198,525	212,481

NOTES to and forming part of the **FINANCIAL REPORT**

For the year ended
June 30 2005

2. REVENUES AND EXPENSES (Continued)

(d) Statement of Objective

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

GOVERNANCE

Members' expenses and Governance general.

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

Supervision of local laws, fire prevention and animal control.

HEALTH

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

EDUCATION AND WELFARE

Pre School centre operation and School prizes, scholarships etc. Operation and control of the Home and Community Care facility and assistance to other community groups.

HOUSING

Maintenance of rental housing.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

	2005 \$	2004 \$
(e) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (i.e. opening balances).		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
Park and Walk Grant	5,000	-
	53,153	60,757
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
NRCP Respite	-	3,040
Roads to Recovery	-	10,743
Park and Walk Grant	-	5,000
Contribution to Safety Audit	5,000	-
R.R.G - Woodley Farm Drive	16,640	-
Crematorium	30,000	-
Minson Avenue Redevelopment	399,418	-
Break Dancing Program	2,500	-
		-
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
NRCP Respite	3,040	14,848
Roads to Recovery	10,743	11,539
Park and Walk Grant	5,000	-
	487,928	53,153
Closing balances of unexpended grants		
Comprises:		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
NRCP Respite	-	3,040
Roads to Recovery	-	10,743
Park and Walk Grant	-	5,000
Contribution to Safety Audit	5,000	-
R.R.G - Woodley Farm Drive	16,640	-
Crematorium	30,000	-
Minson Avenue Redevelopment	399,418	-
Break Dancing Program	2,500	-
	487,928	53,153

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

	2005 \$	2004 \$
3. CASH ASSETS		
Unrestricted	(698,096)	(147,868)
Restricted	1,154,146	789,890
	456,050	642,022
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Replacement Reserve	2,088	25,764
Recreation Reserve	230,107	226,033
Refuse Site Reserve	122,779	107,416
Building/Office Refurbishment Reserve	925	18,000
Computer Reserve	7,063	16,704
Regional Development Reserve	80,856	81,805
Trust - restricted	-	21,075
HACC - Killara	78,020	65,976
Town Entry Upgrades	-	29,584
Accrued Leave	144,380	144,380
MRWA Grant - Peel Terrace Bridge	34,370	34,370
Contribution to Safety Audit	5,000	-
R.R.G - Woodley Farm Drive	16,640	-
Crematorium	30,000	-
Minson Avenue Redevelopment	399,418	-
Break Dancing Program	2,500	-
Park and Walk Grant	-	5,000
NRCP Respite	-	3,040
Roads to Recovery	-	10,743
	1,154,146	789,890
4. RECEIVABLES		
Current		
Rates Outstanding	147,942	119,226
Emergency Services Levy	4,228	-
Sundry Debtors	561,621	196,453
Prepaid Expenditure	45,468	-
GST Receivable	51,459	36,789
Property Debtors	303	235
Rubbish Charges	13,232	10,946
Pensioner Rate Rebates	6,703	7,483
Accrued Income	264,600	258,048
Loans - Clubs/Institutions	66,950	62,025
	1,162,506	691,205
Provision for Doubtful Debts	(39,064)	(38,206)
	1,123,442	652,999
Non-Current		
Rates Outstanding - Pensioners	90,589	82,594
Loans - Clubs/Institutions	796,407	863,327
	886,996	945,921

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

	2005 \$	2004 \$
5. INVENTORIES		
Current		
Fuel and Materials	6,006	5,222
Land Held for Resale - Cost		
Cost of Acquisition	13,300	30,400
Development Costs	280,970	329,647
	300,276	365,269
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	9,433,034	9,270,654
Less Accumulated Depreciation	(2,268,347)	(2,084,002)
	7,164,687	7,186,652
Furniture and Equipment - Cost	788,369	613,629
Less Accumulated Depreciation	(433,119)	(381,695)
	355,250	231,934
Plant and Equipment - Cost	1,362,511	1,298,613
Less Accumulated Depreciation	(672,374)	(705,224)
	690,137	593,389
Works in Progress	58,341	511,329
Less Transferred to Streetscape	-	(511,329)
	58,341	-
	8,268,415	8,011,975

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

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

Valuations of Land and Buildings Measured at Cost Basis

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

Current Valuation: \$7,164,687

The above valuation is a management valuation based on the written down replacement cost of all of Council's land and buildings as at 30 June 2005.

It is not considered independent in nature.

NOTES to and forming part of the **FINANCIAL REPORT**

For the year ended
June 30 2005

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Work in Progress \$	Total \$
Balance as at 1 July 2004	7,186,652	231,934	593,389	-	8,011,975
Additions	640,838	177,589	532,932	58,341	1,409,700
(Disposals)	(2,250)	(471)	(318,094)	-	(320,815)
Revaluation - Increments - (Decrements)					- -
Write-downs					-
Depreciation (Expense)	(184,346)	(53,802)	(118,090)	-	(356,238)
Other Movements	(476,207)	-	-		(476,207)
Balance as at 30 June 2005	7,164,687	355,250	690,137	58,341	8,268,415

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

	2005 \$	2004 \$
7. INFRASTRUCTURE		
Roads - Management valuation 1997	19,143,814	19,143,814
Roads - Cost	1,818,641	1,621,683
Less Accumulated Depreciation	(7,471,978)	(7,092,625)
	13,490,477	13,672,872
 Footpaths - Cost	 4,777,054	 4,698,562
Less Accumulated Depreciation	(2,213,571)	(2,118,742)
	2,563,483	2,579,820
 Drainage - Cost	 6,576,465	 6,441,872
Less Accumulated Depreciation	(3,583,617)	(3,472,483)
	2,992,848	2,969,389
 Parks & Reserves - Cost	 1,909,081	 1,900,751
Less Accumulated Depreciation	(1,130,847)	(1,074,955)
	778,234	825,796
 Streetscape - Cost	 3,458,211	 3,066,735
Less Accumulated Depreciation	(122,228)	(45,560)
	3,335,983	3,021,175
	23,161,025	23,069,052

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

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

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

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

NOTES to and forming part of the **FINANCIAL REPORT**

For the year ended
June 30 2005

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Reserves \$	Streetscape \$	Total \$
Balance as at 1 July 2004	13,672,872	2,579,820	2,969,389	825,796	3,021,175	23,069,052
Additions	203,199	78,492	134,594	8,330	385,235	809,850
(Disposals)						-
Revaluation - Increments - (Decrements)						-
Write-downs						-
Depreciation (Expense)	(379,353)	(94,829)	(111,134)	(55,892)	(76,668)	(717,877)
Other Movements	(6,241)				6,241	-
Balance as at 30 June 2005	13,490,477	2,563,483	2,992,848	778,234	3,335,983	23,161,025

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

	2005 \$	2004 \$
8. PAYABLES		
Current		
Sundry Creditors	397,000	347,483
Accrued Interest on Loans	23,403	24,725
Accrued Salaries and Wages	45,770	33,609
Other Accrued Expenditure	167,890	159,240
	634,063	565,057
9. INTEREST-BEARING LIABILITIES		
Current		
Secured by Floating Charge		
Debentures	217,960	184,405
Lease Liability	-	-
	217,960	184,405
Non-Current		
Secured by Floating Charge		
Debentures	2,953,413	3,171,149
Lease Liability	-	-
	2,953,413	3,171,149
Additional detail on borrowings is provided in Note 22.		
10. PROVISIONS		
Current		
Provision for Annual Leave	116,774	118,763
Provision for Long Service Leave	101,576	87,847
	218,350	206,610
Non-Current		
Provision for Annual Leave	52,977	36,315
Provision for Long Service Leave	39,932	30,089
Other Trust	-	14,178
P.O.S. & Parking Cash in Lieu	-	30,894
	92,909	111,476

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

11. RESERVES - CASH BACKED

	2005 \$	2005 Budget \$	2004 \$
(a) Plant Replacement Reserve			
Opening Balance	25,763	25,740	665
Amount Set Aside / Transfer to Reserve	1,325	1,485	25,098
Amount Used / Transfer from Reserve	(25,000)	(25,000)	
	2,088	2,225	25,763
(b) Recreation Facilities Reserve			
Opening Balance	226,033	226,097	8,618
Amount Set Aside / Transfer to Reserve	25,256	124,100	217,415
Amount Used / Transfer from Reserve	(21,182)	(22,000)	-
	230,107	328,197	226,033
(c) Computer Reserve			
Opening Balance	16,704	16,711	6,396
Amount Set Aside / Transfer to Reserve	859	450	10,308
Amount Used / Transfer from Reserve	(10,500)	(10,500)	
	7,063	6,661	16,704
(d) Refuse Site Reserve			
Opening Balance	107,416	107,416	26,157
Amount Set Aside / Transfer to Reserve	42,523	4,815	81,259
Amount Used / Transfer from Reserve	(27,160)	(60,000)	
	122,779	52,231	107,416
(e) Fire Service Plant Reserve			
Opening Balance	-	-	16,283
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	(16,283)
	-	-	-
(f) Building/Office Refurbishment Reserve			
Opening Balance	18,000	18,000	-
Amount Set Aside / Transfer to Reserve	925	810	18,000
Amount Used / Transfer from Reserve	(18,000)	(18,000)	-
	925	810	18,000
(g) Regional Development Reserve			
Opening Balance	81,805	84,749	78,048
Amount Set Aside / Transfer to Reserve	4,205	3,710	3,757
Amount Used / Transfer from Reserve	(5,154)		-
	80,856	88,459	81,805
TOTAL CASH BACKED RESERVES	443,818	478,583	475,721

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

11. RESERVES - CASH BACKED (continued)

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

a. Plant Replacement Reserve

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

b. Recreation Reserve

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

c. Computer Reserve

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

d. Refuse Site Reserve

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

e. Fire Services Plant Reserve

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

f. Building/Office Refurbishment Reserve

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

g. Regional Development Reserve

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

12. RESERVES - ASSET REVALUATION

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) Land and Buildings

	2005 \$	2004 \$
Opening Balance	3,733,058	3,733,058
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<u>3,733,058</u>	<u>3,733,058</u>

(b) Roads

Opening Balance	1,814,400	-
Revaluation Increment	-	1,814,400
Revaluation Decrement	-	-
	<u>1,814,400</u>	<u>1,814,400</u>

TOTAL ASSET REVALUATION RESERVES

<u>5,547,458</u>	<u>5,547,458</u>
------------------	------------------

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2005 \$	2005 Budget \$	2004 \$
Cash Assets	<u>456,050</u>	<u>291,291</u>	<u>642,022</u>

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

Net Result	630,967	1,743,022	1,069,086
Amortisation	-	-	-
Depreciation	1,074,114	1,007,030	1,031,171
Bad and Doubtful Debts	858	-	38,205
(Increase)/Decrease in Receivables	(474,368)	(20,046)	62,386
(Profit)/Loss on Sale of Asset	(252,299)	(769,025)	(1,078,073)
(Increase)/Decrease in Inventories	(784)	-	(1,346)
Increase/(Decrease) in Payables	69,006	37,825	(66,766)
Increase/(Decrease) in Employee Provisions	(6,827)	4,150	46,727
Grants/Contributions for the Development of Assets	<u>(942,188)</u>	<u>(1,300,170)</u>	<u>(823,590)</u>
Net Cash from Operating Activities	<u>98,478</u>	<u>702,786</u>	<u>277,800</u>

(c) Credit Standby Arrangements

Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	-	-
Credit Card limit	18,000	11,000
Credit Card Balance at Balance Date	<u>(2,339)</u>	<u>(1,877)</u>
Total Amount of Credit Unused	<u>115,661</u>	<u>109,123</u>

(d) Loan Facilities

Loan Facilities - Current	217,960	184,405
Loan Facilities - Non-Current	<u>2,953,413</u>	<u>3,171,149</u>
Total Facilities in Use at Balance Date	<u>3,171,373</u>	<u>3,355,554</u>
 Unused Loan Facilities at Balance Date	 <u>Nil</u>	 <u>Nil</u>

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

	2005	2004
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Nil		
(b) Operating Lease Commitments		
Operating Rental Agreements		
Office/Computer Equipment Ex C.I.T		
Security Cameras Ex Technology Leasing		
Payable:		
- not later than one year	65,561	21,898
- later than one year but not later than five years	196,623	33,075
- later than five years	-	-
	262,184	54,973
comprising:	Rental Commencement	Annual Repayment
#15505 - Computer Software	30-Mar-99	1,048
#22574 - Laser Printer	14-Nov-00	1,206
#25629 - Terminal Server	4-Dec-01	3,487
#25738 - Photocopiers	14-Dec-01	8,622
#26428 - Laptop	9-May-02	1,791
#27159 - Commander Telephone System	22-Aug-02	6,857
#27380 - Computers	20-Sep-02	12,934
#27923 - Computer	3-Dec-02	934
#28306 - IBM Server	10-Feb-03	7,153
#31578 - Computers	16-Dec-03	5,197
#33640 - Computers and Printer	15-Nov-04	4,935
#41973500 - Security Cameras	22-Dec-04	11,396
	65,561	
(c) Capital Expenditure Commitments		
Nil		
15. CONTINGENT LIABILITIES		
Nil		

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

	2005	2004
	\$	\$
16. JOINT VENTURE		
Nil		
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	2,571,795	2,281,586
Law, Order, Public Safety	136,222	118,878
Health	67,466	68,110
Education and Welfare	473,525	486,416
Housing	45,901	47,446
Community Amenities	1,666,960	1,699,459
Recreation and Culture	6,087,241	5,890,184
Transport	21,010,389	21,909,564
Economic Services	2,130,697	1,055,332
Other Property and Services	6,006	130,263
	34,196,203	33,687,238

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

	2005	2004	2003
18. FINANCIAL RATIOS			
Current Ratio	0.7836	1.0723	1.1530
Untied Cash to Trade Creditors Ratio	(1.2358)	(0.2918)	1.4386
Debt Ratio	0.1204	0.1258	0.1390
Debt Service Ratio	0.0633	0.1106	0.0433
Gross Debt to Revenue Ratio	0.5677	0.5338	0.7021
Gross Debt to Economically Realisable Assets Ratio	0.2874	0.3160	0.2708
Rate Coverage Ratio	0.3767	0.3352	0.4376
Outstanding Rates Ratio	0.0841	0.0736	0.0442

The above rates 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 Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
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	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

19. TRUST FUNDS

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

	Balance 1-Jul-04 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-05 \$
Facility Hire Bonds	3,662	11,404	13,627	1,439
Footpath and Kerbing Deposits	19,146	17,615	16,111	20,650
Bonds Buildings	10,780	14,497	2,600	22,677
Friends of the White Swans	444			444
Building Levy Fee	-	14,595	13,955	640
Sundry Trust	16,776	21,878	1,501	37,153
Retentions	6,993			6,993
				-
	57,800	79,989	47,794	89,996

20. DISPOSALS OF ASSETS - 2004/05 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land & Buildings						
<u>Mitchell on Avon Housing</u>		600,000		1,327,000		727,000
3 James Street	88,045	-	93,000	-	4,955	-
5 James Street	87,434	-	98,000	-	10,566	-
7 James Street	93,918	-	100,000	-	6,082	-
9 James Street	75,511	-	93,000	-	17,489	-
15 James Street	89,886	-	105,000	-	15,114	-
17 James Street	69,455	-	93,000	-	23,545	-
25 James Street	81,231	-	93,000	-	11,769	-
27 James Street	91,481	-	101,520	-	10,039	-
26 Mitchell Ave	18,300	-	92,000	-	73,700	-
<u>Sale of Surplus Land</u>						
Lot 11 Throssell Street	2,250	-	13,636	-	11,386	-
Furniture & Equipment						
Ricoh Facsimile	-	-	-	-	-	-
Canon A3 Printer	148	-	-	-	(148)	-
Brother Fax 2850	324	-	338	-	14	-
<u>Sale of Assets (Café)</u>		37,000		30,000		(7,000)
Plant & Equipment						
Mitsubishi Truck - P387	-	-	54,828	52,700	54,828	52,700
John Deere Mower- P443	578	1,000	8,000	2,000	7,422	1,000
Works Utility - P454	-	-	10,909	11,000	10,909	11,000
Parks Utility - P535	11,807	12,000	12,727	12,725	921	725
Works Utility - P532	16,940	20,000	25,455	17,500	8,514	(2,500)
Recreation Utility - P538	11,459	11,500	12,273	12,500	814	1,000
Ranger Utility - P563	14,037	13,200	11,818	12,000	(2,219)	(1,200)
Build Surveyor Utility - P564	19,348	19,000	15,455	15,000	(3,894)	(4,000)
Parks Utility - P571	17,651	18,000	13,864	13,800	(3,787)	(4,200)
MF & CS Vehicle - P565	27,461	27,900	25,455	25,500	(2,006)	(2,400)
CEO Vehicle - P569	35,676	38,100	36,813	37,000	1,138	(1,100)
CEO Vehicle - P584	34,363	-	36,364	-	2,001	-
Killara Wagon - P581	24,075	24,000	21,818	23,500	(2,257)	(500)
Killara Wagon - P582	24,075	24,000	21,818	23,500	(2,257)	(500)
EHO Sedan - P580	22,489	22,500	21,578	22,000	(911)	(500)
MP & D Vehicle - P583	28,650	27,000	27,616	26,000	(1,034)	(1,000)
MP & D Vehicle - P593	29,485	-	29,091	-	(394)	-
Works - Minor Plant	-	500	-	1,000		500
	1,016,077	895,700	1,268,375	1,664,725	252,299	769,025

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

21. BUDGET COMPARISON

(a) Non Operating Revenue and Expenditure

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

Non Operating Revenue

	2005 \$	2005 Budget \$
Proceeds on sale of assets	1,268,375	1,664,725
Debentures raised	-	4,515,000
Repayments of self supporting loans	61,995	71,395
Transfers from Reserves	106,997	135,500
Transfers from Restricted Cash	48,367	69,079

Non Operating Expenditure

Advances to Community Groups	-	-
Principal repayment of Debentures	184,181	198,655
Principal repayment of finance leases	-	-
Construction/Purchase of Assets		
Land Held for Resale	153,227	641,800
Land and Buildings	68,897	3,469,000
Furniture and Equipment	640,838	112,200
Plant and Equipment	532,932	441,000
Roads	203,199	390,386
Footpaths	78,492	71,785
Drainage	134,594	10,680
Parks & Reserves	8,330	185,850
Streetscape	385,235	755,000
Work in Progress	58,341	-
Transfers to Reserves	75,093	135,370
Transfers to Restricted Cash	465,501	-

(b) Current Position at 1st July 2004

The current position balance carried forward from the previous financial year for the purpose of the 2004/05 budget was (\$25,000)

The actual current position balance shown in the audited financial report as at 30th June 2004 was \$243,113.

This difference amounts to \$268,113 is as a result of numerous adjustments and transactions post budget preparation.

NOTES to and forming part of the FINANCIAL REPORT

(a) Debenture Repayments

Particulars	Principal 1-Jul-04 \$	New Loans \$	Principal Repayments		Principal 30-Jun-05		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Administration								
Land Purchase	10,279		4,952	5,000	5,327	5,275	669	650
Refurbish Admin Office	269,264		6,508	6,645	262,756	262,619	18,102	18,000
Education & Welfare								
Avon Youth Services**	16,143		946	950	15,197	15,193	972	970
Avon Residency**	-		-	14,250	-	1,985,750	-	75,000
Community Amenities								
River Dredging	54,614		3,197	3,200	51,417	51,414	3,199	3,200
Recreation & Culture								
Norham Country Club**	460,073		20,748	20,750	439,325	439,323	27,025	27,000
Norham Country Club**	60,000		1,119	1,120	58,881	58,880	4,476	4,450
Trotting Club Building**	12,508		3,317	3,320	9,191	9,188	693	690
Turf Club Track Equipment**	16,083		6,155	6,160	9,928	9,923	855	850
Norham Bowling Club**	293,643		13,282	13,285	280,361	280,358	17,132	17,000
Transport								
Carpark Construction*	13,907		2,438	2,440	11,469	11,470	865	865
Carpark Construction*	13,907		2,438	2,440	11,469	11,470	865	865
Airstrip Upgrade**	36,800		11,552	11,560	25,248	25,241	2,027	1,995
Economic Services								
Tourist Bureau	61,769		5,121	5,120	56,648	56,648	5,324	5,405
Visitors Centre Café	118,928		10,857	10,860	108,071	108,069	7,436	7,605
CBD Streetscape	195,776		8,828	8,830	186,948	186,946	11,247	11,800
CBD Streetscape	1,721,860		82,723	82,725	1,639,137	1,639,135	97,638	97,085
New Loan - IHC Site Redevelopment						700,000		-
New Loan - Caltex Site Redevelopment						1,500,000		-
	3,355,554	-	184,181	198,655	3,171,373	7,356,902	198,525	273,430

Note: **Indicates self - supporting loans

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

All debenture repayments are financed by general purpose income.

(b) New Debentures - 2004/05

Nil

For the year ended
June 30 2005

NOTES to and forming part of the **FINANCIAL REPORT**

For the year ended
June 30 2005

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Nil

(d) Overdraft

Council established an overdraft facility of \$100,000 in 1990 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2004 and 30 June 2005 was \$Nil.

(e) Interest Rate Risk

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

	2005 \$	2004 \$
<u>Borrowings</u>		
Floating interest rates		
Fixed interest rate maturing		
- within one year	5,327	-
- one to five years	67,305	103,487
- over five years	3,098,741	3,252,067
Non interest bearing	-	-
Total Borrowings	3,171,373	3,355,554
Weighted average effective interest rate	5.992%	5.993%

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

23. RATING INFORMATION - 2004/05 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate - GRV											
Residential	10.6059	2,301	15,515,718	1,645,581	12,628	2,928	1,661,137	2,533,900	10,000	1,000	2,544,900
Commercial	10.6059	122	4,352,554	461,628	(912)		460,716				
Industrial	10.6059	93	1,127,331	119,564	2,867		122,431				
Special Residential	10.6059	93	988,555	104,845	58		104,903				-
Rural - Special Etc	10.6059	144	1,238,894	131,396	799		132,195				-
Community	10.6059	38	607,903	64,474	(4)		64,470				-
Sub-Totals		2,791	23,830,955	2,527,487	15,437	2,928	2,545,852	2,533,900		1,000	
Minimum Rates	Minimum \$										
Residential	365	264	263,790	96,360	-	-	96,360	137,240	-	-	137,240
Commercial	365	10	13,574	3,650			3,650				
Industrial	365	16	22,622	5,840			5,840				
Special Residential	365	30	45,245	10,950			10,950				
Rural - Special Etc	365	45	50,263	16,425			16,425				-
Community	365	12	8,554	4,380			4,380				-
Sub-Totals		377	404,048	137,605	-	-	137,605	137,240	-	-	137,240
Specified Area Rates (refer note 24)							2,683,457				2,682,140
Concessions/Write Offs							36,367				36,610
Discounts (refer note 26)							2,719,824				2,718,750
Totals							(4,839)				(1,000)
							(77,249)				(73,000)
							2,632,860				2,644,750

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

24. SPECIFIED AREA RATE - 2004/05 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Specified Area 1 - GRV Commercial	2.4264	GRV	136,136	3,341	3,305	3,305	3,305
Specified Area 2 - GRV Commercial	3.6718	GRV	89,960	3,303	3,305	3,303	3,305
Specified Area 3 - GRV Commercial/Industrial/ Community	0.4763	GRV	6,348,940	29,723	30,000	30,240	30,000
				36,367	36,610	36,848	36,610

Note: Loan Repayments are applied as follows:

Interest	1,730
Principal	4,876
	6,606

1. Specified Area Rate 1 -

- (i) The purpose for the Specified Area Rate is to repay loan number 200 - Construct and seal Carpark.
- (ii) The amount to be applied for this purpose in 2004/2005 was \$3,305.
- (iii) Definition of Specified Area - all that land comprising Lot 30 of Northam Lot 25, as shown on Office of Titles Diagram 83304; Lot 3, Lot 2 of Northam Lots 25 and 26 and Lot 1 of Northam Lot 26 as shown on Office of Titles Diagram 7638 and Lots 5 and 6 as shown on Office of Titles Plan 4975.

2. Specified Area Rate 2 -

- (i) The purpose for the Specified Area Rate is to repay loan number 201 - Construct and seal Carpark.
- (ii) The amount to be applied for this purpose in 2004/2005 was \$3,303.
- (iii) Definition of Specified Area - all that portion of land comprising Lot 502 of Northam Town Lots 26 and 27, as shown on Office of Titles Diagram 69077.

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

3. Specified Area Rate 3 -

- (i) The purpose for the Specified Area Rate is to raise an amount of \$30,000 towards a marketing campaign for Northam via the Northam Chamber of Commerce.
- (ii) The amount to be applied for this purpose was \$30,240.
- (iii) Definition of Specified Area - all rateable properties within Council's Rate Book zoned Commercial, Industrial or Community Use.

25. SERVICE CHARGES - 2004/05 FINANCIAL YEAR

Nil

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2004/05 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5	74,329	70,000
Minimum Rate	Discount	5	2,920	3,000
			77,249	73,000
Rates/Debtors	Write-Off		7,172	1,000

1. Discount on Rates

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

2. Write Offs

An amount totalling \$223.82 being rate assessment balances under \$4.00 was written off.

Rates totalling \$4427.45 were written off as per Council resolution C.8447 dated 22 June 2005.

Sundry debtors totalling \$2521 were written off as per Council resolutions C.8202 dated 16 September 2004 and C.8447 dated 22 June 2005.

27. INTEREST CHARGES AND INSTALMENTS - 2004/05 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.0		15,411	19,000
Interest on Instalments Plan	5.50		12,437	12,000
Charges on Instalment Plan		\$3 p/install	6,786	7,000
			34,633	38,000

Ratepayers had the option of paying rates in four equal instalments, due on 6th September 2004, 8th November 2004, 10th January 2005 and 10th March 2005. Administration charges and interest applied for the final three instalments.

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

28. FEES & CHARGES	2005 \$	2004 \$
Governance	4,259	6,494
General Purpose Funding	22,546	20,920
Law, Order, Public Safety	34,801	20,580
Health	7,246	6,547
Education & Welfare Services	176,149	62,739
Housing	11,688	10,667
Community Amenities	729,469	732,673
Recreation & Culture	156,064	151,536
Transport	1,565	633
Economic Services	62,489	130,648
Other Property & Services	12,581	3,582
	<u>1,218,856</u>	<u>1,147,017</u>

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

29. GRANT REVENUE

By Nature and Type:

Grants and Subsidies - operating	1,412,464	1,418,233
Grants and Subsidies - non-operating	942,188	823,590
	<u>2,354,652</u>	<u>2,241,823</u>

By Program:

General Purpose Funding	955,430	987,197
Law, Order, Public Sector	5,000	-
Welfare	350,700	353,962
Community Amenities	30,000	-
Recreation and Culture	67,879	28,048
Transport	203,644	212,616
Economic Services	742,000	660,000
	<u>2,354,652</u>	<u>2,241,823</u>

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

30. COUNCILLORS' REMUNERATION

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

	2005 \$	2005 Budget \$	2004 \$
Meeting Fees	18,270	20,000	19,350
Mayor's Allowance	11,000	11,000	10,600
Deputy Mayor's Allowance	1,100	1,100	1,060
Travelling Expenses	1,247	1,000	1,576
Telecommunications Allowance	2,925	5,000	2,250
	34,542	38,100	34,836

31. EMPLOYEES' REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Town entitled to an annual salary of \$100,000 or more.

Salary Range \$	2005	2004
100,000 - 109,999	-	-
110,000 - 119,999	-	-
120,000 - 129,999	-	-
130,000 - 139,999	-	-
140,000 - 149,000	-	-

32. EMPLOYEE NUMBERS

The number of full-time equivalent
Employees at balance date

2005	2004
<u>38</u>	<u>36</u>

33. ECONOMIC DEPENDENCY

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

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

34. MAJOR LAND TRANSACTIONS

Mitchell on Avon Estate

(a) Details

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

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

	2005 \$	2004 \$
(b) Current year transactions		
Operating Income		
- Profit on sale	173,258	942,997
Capital Income		
- Sale Proceeds	868,520	2,363,750
Capital Expenditure		
- Purchase of Land	-	(312,500)
- Development Costs	(153,277)	(532,411)
	<u>(153,277)</u>	<u>(844,911)</u>

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

There are no liabilities in relation to this land transaction as at 30 June 2005.

(c) Expected Future Cash Flows

	2006 \$	2007 \$	2008 \$	2009 \$	2010 \$	Total \$
Cash Outflows						
- Development Costs	(280,400)					(280,400)
- Loan Repayments						-
	<u>(280,400)</u>	-	-	-	-	<u>(280,400)</u>
Cash Inflows						
- Loan Proceeds						-
- Sale Proceeds	660,000					660,000
	<u>660,000</u>	-	-	-	-	<u>660,000</u>
Net Cash Flows	<u>379,600</u>	-	-	-	-	<u>379,600</u>

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2004/05 financial year.

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

36. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

For reporting periods commencing on or after 1 January 2005, the Town will be required to prepare its annual financial report using Australian equivalents to International Financial Reporting Standards and their related pronouncements (AIFRSs) as issued by the Australian Accounting Standards Board (AASB).

As the AASB has prohibited the early adoption of the AIFRSs, the Town will report for the first time in compliance with AIFRSs in the annual financial report for the year ended 30 June 2006 (that is, the year commencing 1 July 2005).

The Town is required to prepare an opening balance sheet in accordance with AIFRSs as at 1 July 2004. Most adjustments required on transition to AIFRSs will be made retrospectively against opening retained earnings on 1 July 2004 in accordance with AIFRSs. Transitional adjustments relating to those standards for which comparatives are not required will only be made with effect from 1 July 2005.

The transition to AIFRSs has been managed via a process of education which includes technical training and liaison with the Town's auditors and industry groups. This has included a review of AIFRSs to determine the effect on the Town's existing accounting policies and treatments.

The annual financial report for the year ended 30 June 2005 will be prepared in accordance with Australian Accounting Standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and AIFRSs identified to date as potentially having a significant effect on the Town are summarised below.

The summary should not be taken as an exhaustive list as the Town is still assessing the impacts of AIFRSs. Consequently, in some instances, quantified impacts of AIFRSs may not have been disclosed as disclosure of information may be misleading and not fully represent the overall impact of transition.

Property, Plant and Equipment

AIFRSs provides an option to value each class of property, plant and equipment at either cost or fair value. At the transition date, an election is available under AIFRSs transition rules to use cost, fair value or deemed costs as the opening carrying value. It is the current intention of the Town to:

- value property, plant and equipment and infrastructure on the cost basis, adjusted for any accumulated impairment balances.
- use deemed cost for any assets previously carried at a revalued amount adjusted for any accumulated impairment balances.
- use fair value for the Town's road infrastructure network and revalued with sufficient regularity to ensure carrying amounts are not materially different from their fair value at reporting date.

It is not anticipated any adjustments to carrying values will result from the above approach. If they do, they will be recognised against opening retained earnings or past revaluation reserves in the opening balance sheet.

NOTES to and forming part of the **FINANCIAL REPORT**

**For the year ended
June 30 2005**

36. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

Employee Benefits

AIFRSs require all long term employee benefits to be measured at present value. This treatment remains unchanged for the measurement of non current long service leave entitlements under current Australian GAAP. However, non current annual leave entitlements are currently measured at the amount the Shire expects to pay and not at present value.

It is not anticipated any such adjustment will be significant. However, adjustments to provisions, if any, will be made against opening retained earnings in the opening balance sheet and the effect on the year ended 30 June 2005 will also be adjusted via the operating statement for comparison purposes in the Town's first AIFRSs financial report.

Impairment of Assets

Currently, assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount. In determining recoverable amount, expected future cash flows are currently not discounted to their present value.

Under AIFRSs, both current and non current assets are tested for impairment on an individual basis. If this is not possible, the Town is required to test for impairment at the "Cash Generating Unit" (CGU) level.

It is anticipated the Town's material assets will be able to be tested for impairment on an individual basis and the CGU level will not apply.

Assets are tested for impairment where an impairment trigger (per AIFRSs) has occurred. Intangibles with indefinite useful lives will be tested annually for impairment (or more frequently if events or circumstances indicate).

To the extent any impairment is determined, this will be recognised immediately in the operating statement.

Assets may be considered impaired in one reporting period and not in subsequent periods. Therefore, it is not practicable to determine the impact of the change in accounting policy for future financial reports as any impairment or reversal thereof will be affected by future conditions.

Intangibles

AIFRSs now requires the recognition of intangibles not currently required under current Australian GAAP.

Intangibles identified will be recognised against opening retained earnings.

Intangibles with indefinite useful lives will be subject to impairment testing annually (or more frequently if events or circumstances indicate it might be impaired). Impairment losses will be recognised immediately in the operating statement as they occur.

This change in policy may result in increased volatility of future results if intangibles are recognised and impairment losses occur.

NOTES to and forming part of the FINANCIAL REPORT

For the year ended
June 30 2005

36. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

Financial Assets and Financial Liabilities

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value.

On adoption of AIFRSs, the Town will be required to classify these financial instruments into various specified categories (being either of trading assets, held to maturity investments, loans and receivables or available for sale financial assets). The classification of the instrument determines the instrument's subsequent measurement.

It is anticipated, based on definitions contained within AIFRSs, the Town's financial assets and liabilities will be classified in the loans and receivables category and will be measured at their initial recognition amount.

Based on reviews performed to date, it is not anticipated any such adjustments will be significant.

However, in accordance with AIFRSs, such financial assets will be subject to annual impairment testing and to the extent any impairment testing is determined, it will be recognised immediately in the operating statement.

Assets may be considered impaired in one reporting period and not in subsequent periods. Therefore, it is not practicable to determine the impact of the change in accounting policy for future financial reports as any impairment or reversal thereof will be affected by future conditions.

Investment Property

Under current Australian GAAP, investment property is disclosed as land and buildings in the property, plant and equipment asset classification. It is recognised at either cost, fair value or at net market value.

On adoption, AIFRSs provide an option to value investment property at either cost or fair value. It is the current intention of the Town to:

- *value investment property on the cost basis adjusted for any impairment balances.*

It is not anticipated any adjustments will result from the above approach. If they do, they will be recognised against opening retained earnings or past revaluation reserves in the balance sheet.

Also, as the value of the investment property is subject to fluctuation based on future conditions, it is not possible to reliably estimate the effect any adjustments may have on future financial reports.

Independent audit report to the electors of the Town of Northam

Horwath Audit (WA) Pty Ltd

ABN 79 112 284 787

Chartered Accountants

A member of Horwath International

128 Hay Street Subiaco WA 6008

PO Box 700 West Perth WA 6872

Email horwath@perth.horwath.com.au

Telephone (08) 9380 8400

Facsimile (08) 9380 8499

Scope

The financial report and Council's responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows and accompanying notes to the financial statements for the Town of Northam for the year ended 30 June 2005.

Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1995. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the electors of the Town. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Town's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Directors: Glyn O'Brien CA Anthony Bevan CA

Horwath Audit (WA) Pty Ltd conducts its practice independently of all other firms of chartered accountants who are members of Horwath International in Australia



Audit opinion

In our opinion, the financial report presents, fairly in accordance with the requirements of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996, applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Town of Northam as at 30th June 2005 and the results of its operations and its cash flows for the year then ended.

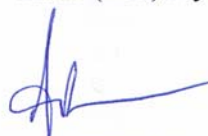
Other Matters

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Town.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 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 ourselves.
- d) All audit procedures were satisfactorily completed in conducting our audit.

DATE: 31 August 2005
PERTH, WA

HORWATH
Audit (WA) Pty Ltd



A G BEVAN
Director