

# ANNUAL REPORT

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**2005-2006**

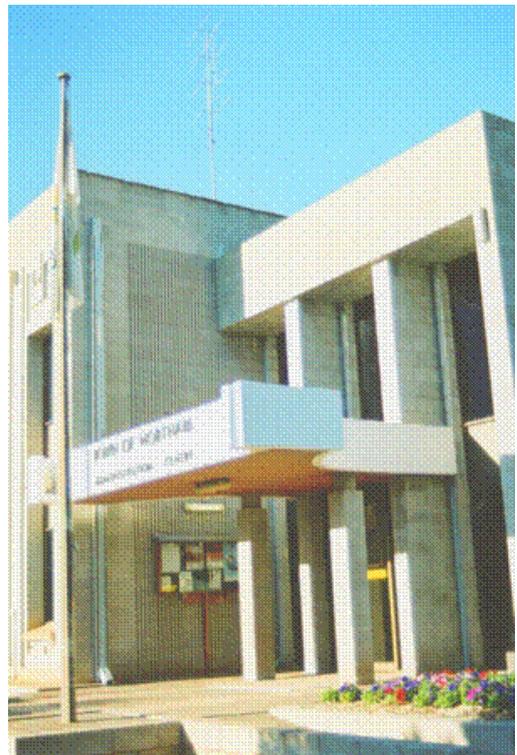
## **TOWN OF NORTHAM**

298 Fitzgerald Street  
NORTHAM WA 6401

PO Box 269  
NORTHAM WA 6401

Telephone: (08) 9622 6100  
Facsimile: (08) 9622 1910

Email: [ntc@northamtown.wa.gov.au](mailto:ntc@northamtown.wa.gov.au)  
Website: [www.northamtown.wa.gov.au](http://www.northamtown.wa.gov.au)



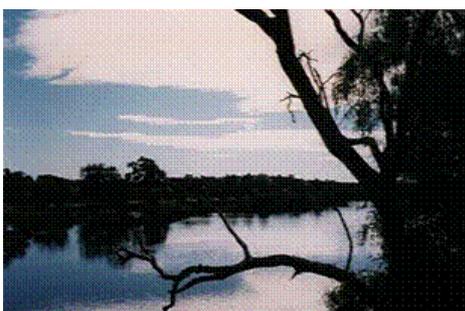
# Mission Statement

**to create a vibrant  
self-sufficient community  
in the heart  
of the Avon Valley**



# 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.**



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# About the Town of Northam

NORTHAM is an established regional centre situated 96 kilometres from Perth in the picturesque Avon Valley. Northam has offices for two Local Governments, being the Town of Northam and the Shire of Northam, with the Town occupying approximately 2,400 hectares and the Shire 1,419 km<sup>2</sup>. 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, who use Northam for their everyday banking, retail, shopping 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 four major banks who are operating in Town, unlike smaller rural communities.

Northam is well catered for in education, health, recreational and cultural facilities. The Town has a Regional Library, a 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 an Olympic 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 town site of Northam was first gazetted in 1836 and is the focal point for important rail and road links to Eastern Australia. It was a centre for Post-War migration and many of the residents have strong links to Eastern Europe. The 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.



# Mayor's Report

It is with the greatest of pleasure that I present the 2005/2006 Annual Report for the Town of Northam.

Consistent with the rest of Western Australia, the Town of Northam is enjoying unprecedented growth. Whilst these boom times have placed considerable pressure on Council resources the experience is most welcome and has provided an air of strong business confidence and economic benefit to our community.

During the year Council has been confronted with some issues which have caused serious financial impact. Matters which caused most grief include a budget over-run on the inaugural Motorcycle Festival, untimely and costly repairs to the Swimming Pool Bowl and Council management of the RiversEdge Café. These issues have been addressed and Council is in a position to move positively into the future.

Throughout the year Council maintained its commitment to the road program and this saw many roads throughout the town being reconstructed, resealed or patched. A major expense involved the reconstruction of a failed section of Woodley Farm Drive. Council's actions of utilising in-house resources to construct the Gordon Street roundabout created a significant saving. The footpath program was maintained with Council working towards providing quality access to all schools, the hospital and all major pedestrian routes into the Central Business Area of town.

A review of projects revealed that several were not viable and should be discontinued. This included the apartment complex adjacent to the Council Administration Building, redevelopment of the Works Depot Site and a proposed Medical Centre on the Infant Health Clinic site. Council will revisit these initiatives and may consider more viable opportunities.



*The Mayor was on-hand to meet some of the organisers and participants of this year's Avon Descent.*

# Mayor's Report

During the year arrangements were negotiated with the Shires of Northam and Toodyay to provide a joint Ranger service. This has now been implemented and the new arrangement is being closely monitored and will be fine tuned as necessary.

Council has shown a strong commitment to economic development and tourism with considerable funding directed towards marketing of the town, operation of the Northam Visitors Centre and the promotion of major events.

There has also been continued support for Avon Valley Arts Society, Morby Cottage, the Railway Museum, Northam Agricultural Society, all schools and in particular the Northam Senior High School.

The Old Quarry Road Waste Management Site and rubbish collection continues to be operated by a private contractor. This arrangement has proved to be cost-effective for Council and a high standard of service continues to be maintained. The free kerbside bulk bin service is still very popular and has been embraced by the community. An arrangement is in place with the Shires of Northam, Toodyay and York to use the Old Quarry Road Site and this provides a wonderful demonstration of cooperation with neighbouring Councils.

The Killara Adult Day Centre has further extended into respite caring. This service is being well supported with the centre being inundated with requests. A significant donation by the Lions Club towards refurbishment of the garage will allow day use of this area as an activity room for clients.

Council is fortunate to have a highly professional and enthusiastic team of employees headed by Chief Executive Officer Bruce Mead who has been in charge since May. Bruce comes to Council with good credentials and his expertise and commitment will be highly valued as Council moves forward in these exciting times.

I take this opportunity to express thanks to a fine group of Councillors and all staff who continue to make a conscientious contribution towards the betterment of our town.

I am extremely proud and honoured to be the Mayor of such a great town and I give my assurance that the Council, under my leadership, will continue its effort to provide cost effective and quality Local Government to the Community.



**RAY HEAD  
MAYOR  
TOWN OF NORTHAM**

# CEO's Report

This Annual Report deals with the financial period 1 July 2005 to 30 June 2006.

This period has seen a significant change in the amount of development in Northam with a large number of subdivisions taking place and a general air of confidence and enthusiasm in the future of Northam. There are no doubt a number of reasons for this, one of which is the upgrading of the Town Centre over the past few years which is continuing with the Minson Avenue development which is Stage 3 of the CBD Redevelopment Plan. The installation of two security cameras that provide direct feedback to the Northam Police Station has improved the safety of the CBD area and has encouraged further use of this type of equipment with another to be installed in Bernard Park.

Council is a part of the Cities for Climate Protection Program and during the year under review was awarded Milestone 2 status, much of this achievement can be attributed to the hard work and enthusiasm of Council's Special Project's Officer Ray Adams.

During the year Council also looked at the possibility of entering into three projects to enhance the Town, these being a new medical facility, an apartment complex and a redevelopment of Council's depot site. However after extensive research and investigation it was decided not to progress any of these projects as the financial viability of each was considered to be too marginal for Council to undertake.



During the year it became necessary for Council to take over the running of the RiversEdge Café due to the previous operators relinquishing their tenure. Council believed that it was important to have a facility of this type available to the public and agreed to run the café as part of Council's operations from August 2005. During this time it became evident that due to the regulatory requirements of Council, that the venture, to remain open had to be supported financially by Council. The decision was made in May 2006 that Council should advertise to lease the Riversedge Café subsequently it was agreed by Council that Willy Regan and Roger Searl be given the opportunity to manage the facility under section 3.58 (3) of the Local Government Act.

Council is working with the Chamber of Commerce in a program of marketing Northam by providing \$60,000, 50% of which is raised by a Specified Area Rate and Council believes that this is contributing to the strong and vibrant commercial sector.

# CEO's Report



The Mitchell on Avon Housing Project will be completed with the sale of the Eco Retro Display House in the 2006/07 financial year. This has been a very successful project for Council which has been well recognised by the number of awards Council has received. It has also been of great benefit in enabling a number of other projects such as the Streetscape/Avon Mall Upgrade to be funded.

Council has progressed the development of the recreation facilities needed for Northam over the past year with the Committee involved now discussing plans with an architect so that we can progress to the next stage. During 2006/07 the proposed facilities, once suitable drawings are completed, should be available for public comment.



I would like to take this opportunity to acknowledge the efforts of my predecessor Don Burnett since becoming CEO in 1996, he certainly made a strong commitment to Northam during this time. My thanks to the Mayor Ray Head and the Councillors for their leadership and good governance of the community. My thanks to all the staff for their commitment and professionalism to the Town of Northam, despite it having been a difficult time in the six months from January 2006 with a number of senior staff movements.



**BRUCE W MEAD**  
Chief Executive Officer

# Elected Members and Executive



**Mayor Ray Head**

## Councillors



**Deputy Mayor**  
Cr Denis Beresford



**Councillor**  
Cr Rob Tinetti



**Councillor**  
Cr Jim Smith



**Councillor**  
Cr Richard Doye



**Councillor**  
Cr Gillian Beazley



**Councillor**  
Cr Des Hughes



**Councillor**  
Cr Brian Webb



**Councillor**  
Cr Lee Ozarczuk

## Executive Management Team



**Chief Executive Officer**  
Mr Bruce Mead



**Manager**  
**Finance & Community Services**  
Mr Darren Friend



**Manager**  
**Planning & Development**  
Mr Rory O'Brien

## FINANCE & COMMUNITY SERVICES

The 2005/2006 year proved to be, as has been the case over the preceding few years, extremely challenging for finance staff in the day-to-day management of Council's financial resources.

The year under review saw three of the Mitchell on Avon properties settle with the remaining properties settling before the end of the 2006 calendar year. Stage three works of the CBD redevelopment commenced with playground equipment installed in Bernard Park, the carpark being upgraded and sealing of the dual use path along the top of the Levee bank and commencement of upgraded parking facilities adjacent to the levee bank on Minson Avenue. This project will be continued for several years to come with further improvements to Bernard Park and Street / carpark lighting on Minson Avenue.

Other significant projects undertaken during 2005/2006 included:



- The annual "Summer Siesta Concert Series" in Bernard Park with another four concerts between late January and mid-March which continue to be extremely popular, attracting large crowds from around the Avon region.



- Expansion of services offered at the Killara Adult Day Centre with the successful sourcing of funding through the National Respite for Carers Program (NRCP) providing assistance to home based carers of elderly and disabled people.

## FINANCE & COMMUNITY SERVICES



- A continuation of the “Promote Northam” campaign via the Northam Chamber of Commerce. This project has been in operation for three years and is partially funded by the raising of a Specified Area Rate on all Commercial, Industrial and Community zoned properties within the Town of Northam.
- Continuation of Council’s playground equipment upgrade with work undertaken on Apex and Morrell Park Playgrounds.
- Extensive refurbishment of the Swimming Pool Bowl following the discovery of leaks within the Bowl and pipework.



- The first Northam Motorcycle Festival was held in mid-September 2005. Unfortunately inclement weather played a part with the festival not attracting the crowds that would be expected for an event of this nature.

Major Roadworks completed during 2005/2006 included:

- Intersection modifications at the Wellington Street/Ensign Dale Place junction, funded partially under the State’s Black Spot program;
- Reconstruction of sections of Woodley Farm Drive;
- Construction of a roundabout at the junction of Wellington and Gordon Streets;
- Footpaths constructed in Chidlow and Gordon Streets; and
- Road resealing works on Tamplin Street, Cecil Road, Gibbings Street, Northey Street, Sholl Street, Atkinson Street, Throssell Street and Walarat Road as part of the annual Roman program. Additional roadworks were completed on Yalbaroo Road and Edmonson Street as part of the Federal Government’s Roads to Recovery funding program.

# CORPORATE SERVICES

## Record Keeping

The Town of Northam is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards. The Town of Northam's Record Keeping Plan (as required by the State Records Act) was approved by the State Records Commission in August 2006, for a period of five years and must be reviewed by July 2011.



A Records Officer was employed by the Town of Northam in December 2005 however in April 2006 there was an internal restructuring of duties and the Administration Officer of Finance & Community Services (i.e. Corporate Services) took on the role of Records Management.. Training in electronic records and Disaster Management Planning has been undertaken by this staff member during the course of the year.

In compliance with the State Records Commission Standard 2: Recordkeeping Plans and Standard 6: Outsourcing, outlining commitments for certain documentation to meet those requirements. (both of which are 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:-

- I. The Town of Northam is currently transferring our Records into a new record keeping system using the Keywords for Council Thesaurus (approved by the State Records Commission).

The process of transferring current records into a new system using Keywords for Council Thesaurus will include:-

- (a) the revision and update of the Record Keeping Plan;
- (b) The creation of a new file index;
- (c) the revision and update of the Policy & Procedures Manual;
- (d) The revision and update of the current Staff Induction Manual;
- (e) the update of the Master Archive Index following revision of archival records kept at Council's Depot site;
- (f) the finalisation of the Disaster Management Plan;
- (g) A Training Manual for all staff members within the Administration area of Council that shall include a breakdown of duties and procedures for tasks undertaken by each position; and

## CORPORATE SERVICES

- (h) In compliance with SRC Standard 6: An update of the Contracts Listing and review of and update, if required, of the current procedures involved with respect to contract renewals
- 2. In compliance with Principle Six under SRS Standard 2 the Staff Induction Manual is being revised. Training of staff with respect to the new Record Keeping System will take place in the New year, however staff training has been started since the initial transfer began; on a one-to-one basis with some staff members who require daily access to the records.
- 3. In reference to Principle Four of SRC Standard 2: A draft Disaster Management Plan has been written and is currently under review to ensure that it addresses all issues under Principle Four.
- 4. In reference to Principle Five of SRC Standard 2: An Information Statement was completed and submitted to the Information Commissioner in June of this year. The Commissioner responded in July and suggested changes that have to date not been implemented. It is anticipated that the Information Statement will be updated and on our website by the New Year. In compliance with Principle Five the Information Statement addresses the identification of restricted access records.

The Town Of Northam's Record Keeping Plan currently provides information on the Council's disposal program and procedures involved in archiving our records.

For further information please contact Council's Manager Finance & Community Services, Darren Friend on 9622 6122 or Email [mgrfcs@northamtown.wa.gov.au](mailto:mgrfcs@northamtown.wa.gov.au)



## PLANNING SERVICES

The property boom in Western Australia has spilled over to Northam over the past year. We are presently processing as many as 20 planning enquiries per day from people who want advice on their property development potential. Enquiries are being received from people in the Eastern States in response to internet advertising. We have even had an enquiry from a person in Europe.

During the past year Council has supported a large number of subdivision referrals from the Western Australian Planning Commission. Literally hundreds of new lots have been created and the majority of those have been purchased prior to development. In addition to the work being undertaken by developers many residents have re-examined their large backyards and many have taken the opportunity to subdivide their properties.

It would appear that the production of residential properties is outstripping the production of commercial and industrial blocks. This is an area that will need to be examined in more detail over the next year because we are already receiving calls from new businesses moving into town that want to use prime residential properties for offices and industries!

A total of 55 applications for planning approval were processed during the past year compared with fifty-one in 2004-05 and 42 in the 2003-04 year. The largest development to commence during the year was the 89 lot subdivision at the corner of Goomalling Road and Gillett Road.

For further information please contact Council's Manager Planning & Development, Rory O'Brien on 9622 6120 or email: [mgrpd@northamtown.wa.gov.au](mailto:mgrpd@northamtown.wa.gov.au)



## BUILDING SERVICES



*Hayley Fegan  
Building Surveyor*

The Town of Northam issued 196 building licenses during the 2005/06 financial year, an increase of 30 licenses over the previous years number of 166 with a value of work being \$10,888,929.

The projects included 15 swimming pools, 38 new dwellings, 14 commercial buildings, 66 additions, 4 fences and retaining walls and 59 outbuildings.

Under normal circumstances, licenses are issued within ten working days. Some of the large development works included additions to St Joseph's School, refurbishing Old Cinema Building to Retail Shops and a new Community Centre for Church of Christ.

For further information on Building Services, please contact Council's Building Surveyor, Hayley Fegan on 9622 6119 (Direct Line) or the Main Office 9622 6100. Alternatively you can contact her by mobile on 0417 992 802 or email [building@northamtown.wa.gov.au](mailto:building@northamtown.wa.gov.au)

## DISABILITY SERVICES



Public authorities in Western Australia have been required by the Western Australia Disability Services Act (1993) to have a Disability Service Plan since 1995. An amendment to the Act in 2004 brought about a number of changes to this requirement, including a change of name to Disability Access and Inclusion Plan (DAIP)

The Town of Northam is currently reviewing their Disability Services Plan and will be amending the current plan to include the new title of Disability "Access and inclusion" within it.

The deadline for completion of the plan is 31 July 2007 and therefore it is the expectation that Council's Plan will be available on or just after that date.

For further information on our current Disability Services Plan, please contact our Records Officer on 9622 6100 or email [ntc@northamtown.wa.gov.au](mailto:ntc@northamtown.wa.gov.au)

## HEALTH SERVICES

During the 2005/2006 financial year, a number of food premises inspections were undertaken by Council's Environmental Health Officer with issues like food storage, temperature control and overall cleanliness being assessed. The standard throughout the town overall was found to be high.

A number of public buildings and lodging houses were also inspected to ensure compliance with the relevant legislation.

In summer, routine monthly sampling of the Town of Northam's public swimming pool was conducted and assessed to ensure that high public safety standards were met and maintained.

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

Almost 24,000 tonnes of waste material was received at the Old Quarry Road Waste Disposal Facility during this financial year, including waste from the Shires of Toodyay and York. The computer system at the gatehouse has been upgraded and is now fully operational, with all transactions recorded electronically.

The free Bulk Bin Collection Service again proved to be a valuable service to the residents of Northam with 520 residential properties utilising these bins.

Recycling is back on the agenda, with the 'Drop Off Recycling Points' at the Old Quarry Road Waste Disposal Facility and on Minson Avenue continuing to receiving public support. The need for 'Kerbside Recycling' is being looked at by Council's Environmental Health Officer, with a view to implement this service possibly next financial year.

For further information, please contact Council's Environmental Health Officer, Jason Jenke on 9622 6131 or by email [health@northamtown.wa.gov.au](mailto:health@northamtown.wa.gov.au).



*Jason Jenke  
Environmental  
Health Officer*



## LIBRARY SERVICES



← (from left to right)

Regional Librarian  
Wendy Porter,

Library Clerk  
Anita Hayes,

Deputy Librarian  
Viv Lewis

and

Library Clerk  
Claire Murray

The Northam Region Library had an interesting year in 2005/2006. Staff issued over 62,000 items to over 5,000 members. Members made more than 40,000 enquiries on the library catalogue. Staff answered over 11,000 reference enquiries and placed more than 1,100 requests on library stock. Over 3,300 items were received on Inter-Library Loan for library members and more than 3,600 new items were added to Library stock. Customers logged over 1,000 hours on the Internet and Word Processor.

Mrs Viv Lewis took some time off to have a baby. Congratulations to Viv and Mark for their baby girl Abbie. Ms Dinah Jackson filled Viv's shoes for the length of Viv's maternity leave.

Changes to the Inter-Library loan system and the new book ordering system has put more pressure on staff as some tasks have taken longer in the process of changeover. Well done to Viv, Anita, Clare and Dinah for their excellent efforts in providing a first-class library service to the members of the Northam Region Library during this time.

For further information please contact the Regional Librarian Miss Wendy Porter on 9622 6130 or you can contact her by email [library@northamtown.wa.gov.au](mailto:library@northamtown.wa.gov.au)



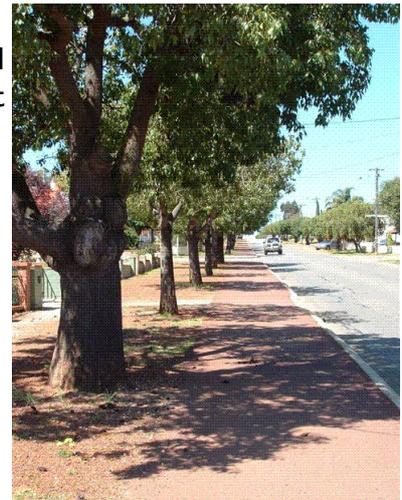
# WORKS & OPERATIONAL SERVICES

Once again the Town's road network was the focus of Works and Services with twelve roads resealed totalling seven kilometres and the completion of the black spot funded roundabout at the intersection of Gordon Street and Wellington Street. The roundabout was constructed as removable to accommodate the annual Flying Fifty races.



The Northam Air-strip received a new Micro Asphalt Seal, the seal was funded from grants that the Aero Club received.

The Town's footpath network is continuously being upgraded with upgrades to sections of Gordon Street and Chidlow Street East.



Bernard Park was the focus over the past eight months with the installation of two new playgrounds; one large playground located across from the Visitor Centre and a tiny tots playground beside the Play Group Building. The Play Group also had an upgrade to their fencing and new lawn planted.



A new asphalt carpark was constructed at Bernard Park with 83 car bays and 4 Acrod bays. Asphalt sealing of the Levee Bank footpath from Peel Terrace to Newcastle Road (a distance of 880 metres).

Works are continuing on Minson Avenue as part of the CBD upgrade and major improvements will continue over to next year.

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 3500 trees planted by volunteers.

For further information please contact Council's Operations Coordinator, Max Thorbjornsen on 9622 6127 or by email on [worksop@northamtown.wa.gov.au](mailto:worksop@northamtown.wa.gov.au).

## KILLARA ADULT DAY CENTRE

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

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

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

The Centre is managed by the Centre Coordinator and operates with approximately 16 staff, valuable support services are offered by volunteers. Staff and volunteers are trained to monitor and support the client's physical, mental and social needs.

Services are available to people living in the Town and Shire of Northam, with some services extending to the Shires of Goomalling, Toodyay, Cunderdin and York.

In this financial year the Centre has been successful in obtaining three recurrent Commonwealth funding grants from the Department of Health and Ageing National Respite for Carers Program. The funding is to assist in providing support for carers who are currently employed, looking for employment or undertaking training with the aim of employment. The additional funding will be used to provide increased respite options and will also provide Carers with overnight respite either with short regular breaks i.e. one night a week or blocks of respite of 2 to 5 days.

The Centre has commenced two group outing activities the clients attending do not need to be attending the Day Care program at the Centre. The group are called the:

- Walkabout Group - outings for the well, mobile, aged people, once a month.
- Men's Group - outings for men, twice a month.

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](mailto:killara@northamtown.wa.gov.au)

# RECREATION & CULTURAL SERVICES

The Town of Northam has had a very successful 2005 / 2006, developing a variety of new programs and events for all sectors of the community. The Recreation staff have received several grants to assist to run new activities for both the young people and adults in Northam.

The Recreation staff have also been working on further developing plans for a possible new Recreation Centre in Northam. A working group has been formed and has been meeting since March to work on the new Recreation Centre project. Jubilee has been selected as the preferred site and an architect is working on a master plan of the site and concept plans for the new Recreation Centre.



*Dragon Boat Racing on the Avon River*



*Floorball*

With the ongoing success of new programs like Floorball the Recreation Centre staff have again this year looked for new and innovative programs to run at the Recreation Centre.

In August the Northam Recreation Centre sent teams to Perth to represent Northam in the National Floorball Championships. This was a great experience for all those who participated.

Dodgeball and Kickball are two new sports the Recreation Centre now offers and the staff will continue to look at new trends in the Recreation industry.

Other adult programs the Recreation Centre are running are: Floorball, Corporate Challenge, Volleyball, Indoor Soccer, Indoor Cricket, Mixed Netball, Indoor Touch Rugby, Ten Pin Bowling, Badminton and Women's Football.

Numbers are growing in all programs to the extent that numbers have had to be limited in some sports due to the court space available is full.



*Junior Coaching*



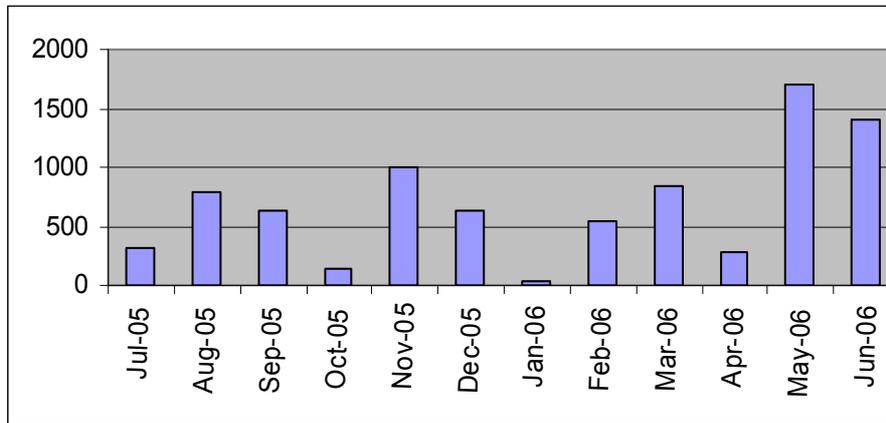
*Netball Going for the Goal*



*Women's Footy Training*

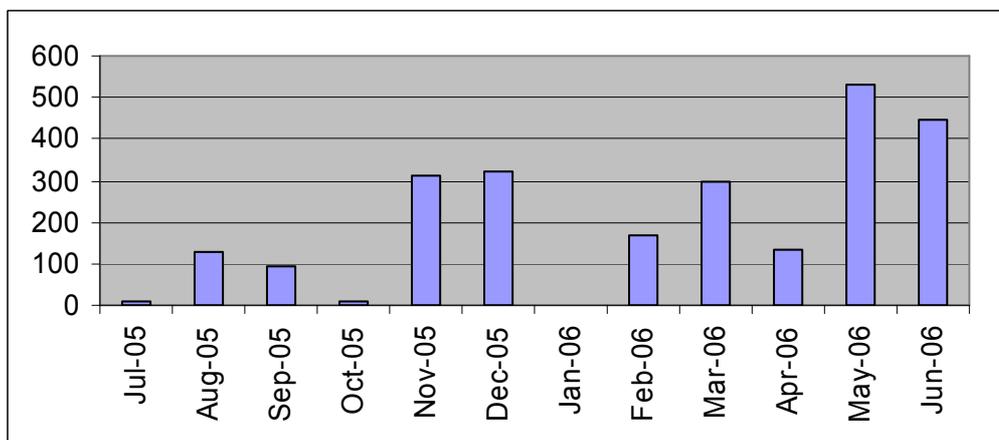
# RECREATION & CULTURAL SERVICES

The graph below show the increase in attendances in adult programs over the last twelve months.



The after school programs have continued to be very popular with school aged children. Dodgeball and Floorball are the two most popular programs but soccer and tennis have been well supported also. Over the past year the recreation centre has offered Floorball, Indoor Soccer, Tennis, Badminton, and Dodgeball as part of our After School program. A twelve month circus program started in August 2006. The circus program is aimed at offering physical activity options to those young people who may not be interested in main stream sports. The program has been very successful with all six local schools involved and an advanced class, which practices at the recreation centre after school.

The graph below show the increase in attendances in after school programs over the last twelve months.



# RECREATION & CULTURAL SERVICES

Recreation staff continue to manage all cleaning, bookings and some maintenance for council facilities including Town/Lesser Halls, Memorial Hall, Jubilee Pavilion, Skate park, Bert Hawke Pavilion and the Recreation Centre.

The Recreation Services team has organized several community events over the past year. The Walk Northam program continued to be well supported. Over 200 people attended the inaugural community walk around the bridges and all Lifestyle programs were full booked. The Walk Northam program will continue with a number of new initiatives aimed at encouraging the community to become more physically active.



The Recreation staff organized a visit to Northam from the Ricky Grace all stars basketball team to play a game of basketball against our best Northam team. This game raised money to send an indigenous basketball team to the Australian Championships.



For further information about Recreation Services please contact Council's Recreation Services Coordinator, Craig Wall on 9622 5153 or email [recreation@northamtown.wa.gov.au](mailto:recreation@northamtown.wa.gov.au)



## Swimming Pool

Work is now complete on the Swimming Pool. Over the last two years a lot of resources have gone into resolving a constant leak in the pool. All pipe work between the pool and plant room has been replaced. A new return pipe has been put into the floor of the pool, all expansion joints have been replaced and the pool has been repainted ready for the new season. It is expected this work will extend the life of the Northam Swimming Pool and offer a quality facility for the community for years to come.



The Swimming Pool will continue to offer the community a range of activities including the very successful pool parties we have held over the past couple of years.



## COMMUNITY SERVICES



Taryn Beagley & Gemma Buttersfield

The 2005/2006 financial year was a very successful and busy year in the Community Services Office with the Events Coordinator and Community Services Officer working hard to provide the community with community events, entertainment and services.



### Avon Descent

The 2005 Avon River Festival was again a huge success. Lots of planning and preparation was put into the Festival and the Float parade in which a large section of the Northam community was involved. There was a huge participation by Northam youth and community groups this year instead of more corporate involvement that we have seen in previous years.



The fireworks display commenced at 8:30pm. It was stunning! This year the display was launched from the suspension bridge and a barge on the Avon River. Northam has never seen a fireworks display like it. It was talked about for weeks afterwards and the community was extremely impressed.

### The Inaugural Northam Motorcycle Festival

Northam welcomed over 2,500 motorcycle enthusiasts and their families for the inaugural Northam Motorcycle Festival.

Bernard Park provided the perfect set-up for the festival, which proved to be a success, packed with live entertainment, competitions and a showcase of stunt riding, racing and freestyle action.



The Festival kicked off with the Northam Street Parade led by Ray Head, the Mayor of the Town of Northam. Participants included local riders and those who had traveled to Northam for the Festival with a diverse range of bikes.

International legends Matt Mingay and Robbie Bolger drew a huge crowd with an amazing display of stoppies, endos, wheelies and other stunts. Matt and Robbie featured throughout the weekend, exciting the crowds with their antics both on the course and in the pits.

# COMMUNITY SERVICES

## Christmas Lights Celebration

This years Christmas lights saw the unveiling of the new Avon Valley Arts Society Sculptures now found in the Mainstreet of Northam.

Santa arrived in the Northam Chamber of Commerce's Christmas Giveaway car, much to the delight of the children who received free ice creams provided by the Peters and Brownes Group, as well as a variety of toys and lollies. Father Geoff Aldous from St Josephs Catholic Church blessed the roads for the festive season and the White Ribbons campaign was launched by the Mayor, Ray Head.



## Concerts in the Park

Each year the Concerts in The Park are welcomed by masses of families from all over the Avon Valley and the 2006 concerts were the largest Northam has seen. There were over 10,000 people in attendance over the 4 concerts, proving that they are more successful every year.

## Flying 50

A Free family fun day was again provided this year to add extra entertainment and heighten the experience of the Flying 50's for families. The fun day included show bags, market stalls, bouncy castles, a bucking bull and a bungee run. Heaps of kids from the community turned up and had an absolute ball!



## AUSTRALIA DAY BREAKFAST

This years Australia Day Breakfast was attended by a record crowd of over 500 people. The Apex Club of Northam were the fantastic chefs for the morning cooking up a storm of sausages and onions. There was also yummy juice and fresh fruit available as well as free Town of Northam helium balloons. A fantastic morning was had by all.

## MINSON AVENUE REDEVELOPMENT

The Minson Avenue Redevelopment continues as part of the Northam Streetscape Project. The carpark at Bernard Park has been sealed and proved a larger carpark with a much more aesthetically pleasing aspect and the footpath along the levee bank has also been sealed. The construction of a limestone wall has also commenced, beginning what will become an impressive transformation for Minson Avenue.



# COMMUNITY SERVICES



## COMMUNITY PLAYGROUND

An Equipment for Living Grant was received from the Equipment for Living Centre of WA for the purchase of playground equipment and recycled rubber softfall to be installed in Bernard Park. A working bee was organised to install the equipment comprising of Mayor Ray Head, Town of Northam Operations Coordinator Max Thorbjornsen, Rotary, Lions, SES, St John's Ambulance York Cadet Division and the Avon Valley Environmental Society. These volunteer groups saw the playground constructed in record time. The new mega playground, which is divided into junior and senior sections has been specifically designed for children and teenagers with limited mobility and includes wheelchair access from the Visitor Centre parking area.



## CITIES FOR CLIMATE PROTECTION

The Town of Northam reached Milestone Number 2 of the Cities for Climate Protection Program by agreeing to reduce greenhouse gas emissions and the energy use of the Council by 25%. Strategies are in place to further reduce our energy output, ultimately saving dollars for the whole Northam community.

## COMMUNITY SAFETY AND CRIME PREVENTION PLAN

The Town and Shire of Northam along with the State Government have established a partnership to work together to reduce crime and improve safety in the community. The partnership involved the development of a Community Safety and Crime Prevention Plan that will be developed over the next 3 years. The aim of the plan is to identify key community safety issues for the Town and Shire and develop strategies to address these issues. The key objective of the plan is to make the Town and Shire a safer place to live and visit for all members of the community through the coordinated actions of government, local groups and residents.

For Further Information please contact Taryn Beagley (Community Services Officer and Manager of Visitor Servicing) or Gemma Buttersfield (Events Coordinator and Assistant Manager Visitor Servicing) on 9622 2100 or email them using the links below:

Taryn: [comserv@northamtown.wa.gov.au](mailto:comserv@northamtown.wa.gov.au)

Gemma: [events@northamtown.wa.gov.au](mailto:events@northamtown.wa.gov.au)

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# ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2006



## Statement by the Chief Executive Officer

The attached financial report of the Town of Northam, being the annual financial report and other information for the financial year ended 30 June 2006, are in my opinion properly drawn up to the present fair financial position of the Town of Northam as at 30 June 2006 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 27<sup>th</sup> day of September 2006

A handwritten signature in black ink, appearing to read "B Mead".

---

Bruce W Mead  
Chief Executive Officer

## INCOME STATEMENT *By Nature or Type*

### For the year ended 30 June 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	22	2,771,848	2,754,260	2,632,861
Grants and Subsidies	28	1,653,426	1,605,130	1,412,464
Contributions Reimbursements and Donations		455,168	545,950	334,567
Fees and Charges	27	1,252,492	1,222,991	1,218,856
Interest Earnings	2(a)	142,262	151,165	155,567
Other Revenue		297,303	44,040	40,862
		<u>6,572,499</u>	<u>6,323,536</u>	<u>5,795,178</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		(2,491,317)	(2,342,040)	(2,133,701)
Materials and Contracts		(2,711,219)	(2,301,150)	(2,243,711)
Utilities		(273,486)	(267,265)	(271,293)
Depreciation	2(a)	(1,121,344)	(1,075,945)	(1,074,114)
Interest Expenses	2(a)	(187,275)	(255,780)	(198,525)
Insurance		(127,265)	(129,150)	(132,426)
Other Expenditure		(309,243)	(419,806)	(304,928)
		<u>(7,221,149)</u>	<u>(6,791,136)</u>	<u>(6,358,698)</u>
		(648,650)	(467,600)	(563,520)
Grants and Subsidies - non-operating	28	402,613	922,910	942,188
Contributions Reimbursements and Donations - non-operating		-		-
Profit on Asset Disposals	20	129,256	85,000	271,205
Loss on Asset Disposals	20	(22,664)	(10,500)	(18,906)
<b>NET RESULT</b>		<u>(139,445)</u>	<u>529,810</u>	<u>630,967</u>

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

## INCOME STATEMENT *By Program*

### For the year ended 30 June 2006

	NOTE	2006	2006	2005
		\$	Budget	\$
			\$	
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		25,119	31,540	31,447
General Purpose Funding		3,935,790	3,813,950	3,688,525
Law, Order, Public Safety		80,246	79,800	84,335
Health		3,451	8,600	7,565
Education and Welfare		602,756	584,791	539,880
Housing		7,223	10,620	12,545
Community Amenities		840,186	1,333,940	763,238
Recreation and Culture		433,164	536,750	482,701
Transport		475,294	397,685	294,232
Economic Services		644,820	507,770	1,049,902
Other Property and Services		30,494	15,500	35,297
		7,078,542	7,320,946	6,989,665
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
<b>EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		(367,977)	(398,225)	(364,776)
General Purpose Funding		(223,040)	(182,420)	(176,772)
Law, Order, Public Safety		(197,450)	(201,553)	(153,384)
Health		(120,265)	(118,168)	(114,021)
Education and Welfare		(664,159)	(637,531)	(576,863)
Housing		(9,657)	(12,133)	(8,203)
Community Amenities		(1,012,582)	(1,026,871)	(966,542)
Recreation & Culture		(1,591,791)	(1,624,437)	(1,454,069)
Transport		(1,483,422)	(1,492,211)	(1,489,417)
Economic Services		(1,304,860)	(882,941)	(782,732)
Other Property and Services		(55,508)	(26,081)	(73,395)
		(7,030,711)	(6,602,571)	(6,160,174)
<b>BORROWING COSTS EXPENSE</b>				
Governance		(17,948)	(17,950)	(18,771)
Education and Welfare		(913)	(890)	(972)
Community Amenities		(3,004)	(3,010)	(3,199)
Recreation and Culture		(47,442)	(47,450)	(50,181)
Transport		(2,937)	(4,235)	(3,757)
Economic Services		(115,032)	(115,030)	(121,645)
	2(a)	(187,276)	(188,565)	(198,525)
<b>NET RESULT</b>		(139,445)	529,810	630,967

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

## BALANCE SHEET

For the year ended 30 June 2006

	NOTE	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	321,290	456,050
Trade and Other Receivables	4	672,420	1,123,442
Inventories	5	<u>273,527</u>	<u>300,276</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,267,237</u>	<u>1,879,768</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	922,532	886,996
Property, Plant and Equipment	6	8,318,776	8,268,415
Infrastructure	7	<u>23,184,533</u>	<u>23,161,025</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>32,425,841</u>	<u>32,316,435</u>
<b>TOTAL ASSETS</b>		<u>33,693,078</u>	<u>34,196,203</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	359,658	634,063
Long Term Borrowings	9	241,145	217,960
Provisions	10	<u>164,364</u>	<u>218,350</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>765,167</u>	<u>1,070,373</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	2,873,050	2,953,413
Provisions	10	<u>114,831</u>	<u>92,909</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,987,881</u>	<u>3,046,322</u>
<b>TOTAL LIABILITIES</b>		<u>3,753,048</u>	<u>4,116,695</u>
<b>NET ASSETS</b>		<u>29,940,031</u>	<u>30,079,508</u>
<b>EQUITY</b>			
Retained Surplus		24,020,038	24,088,232
Reserves - Cash Backed	11	372,535	443,818
Reserves - Asset Revaluation	12	<u>5,547,458</u>	<u>5,547,458</u>
<b>TOTAL EQUITY</b>		<u>29,940,031</u>	<u>30,079,508</u>

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2006

	NOTE	2006 \$	2005 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2005		24,088,200	23,425,361
Net Result		(139,445)	630,967
Transfer from/(to) Reserves		<u>71,283</u>	<u>31,904</u>
Balance as at 30 June 2006		<u>24,020,038</u>	<u>24,088,232</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2005		443,818	475,722
Amount Transferred (to)/from Retained Surplus		<u>(71,283)</u>	<u>(31,904)</u>
Balance as at 30 June 2006	11	<u>372,535</u>	<u>443,818</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2005		5,547,458	5,547,458
Revaluation Increment		-	-
Revaluation Decrement		<u>-</u>	<u>-</u>
Balance as at 30 June 2006	12	<u>5,547,458</u>	<u>5,547,458</u>
<b>TOTAL EQUITY</b>		<u>29,940,031</u>	<u>30,079,508</u>

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

## CASH FLOW STATEMENT

For the year ended 30 June 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		2,771,848	2,736,760	2,597,787
Grants and Subsidies - operating		1,653,426	1,855,130	1,412,464
Contributions, Reimbursements & Donations		455,168	481,780	334,567
Service Charges		-	-	-
Fees and Charges		1,252,492	1,190,491	795,087
Interest Earnings		142,262	151,165	155,567
Goods and Services Tax		434,242	120,000	122,863
Other		297,303	25,000	21,958
		<u>7,006,741</u>	<u>6,560,326</u>	<u>5,440,293</u>
<b>Payments</b>				
Employee Costs		(2,491,318)	(2,324,540)	(2,128,367)
Materials and Contracts		(2,711,219)	(2,286,150)	(2,206,742)
Utilities (gas, electricity, water, etc)		(273,486)	(257,265)	(271,293)
Insurance		(127,265)	(129,150)	(132,426)
Interest		(187,275)	(190,015)	(199,847)
Goods and Services Tax		(194,586)	(100,000)	(117,118)
Other		(309,497)	(392,000)	(286,022)
		<u>(6,294,646)</u>	<u>(5,679,120)</u>	<u>(5,341,815)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>712,095</u>	<u>881,206</u>	<u>98,478</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		(268,819)	(402,000)	(153,277)
Payments for Purchase of Property, Plant & Equipment		(364,698)	(4,805,550)	(1,409,700)
Payments for Construction of Infrastructure		(1,146,095)	(1,340,650)	(809,850)
Advances to Community Groups		-	-	-
Grants/Contributions for the Development of Assets		402,614	922,910	942,188
Proceeds from Sale of Plant & Equipment		525,685	940,500	1,268,375
Proceeds from Advances		-	-	-
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(851,313)</u>	<u>(4,684,790)</u>	<u>(162,264)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(196,708)	(217,960)	(184,181)
Repayment of Finance Leases		-	-	-
Proceeds from Self Supporting Loans		61,736	64,250	61,995
Proceeds from New Debentures		139,530	3,798,000	-
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>4,558</u>	<u>3,644,290</u>	<u>(122,186)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(134,660)</u>	<u>(159,294)</u>	<u>(185,972)</u>
Cash at Beginning of Year		456,050	455,014	642,022
<b>Cash at End of Year</b>	13(a)	<u>321,390</u>	<u>295,720</u>	<u>456,050</u>

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

## RATE SETTING STATEMENT

For the year ended 30 June 2006

	NOTE	\$	Budget \$
<b>REVENUES</b>			
Governance		25,119	31,540
General Purpose Funding		1,163,942	1,059,690
Law, Order, Public Safety		80,246	79,800
Health		3,451	8,600
Education and Welfare		602,756	584,791
Housing		7,222	10,620
Community Amenities		840,186	1,333,940
Recreation and Culture		433,164	536,750
Transport		475,294	397,685
Economic Services		644,820	507,770
Other Property and Services		30,494	15,500
		4,306,694	4,566,686
<b>EXPENSES</b>			
Governance		(385,925)	(416,175)
General Purpose Funding		(223,040)	(182,420)
Law, Order, Public Safety		(197,450)	(201,553)
Health		(120,265)	(118,168)
Education and Welfare		(665,072)	(638,421)
Housing		(9,657)	(12,133)
Community Amenities		(1,015,587)	(1,029,881)
Recreation & Culture		(1,639,233)	(1,671,887)
Transport		(1,486,359)	(1,496,446)
Economic Services		(1,419,891)	(997,971)
Other Property and Services		(55,509)	(26,081)
		(7,217,988)	(6,791,136)
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		(106,592)	74,500
Movement in Accrued Interest		(1,159)	76,400
Movement in Accrued Salaries & Wages		30,622	17,065
Movement in Employee Provisions		(32,064)	48,000
Depreciation on Assets		1,121,344	1,072,945
<b>Capital Expenditure and Revenue</b>			
Purchase Land Held for Resale		(268,719)	(402,000)
Purchase Land and Buildings		(18,665)	(4,351,500)
Purchase Infrastructure Assets		(955,438)	(1,340,650)
Purchase Plant and Equipment		(315,642)	(420,550)
Purchase Furniture and Equipment		(30,391)	(33,500)
Proceeds from Disposal of Assets		525,685	940,500
Repayment of Debentures		(196,708)	(217,960)
Proceeds from New Debentures		139,530	3,998,000
Self-Supporting Loan Principal Income		(36,126)	(64,250)
Transfers to Reserves (Restricted Assets)		(24,370)	(33,000)
Transfers from Reserves (Restricted Assets)		95,653	561,000
		(2,771,848)	(2,754,260)
ADD		600,429	75,000
LESS		387,943	529,810
<b>Amount Req'd to be Raised from Rates</b>	22	(2,771,848)	(2,754,260)

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 30 June 2006

### I. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of Preparation

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

#### First AIFRSs Financial Report

This is the Town's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASBI "First Time Adoption of Australian equivalents to International Financial Reporting Standards.

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 35.

#### Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Town complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

### I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of Preparation (Continued)

##### Critical Accounting Estimates

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

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

#### (b) The Local Government Reporting Entity

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

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

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

#### (c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet 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, amortisation or impairment losses.

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

As of 1 July 2004, 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, 2004.

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 application of AASB 1 "First Time Adoption of Australian Equivalents to International Financial Reporting Standards".

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

# NOTES to and forming part of the FINANCIAL REPORT

## For the year ended 30 June 2006

### I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) **Inventories:**

**General**

Inventories are valued at the lower of cost and net realisable value.

**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 Income Statement as at the time of signing a binding contract of sale.

(f) **Depreciation of Non Current Assets**

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

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

Buildings	50 years
Furniture and Equipment	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 Town of Northam, 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 30 June 2006

### I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) **Investments**

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

(i) **Impairment**

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

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

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

(j) **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 Balance Sheet and Income Statement. Information about the joint venture is set out in Note 16.

(k) **Employee Benefits**

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

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

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

(ii) *Annual Leave and Long Service Leave (Long-term Benefits)*

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employee's service to balance date.

(l) **Rates, Grants, Donations and Other Contributions**

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

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

## NOTES to and forming part of the **FINANCIAL REPORT** For the year ended 30 June 2006

### I. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (m) **Superannuation**  
The Town of Northam contributes to the Western Australian Local Government Superannuation Plan.
- (n) **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 21(e).
- (o) **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 balance sheet 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.
- (p) **Fair Value**  
The 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 fair value have not been written down as the Council intends to hold these assets to maturity.  
  
The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report
- (q) **Rounding off Figures**  
All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.
- (r) **Comparative Figures**  
Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

<b>2. REVENUES AND EXPENSES</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Result from Ordinary Activities</b>		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
<b>Amortisation</b>		
Capitalised Leased Assets	-	-
<b>Auditors Remuneration</b>		
- Audit	7,550	5,660
- Other Services	4,200	3,800
<b>Depreciation</b>		
Buildings	188,399	184,346
Furniture and Equipment	71,866	53,802
Plant and Equipment	136,732	118,090
Roads	363,981	379,353
Footpaths	94,803	94,829
Drainage	111,040	111,134
Parks & Reserves	65,221	55,892
Streetscape	89,302	76,668
	<b><u>1,121,344</u></b>	<b><u>1,074,114</u></b>
<b>Interest Expenses</b>		
Debentures (refer Note 21(a))	<u>187,275</u>	<u>198,525</u>
	<b><u>187,275</u></b>	<b><u>198,525</u></b>
<b>Rental Charges</b>		
- Operating Leases	<u>35,357</u>	<u>65,561</u>
(ii) Crediting as Revenue:		
	<b>2006</b>	<b>2006</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	18,864	23,000
- Other Funds	91,628	103,264
Other Interest Revenue (refer note 26)	<u>31,770</u>	<u>27,847</u>
	<b><u>142,262</u></b>	<b><u>151,165</u></b>
		<b><u>155,567</u></b>

# NOTES to and forming part of the **FINANCIAL REPORT** For the year ended 30 June 2006

## 2. REVENUES AND EXPENSES (Continued)

### (b) **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**

Member's expenses and Governance general.

#### **GENERAL PURPOSE FUNDING**

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

#### **LAW, ORDER AND 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 30 June 2006

### 2. OPERATING REVENUES AND EXPENSES (Continued)

	2006	2005
	\$	\$
<b>(c) Conditions Over Contributions</b>		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
NRCP Respite	-	3,040
Roads to Recovery	-	10,743
Park and Walk Grant	-	5,000
MRWA Grant - Peel Terrace Bridge	34,370	34,370
Contribution to Safety Audit	5,000	-
RRG - Woodley Farm Drive	16,640	-
Crematorium	30,000	-
Minson Avenue Redevelopment	399,418	-
Break Dancing Program	2,500	-
	<b>487,928</b>	<b>53,153</b>
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	17,272	-
Roads to Recovery	88,713	-
Recreation Programs	19,800	-
Contribution to Safety Audit	-	5,000
RRG - Woodley Farm Drive	-	16,640
Crematorium	-	30,000
Break Dancing Program	-	2,500
Minson Avenue Redevelopment	-	399,418
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
Roads to Recovery	-	10,743
Park and Walk Grant	-	5,000
Contribution to Safety Audit	5,000	-
RRG - Woodley Farm Drive	16,640	-
Crematorium	30,000	-
Break Dancing Program	2,500	-
Minson Avenue Redevelopment	198,859	-
	<b>360,714</b>	<b>487,928</b>
Closing balances of unexpended grants		
Comprises:		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
NRCP Respite	17,272	-
Recreation Programs	19,800	-
Roads to Recovery	88,713	-
Contribution to Safety Audit	-	5,000
RRG - Woodley Farm Drive	-	16,640
Crematorium	-	30,000
Minson Avenue Redevelopment	200,559	399,418
Break Dancing Program	-	2,500
	<b>360,714</b>	<b>487,928</b>

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

	2006	2005
	\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	(619,811)	(698,096)
Restricted	941,101	1,154,146
	<b><u>321,290</u></b>	<b><u>456,050</u></b>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Replacement Reserve	2,202	2,088
Recreation Reserve	153,268	230,107
Refuse Site Reserve	123,344	122,779
Building/Office Refurbishment Reserve	976	925
Computer Reserve	7,450	7,063
Regional Development Reserve	85,293	80,856
HACC - Killara	63,472	78,020
Accrued Leave	144,380	144,380
MRWA Grant - Peel Terrace Bridge	34,370	34,370
Contribution to Safety Audit	-	5,000
RRG - Woodley Farm Drive	-	16,640
Crematorium	-	30,000
Minson Avenue Redevelopment	200,559	399,418
Break Dancing Program	-	2,500
Recreation Programs	19,800	-
NRCP Respite	17,272	-
Roads to Recovery	88,715	-
	<b><u>941,101</u></b>	<b><u>1,154,146</u></b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	179,033	147,942
Emergency Services Levy	3,333	4,228
Sundry Debtors	300,865	561,621
Sundry Debtors - Overpaid	400	-
Prepaid Expenditure	-	45,468
GST Receivable	56,717	51,459
Property Debtors	158	303
Rubbish Charges	10,872	13,232
Pensioner Rate Rebates	12,277	6,703
Accrued Income	83,253	264,600
Loans - Clubs/Institutions	67,540	66,950
	<b><u>714,448</u></b>	<b><u>1,162,506</u></b>
Provision for Doubtful Debts	(42,028)	(39,064)
	<b><u>672,420</u></b>	<b><u>1,123,442</u></b>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	90,589	90,589
Loans - Clubs/Institutions	831,943	796,407
	<b><u>922,532</u></b>	<b><u>886,996</u></b>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	4,708	6,006
Land Held for Resale - Cost		
Cost of Acquisition	79,000	13,300
Development Costs	189,819	280,970
	<b><u>273,527</u></b>	<b><u>300,276</u></b>

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

	2006 \$	2005 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	9,572,477	9,433,034
Less Accumulated Depreciation	<u>(2,456,746)</u>	<u>(2,268,347)</u>
	<b>7,115,731</b>	<b>7,164,687</b>
Furniture and Equipment - Cost	828,871	788,369
Less Accumulated Depreciation	<u>(503,460)</u>	<u>(433,119)</u>
	<b>325,411</b>	<b>355,250</b>
Plant and Equipment - Cost	1,407,838	1,362,511
Less Accumulated Depreciation	<u>(736,689)</u>	<u>(672,374)</u>
	<b>671,149</b>	<b>690,137</b>
Works in Progress	206,485	58,341
	<u>206,485</u>	<u>58,341</u>
	<b>8,318,776</b>	<b>8,268,415</b>

Effective from 1 July 2004, Council deemed the carrying amount of land and buildings previously carried at a revalued amount to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other plant and equipment asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

## 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.

**NOTES** to and forming part of  
the **FINANCIAL REPORT**  
For the year ended 30 June 2006

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Leased Plant & Equipment \$	Total \$
Balance as at 1 July 2005	8,103,567	404,902	761,991	-	9,270,460
Additions	18,665	30,391	315,642	-	364,698
(Disposals)	(220,169)	(2,215)	(270,650)	-	(493,034)
Revaluation - Increments - (Decrements)	-	-	-	-	-
Impairment - (Losses) - reversals	-	-	-	-	-
Depreciation (Expense)	(188,399)	(71,866)	(136,732)	-	(396,997)
Other Movements	(597,935)	(35,799)	898	-	(632,836)
Balance as at 30 June 2006	<u>7,115,729</u>	<u>325,413</u>	<u>671,149</u>	<u>-</u>	<u>8,112,291</u>

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

	2006	2005
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads - management valuation 2006	-	-
Roads - management valuation 2005	19,143,814	19,143,814
Roads - Cost	2,377,761	1,818,641
Less Accumulated Depreciation	<u>(7,835,960)</u>	<u>(7,471,978)</u>
	<b>13,685,615</b>	<b>13,490,477</b>
Footpaths - management valuation 1997	-	-
Footpaths - Cost	4,828,736	4,777,054
Less Accumulated Depreciation	<u>(2,308,374)</u>	<u>(2,213,571)</u>
	<b>2,520,362</b>	<b>2,563,483</b>
Drainage - management valuation 1997	-	-
Drainage - Cost	6,645,757	6,576,465
Less Accumulated Depreciation	<u>(3,694,657)</u>	<u>(3,583,617)</u>
	<b>2,951,100</b>	<b>2,992,848</b>
Parks & Reserves - Cost	1,916,683	1,909,081
Less Accumulated Depreciation	<u>(1,196,068)</u>	<u>(1,130,847)</u>
	<b>720,615</b>	<b>778,234</b>
Streetscape - Cost	3,518,371	3,458,211
Less Accumulated Depreciation	<u>(211,530)</u>	<u>(122,228)</u>
	<b>3,306,841</b>	<b>3,335,983</b>
	<b><u>23,184,533</u></b>	<b><u>23,161,025</u></b>

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 2004, Council deemed the carrying amount of all infrastructure assets, other than roads, carried at a revalued amount, to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other infrastructure asset classes (other than roads), are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

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 116.

**NOTES** to and forming part of  
the **FINANCIAL REPORT**  
For the year ended 30 June 2006

**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.

	<b>Roads</b> \$	<b>Footpaths</b> \$	<b>Drainage</b> \$	<b>Parks and Ovals</b> \$	<b>Streetscape</b> \$	<b>Total</b> \$
Balance as at 1 July 2005	16,709,211	2,568,483	2,814,848	714,230	3,299,086	26,105,858
Additions	539,893	20,495	65,712	22,586	290,925	939,611
(Disposals)	-	-	-	-	-	-
Revaluation - Increments - (Decrements)	-	-	-	-	-	-
Impairment - (losses) - reversals	-	-	-	-	-	-
Depreciation (Expense)	(363,981)	(94,803)	(111,040)	(65,221)	(89,302)	(724,347)
Other Movements	(3,199,508)	26,187	181,580	49,020	(193,868)	(3,136,589)
Balance as at 30 June 2006	<u>13,685,615</u>	<u>2,520,362</u>	<u>2,951,100</u>	<u>720,615</u>	<u>3,306,841</u>	<u>23,184,533</u>

**NOTES** to and forming part of the **FINANCIAL REPORT**  
For the year ended 30 June 2006

	2006	2005
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	141,528	397,000
Accrued Interest on Loans	22,244	23,403
Accrued Salaries and Wages	76,392	45,770
Other Accrued Expenditure	119,494	167,890
	<u><b>359,658</b></u>	<u><b>634,063</b></u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	241,145	217,960
Lease Liability	-	-
	<u><b>241,145</b></u>	<u><b>217,960</b></u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	2,873,050	2,953,413
Lease Liability	-	-
	<u><b>2,873,050</b></u>	<u><b>2,953,413</b></u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	104,645	116,774
Provision for Long Service Leave	59,719	101,576
	<u><b>164,364</b></u>	<u><b>218,350</b></u>
<b>Non-Current</b>		
Provision for Annual Leave	47,664	52,977
Provision for Long Service Leave	67,167	39,932
Other Trust	-	-
P.O.S. & Parking Cash in Lieu	-	-
	<u><b>114,831</b></u>	<u><b>92,909</b></u>

## NOTES to and forming part of the **FINANCIAL REPORT** For the year ended 30 June 2006

	2006 \$	2006 Budget \$	2005 \$
<b>II. RESERVES - CASH BACKED</b>			
<b>(a) Plant Replacement Reserve</b>			
Opening Balance	2,088	2,000	25,763
Amount Set Aside / Transfer to Reserve	115	100	1,325
Amount Used / Transfer from Reserve	-	-	(25,000)
	<u>2,203</u>	<u>2,100</u>	<u>2,088</u>
<b>(b) Recreation Facilities Reserve</b>			
Opening Balance	230,107	229,000	226,033
Amount Set Aside / Transfer to Reserve	12,643	11,400	25,256
Amount Used / Transfer from Reserve	(89,482)	(50,000)	(21,182)
	<u>153,268</u>	<u>190,400</u>	<u>230,107</u>
<b>(c) Computer Reserve</b>			
Opening Balance	7,063	7,000	16,704
Amount Set Aside / Transfer to Reserve	388	350	859
Amount Used / Transfer from Reserve	-	-	(10,500)
	<u>7,451</u>	<u>7,350</u>	<u>7,063</u>
<b>(d) Refuse Site Reserve</b>			
Opening Balance	122,779	122,000	107,416
Amount Set Aside / Transfer to Reserve	6,736	6,450	42,523
Amount Used / Transfer from Reserve	(6,171)	(65,000)	(27,160)
	<u>123,344</u>	<u>63,450</u>	<u>122,779</u>
<b>(e) Building/Office Refurbishment Reserve</b>			
Opening Balance	925	850	18,000
Amount Set Aside / Transfer to Reserve	51	10,425	925
Amount Used / Transfer from Reserve	-	-	(18,000)
	<u>976</u>	<u>11,275</u>	<u>925</u>
<b>(f) Regional Development Reserve</b>			
Opening Balance	80,856	80,500	81,805
Amount Set Aside / Transfer to Reserve	4,437	4,275	4,205
Amount Used / Transfer from Reserve	-	-	(5,154)
	<u>85,293</u>	<u>84,775</u>	<u>80,856</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>372,535</u>	<u>359,350</u>	<u>443,818</u>

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

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

### II. RESERVES - CASH BACKED (continued)

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

**a. Plant Replacement Reserve**

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

**b. Recreation Reserve**

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

**c. Computer Reserve**

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

**d. Refuse Site Reserve**

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

**e. 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.

**f. 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 30 June 2006

12. <b>RESERVES - ASSET REVALUATION</b>	<b>2006</b>	<b>2005</b>
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
<b>(a) Land and Buildings</b>		
Balance as at 1 July 2005	3,733,058	3,733,058
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2006	<u>3,733,058</u>	<u>3,733,058</u>
<b>(b) Roads</b>		
Balance as at 1 July 2005	1,814,400	1,814,400
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2006	<u>1,814,400</u>	<u>1,814,400</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<b><u>5,547,458</u></b>	<b><u>5,547,458</u></b>

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

### 13. NOTES TO THE CASH FLOW STATEMENT

#### (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:

	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	<u>321,290</u>	<u>295,720</u>	<u>456,050</u>

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

Net Result	(139,445)	529,810	630,967
Amortisation	-	-	-
Depreciation	1,121,344	1,072,945	1,074,114
Impairment (Loss)/Reversal	-	-	-
(Increase)/Decrease in Receivables	544,590	232,155	(473,510)
(Profit)/Loss on Sale of Asset	(106,592)	(74,500)	(252,299)
(Increase)/Decrease in Inventories	1,280	-	(784)
Increase/(Decrease) in Payables	(274,404)	28,706	69,005
Increase/(Decrease) in Employee Provisions	(32,064)	15,000	(6,827)
Grants/Contributions for the Development of Assets	<u>(402,614)</u>	<u>(922,910)</u>	<u>(942,188)</u>
<b>Net Cash from Operating Activities</b>	<b><u>712,095</u></b>	<b><u>881,206</u></b>	<b><u>98,478</u></b>

#### (c) Undrawn Borrowing Facilities

##### Credit Standby Arrangements

Bank Overdraft limit	300,000	100,000
Bank Overdraft at Balance Date	-	-
Credit Card limit	9,000	18,000
Credit Card Balance at Balance Date	<u>(948)</u>	<u>(2,339)</u>
<b>Total Amount of Credit Unused</b>	<b><u>308,052</u></b>	<b><u>115,661</u></b>

##### Loan Facilities

Loan Facilities - Current	241,145	217,960
Loan Facilities - Non-Current	<u>2,873,050</u>	<u>2,953,413</u>
<b>Total Facilities in Use at Balance Date</b>	<b><u>3,114,195</u></b>	<b><u>3,171,373</u></b>

<b>Unused Loan Facilities at Balance Date</b>	<u>-</u>	<u>-</u>
-----------------------------------------------	----------	----------

## NOTES to and forming part of the **FINANCIAL REPORT** For the year ended 30 June 2006

	2006	2005
<b>14. CAPITAL AND LEASING COMMITMENTS</b>	<b>\$</b>	<b>\$</b>
<b>(a) Finance Lease Commitments</b>		
Nil		
<b>(b) Operating Lease Commitments</b>		
Operating Rental Agreements		
Office/Computer Equipment Ex C.I.T		
Security Cameras and Ex Technology Leasing		
Payable:		
- not later than one year	65,122	65,561
- later than one year but not later than five years	168,183	196,623
- later than five years	-	-
	<b>233,305</b>	<b>262,184</b>
 comprising:	 Rental Commencement	 Annual Repayment
#25629 - Terminal Server	4-Dec-01	3,516
#25738 - Photocopiers	14-Dec-01	4,227
#26428 - Laptop	9-May-02	1,317
#27159 - Commander Telephone System	22-Aug-02	6,724
#27380 - Computers	20-Sep-02	12,683
#27923 - Computer	3-Dec-02	934
#28306 - IBM Server	10-Feb-03	7,015
#31578 - Computers	16-Dec-03	5,096
#33640 - Computers and Printer	15-Nov-04	4,901
#41973500 - Security Cameras	22-Dec-04	11,396
#35458 - HP Laser Printer	24-Aug-05	1,124
#37634 - Canon Photocopier	1-Apr-06	2,166
#35983 - Computer Equipment	22-Jan-05	2,629
#37926 - Terminal Server	14-Mar-06	1,394
<b>(c) Capital Expenditure Commitments</b>		
Nil		
<b>15. CONTINGENT LIABILITIES</b>		
Nil		

**NOTES** to and forming part of the **FINANCIAL REPORT**  
For the year ended 30 June 2006

	2006	2005
	\$	\$
<b>16. JOINT VENTURE</b>		
Nil		
<b>17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>		
Governance	2,323,516	2,571,795
Law, Order, Public Safety	128,763	136,222
Health	66,600	67,466
Education and Welfare	462,323	473,525
Housing	44,356	45,901
Community Amenities	1,733,460	1,666,960
Recreation and Culture	5,254,506	6,087,241
Transport	21,421,459	21,010,389
Economic Services	2,253,387	2,130,697
Other Property and Services	4,708	6,007
Unallocated	-	-
	<b><u>33,693,078</u></b>	<b><u>34,196,203</u></b>

## NOTES to and forming part of the **FINANCIAL REPORT** For the year ended 30 June 2006

18. FINANCIAL RATIOS	2006	2005	2004
Current Ratio	0.4262	0.7836	1.0723
Untied Cash to Trade Creditors Ratio	(2.3746)	(1.2358)	(0.2918)
Debt Ratio	0.1113	0.1204	0.1258
Debt Service Ratio	0.0573	0.0633	0.1106
Gross Debt to Revenue Ratio	0.4647	0.5677	0.5338
Gross Debt to Economically Realisable Assets Ratio	0.2963	0.2874	0.3160
Rate Coverage Ratio	0.4136	0.3767	0.3352
Outstanding Rates Ratio	0.0991	0.0841	0.0736

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 30 June 2006

### 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-05 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-06 \$
Facility Hire Bonds	1,439	14,933	(14,607)	1,765
Footpath and Kerbing Deposits	20,650	26,000	(32,500)	14,150
Bonds Buildings	22,677	23,000	(3,000)	42,677
Friends of the White Swans	444	-	-	444
Building Levy Fee	640	26,209	(25,051)	1,798
Sundry Trust	37,153	-	-	37,153
Equipment Pool - Bond	-	50	(50)	-
Unclaimed Monies	-	100	-	100
Library Deposits & Income	-	212	(212)	-
Bush Fire Appeal Funds	-	(79)	40	(39)
Retentions	6,993	-	(2,000)	4,993
	<b>89,996</b>	<b>90,425</b>	<b>(77,380)</b>	<b>103,041</b>

### 20. DISPOSALS OF ASSETS - 2005/06 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Land &amp; Buildings</b>						
<u>Mitchell on Avon Housing</u>					-	-
41 James Street	10,813		57,000		46,187	-
43 James Street	120,885		150,000		29,115	-
45 James Street	88,472		130,000		41,528	-
<b>Furniture &amp; Equipment</b>						
Adobe Publisher Software	691	-	-	-	(691)	-
<b>Plant &amp; Equipment</b>						
Bobcat N4478 - P389	-	-	11,000	20,000	11,000	20,000
MP & D Vehicle - P5002	29,325	27,000	30,750	27,000	1,425	-
EHO Vehicle - P5003	22,586	23,000	17,727	23,000	(4,859)	-
CEO Vehicle - P5004	33,978	40,000	32,727	39,000	(1,250)	(1,000)
Works Vehicle - P5005	24,675	25,500	23,636	26,000	(1,038)	500
MF & CS Vehicle - P586	27,154	25,000	23,409	22,000	(3,745)	(3,000)
Building Vehicle - P588	19,575	18,000	15,909	16,000	(3,666)	(2,000)
Works Vehicle - P591	14,567	-	11,364	-	(3,203)	-
Park Vehicle - P592	14,351	14,000	11,364	13,000	(2,988)	(1,000)
Works - Minor Plant	12,022	-	10,799	1,000	(1,223)	1,000
	<b>419,093</b>	<b>172,500</b>	<b>525,685</b>	<b>187,000</b>	<b>106,592</b>	<b>14,500</b>

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

### 21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-05 \$	New Loans \$	Principal Repayments		Principal 30-Jun-06		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>General Administration</b>								
Land Purchase - Loan 95	5,325		5,323	5,325	-	-	297	270
Refurbish Admin Office - Loan 215	262,756		6,956	6,955	255,800	255,801	17,651	17,680
<b>Education &amp; Welfare</b>								
Avon Youth Services** - Loan 211	15,198		1,004	1,005	14,194	14,193	913	890
<b>Community Amenities</b>								
River Dredging - Loan 210	51,416		3,396	3,400	48,020	48,016	3,004	3,010
<b>Recreation &amp; Culture</b>								
Northam Country Club** - Loan 206	439,325		21,998	22,000	417,327	417,325	25,774	25,775
Northam Country Club** - Loan 208	58,881		2,365	2,365	56,516	56,516	4,349	4,350
Trotting Club Building** - Loan 213	9,192		3,516	3,520	5,676	5,672	494	495
Turf Club Track Equipment** - Loan 214	9,927		6,522	6,525	3,405	3,402	488	490
Northam Bowling Club** - Loan 219	280,361		14,077	14,080	266,284	266,281	16,337	16,340
<b>Transport</b>								
Carpark Construction* - Loan 200	11,472		2,599	2,600	8,873	8,872	704	705
Carpark Construction* - Loan 201	11,472		2,599	2,600	8,873	8,872	704	705
Bobcat Changeover - Loan 220		36,470	-	18,725	36,470	17,745	202	1,500
Airstrip Upgrade** - Loan 212	25,248		12,253	12,255	12,995	12,993	1,327	1,325
Airstrip Upgrade** - Loan 221		103,060	-	-	103,060	103,060	-	-
<b>Economic Services</b>								
Tourist Bureau - Loan 204	56,648		5,587	5,590	51,061	51,058	4,849	4,930
Visitors Centre Café - Loan 205	108,072		11,579	11,580	96,493	96,492	6,703	6,600
CBD Streetscape - Loan 217	1,639,137		87,573	87,575	1,551,564	1,551,562	92,746	92,750
CBD Streetscape - Loan 218	186,947		9,361	9,360	177,586	177,587	10,733	10,750
	<b>3,171,377</b>	<b>139,530</b>	<b>196,708</b>	<b>215,460</b>	<b>3,114,197</b>	<b>3,095,447</b>	<b>187,275</b>	<b>188,565</b>

**Note:** \*\*Indicates self - supporting loans

\*Indicates self - supporting loans where income is generated by Specified Area Rates as per Note 23

All debenture repayments are financed by general purpose income.

21. INFORMATION ON BORROWINGS (Continued)

**NOTES** to and forming part of  
the **FINANCIAL REPORT**  
For the year ended 30 June 2006

(b) New Debentures - 2005/06

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Bobcat Changeover	36,470	38,000	WATC	Debenture	1	1,713	6.13%	36,470	38,000	-
Airstrip Upgrade**	103,060	-	WATC	Debenture	12	50,669	6.22%	103,060	-	-

(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 2005 and 30 June 2006 was \$0.

(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:

	2006	2005
<b>Borrowings</b>	\$	\$
Floating interest rates		
Fixed interest rate maturing		
- within one year	52,870	5,327
- one to five years	23,442	67,305
- over five years	3,037,905	3,098,741
Non interest bearing	-	-
<b>Total Borrowings</b>	<b><u>3,114,217</u></b>	<b><u>3,171,373</u></b>
Weighted average effective interest rate	<b><u>6.00%</u></b>	<b><u>5.99%</u></b>

22. RATING INFORMATION - 2005/06 FINANCIAL YEAR

**NOTES to and forming part of the  
FINANCIAL REPORT**  
For the year ended 30 June 2006

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 \$
<b>General Rate - GRV</b>											
Residential	11.0301	2,360	15,936,470	1,757,809	3,114	(8)	1,760,915	2,648,950	10,000	1,000	2,659,950
Commercial	11.0301	130	4,378,966	483,004	1,622	-	484,626				
Industrial	11.0301	93	1,154,551	127,348	-	-	127,348				
Special Residential	11.0301	103	1,018,212	112,310	3,722	-	116,032				
Special Rural	11.0301	146	1,216,297	134,159	(631)	-	133,528				
Community	11.0301	38	626,140	69,064	-	-	69,064				
<b>Sub-Totals</b>		<b>2,870</b>	<b>24,330,636</b>	<b>2,683,693</b>	<b>7,827</b>	<b>(8)</b>	<b>2,691,512</b>	<b>2,648,950</b>	<b>10,000</b>	<b>1,000</b>	<b>2,659,950</b>
<b>Minimum Rates</b>	<b>Minimum \$</b>										
Residential	380.00	253	267,585	96,140	-	-	96,140	138,700	-	-	138,700
Commercial	380.00	10	10,576	3,800			3,800				
Industrial	380.00	16	16,922	6,080			6,080				
Special Residential	45.00	30	31,730	1,350			1,350				
Special Rural	380.00	45	47,594	17,100			17,100				
Community	380.00	12	12,693	4,560			4,560				
<b>Sub-Totals</b>		<b>366</b>	<b>387,100</b>	<b>129,030</b>	<b>-</b>	<b>-</b>	<b>129,030</b>	<b>138,700</b>	<b>-</b>	<b>-</b>	<b>138,700</b>
Specified Area Rates (refer note 23)											
Concessions/Write Offs							36,734				36,610
Discounts (refer note 25)							2,857,276				2,835,260
<b>Totals</b>							(79,974)				(2,000)
							2,771,848				2,754,260

## NOTES to and forming part of the **FINANCIAL REPORT** For the year ended 30 June 2006

### 23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Specified Area 1 - GRV</b>							
Commercial	2.4000	GRV	137,696	3,305	3,305	3,305	3,305
<b>Specified Area 2 - GRV</b>							
Commercial	3.6718	GRV	89,960	3,303	3,305	3,303	3,305
<b>Specified Area 3 - GRV</b>							
Commercial/Industrial/ Community	0.4765	GRV	6,322,350	30,126	30,000	30,126	30,000
				<b>36,734</b>	<b>36,610</b>	<b>36,734</b>	<b>36,610</b>

**Note:** Loan Repayments are applied as follows:

Interest	1,408
Principal	5,198
	<b>6,606</b>

#### 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 2005/2006 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 2005/2006 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 \$
- (iii) Definition of Specified Area - all rateable properties within Council's Rate Book zoned Commercial, Industrial or Community Use.

### 24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

Nil

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

### 25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2005/06 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	4,009	3,500
Minimum Rate	Discount	5.00%	75,965	75,500
			79,974	79,000
Photocopy Charge	Waiver		-	-
Rate Assessment/Debtors	Write-Off		4,894	2,000

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.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council considers its support of these groups necessary for the overall benefit of the community.

### 26. INTEREST CHARGES AND INSTALMENTS - 2005/06 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	-	19,765	18,000
Interest on Instalments Plan	5.50%	-	12,005	12,000
Charges on Instalment Plan		\$3 p/install	6,186	7,000
			37,956	37,000

Ratepayers had the option of paying rates in four equal instalments, due on 5 September 2005, 7 November 2005, 9th January 2006 and 9 March 2006. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2006 \$	2005 \$
Governance	15,474	4,259
General Purpose Funding	36,381	22,546
Law, Order, Public Safety	12,582	34,801
Health	6,969	7,246
Education & Welfare Services	44,614	176,149
Housing	62,813	11,688
Community Amenities	726,139	729,469
Recreation & Culture	162,716	156,064
Transport	1,530	1,565
Economic Services	176,182	62,489
Other Property & Services	7,092	12,580
	<b><u>1,252,492</u></b>	<b><u>1,218,856</u></b>

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

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

28. GRANT REVENUE	2006	2005
	\$	\$
<b>By Nature and Type:</b>		
Grants and Subsidies - operating	1,653,426	1,412,464
Grants and Subsidies - non-operating	402,614	942,188
	<u>2,056,040</u>	<u>2,354,652</u>
<b>By Program:</b>		
General Purpose Funding	970,827	955,430
Law, Order, Public Safety	34,429	5,000
Welfare	556,546	350,700
Community Amenities	(28,000)	30,000
Recreation and Culture	75,728	67,879
Transport	418,010	203,643
Economic Services	28,500	742,000
	<u>2,056,040</u>	<u>2,354,652</u>

29. COUNCILLORS' REMUNERATION	2006	2006	2005
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	23,560	25,000	18,270
Mayor's Allowance	11,440	11,440	11,000
Deputy Mayor's Allowance	1,144	1,144	1,100
Travelling Expenses	409	1,500	1,247
Telecommunications/IT Allowance	8,796	9,416	2,925
	<u>45,349</u>	<u>48,500</u>	<u>34,542</u>

### 30. 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	2006	2005
\$		
100,000 - 109,999	-	-
110,000 - 119,999	-	-
120,000 - 129,999	-	-

31. EMPLOYEE NUMBERS	2006	2005
The number of full-time equivalent		
Employees at balance date	<u>37</u>	<u>36</u>

### 32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

## NOTES to and forming part of the FINANCIAL REPORT For the year ended 30 June 2006

### 33. MAJOR LAND TRANSACTIONS

#### Mitchell On Avon Estate

(a) Details

This land was acquired during 2002/03 for residential sub-division. Additional costs are to be incurred by Council in developing the 20 residential lots. This is to include the provision of services such as sewerage, power and transport infrastructure.

	<b>2006</b>	<b>2005</b>
	\$	\$
(b) Current year transactions		
<b>Operating Income</b>		
- Profit on sale	116,831	173,258
<b>Capital Income</b>		
- Sale Proceeds	337,000	868,520
<b>Capital Expenditure</b>		
- Purchase of Land	(79,000)	-
- Development Costs	(189,819)	(153,277)
	(268,819)	(153,277)

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 2006.

(c) Expected Future Cash Flows

	2007	2008	2009	2010	2011	Total
	\$	\$	\$	\$	\$	\$
<b>Cash Outflows</b>						
- Development Costs	(25,000)					(25,000)
- Loan Repayments						-
	(25,000)	-	-	-	-	(25,000)
<b>Cash Inflows</b>						
- Loan Proceeds						-
- Sale Proceeds	350,000					350,000
	350,000	-	-	-	-	350,000
<b>Net Cash Flows</b>	325,000	-	-	-	-	325,000

### 34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2005/06 financial year

## NOTES to and forming part of the **FINANCIAL REPORT** For the year ended 30 June 2006

### **35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)**

#### **(a) Reconciliation of Equity at 1 July 2004**

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

#### **(b) Reconciliation of Equity at 30 June 2005**

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

#### **(c) Reconciliation of Net Result for the Year Ended 30 June 2005**

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

#### **(d) Explanation of Material Adjustments to the Cash Flow Statement**

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

**Independent audit report to the  
Electors of the Town of Northam****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 2006.

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.

**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 30 June 2006 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.

**HORWATH AUDIT (WA) PTY LTD***Horwath Audit*

**A G BEVAN**  
Director

DATE: 29 September 2006  
PERTH, WA