



Annual Report 2008 / 2009



Providing a customer focus quality service and infrastructure that will cater for the residents' needs within the Municipality

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Cover Photo

Weston Milling on the Avon River

GENERAL INFORMATION

The Shire of Northam is a Statutory Organisation responsible to the Minister for Local Government, The Honourable John Castrilli MLA. It operates under the provisions of the Local Government Act 1995.

Shire Administration Office	395 Fitzgerald Street, NORTHAM
Postal Address	PO Box 613, NORTHAM WA 6401
Telephone	9622 6100
Facsimile	9622 1910
Email	records@northam.wa.gov.au
Website	www.northam.wa.gov.au
Office hours	8.00 am to 5.00 pm Monday to Friday
Cashier	8.30 am to 4.30 pm Monday to Friday

The Shire of Northam covers an area of 1,443 square kilometres and has a population of 10,500 persons. The Shire encompasses the one major town of Northam with urban nodes based at Wundowie, Bakers Hill, Clackline and Grass Valley. In addition there are concentrated areas of small rural subdivisions strategically located throughout the western portion of the Municipality.

The Shire of Northam has four wards Town, West, Central and East. The Townsite of Northam is located approximately 100km from Perth.

Northam is a regional townsite for the agriculture area. The townsite has a population of 7,000 people. It houses major Government Departments and provides business, government and commercial services for the regional hinterland. The Northam townsite offers the advantages of the metropolitan area in terms of commercial, professional, educational and community facilities.

The activities within the Shire of Northam external to the townsite of Northam are predominantly based on primary production with wheat and livestock. Other activities include two abattoirs, educational facilities (Muresk Institute of Agriculture, Allandale Research Farm, Government and Catholic schools). Foundry provides the basis for employment within the Wundowie townsite.

Shire of Northam Council Elected Members



Shire President
Cr S B (Steven) Pollard
2009



Deputy Shire President
Cr L B (Laurie) Glass
2009



Cr K D (Kathy) Saunders
2011



Cr U (Ulo) Rumjantsev
2009



Cr G N (Gill) Beazley
2009



Cr T M (Michael) Letch
2011



Cr R M (Ray) Head
2011



Cr T M (Terry) Little
2009



Cr A W (Bert) Llewellyn
2011



Cr R W (Rob) Tinetti
2011

Executive Management Team

Chief Executive Officer



Neville Hale

Manager



Chadd Hunt
Planning &
Development

Manager



Phillip Steven
Building &
Health

Manager



Denise Gobbart
Finance &
Administration

Acting Manager



Max Thorbjornsen
Works & Services

COUNCIL & COMMUNITY SERVICES

Northam LIBRARY 9621 1600

Operating Hours:

Monday	10.00 am to 5.00 pm
Tuesday	10.00 am to 8.00 pm
Wednesday	10.00 am to 6.00 pm
Thursday	10.00 am to 8.00 pm
Friday	10.00 am to 5.00 pm
Saturday	10.00 am to 12.00 pm

Wundowie Telecentre (Incorporating Wundowie LIBRARY)

Boronia Avenue Wundowie 9573 6205

Operating Hours:

Monday	11.00 am to 4.00 pm
Tuesday	11.00 am to 4.00 pm
Wednesday	11.00 am to 5.00 pm
Thursday	11.00 am to 4.00 pm
Friday	11.00 am to 4.00 pm
Saturday	9.00 am to 12.00 pm

Recreation Ovals

Bookings	
Bakers Hill	9574 0500
Grass Valley	9622 9626
Wundowie	9573 6205
Shire of Northam	9622 5153

Community Halls

Bookings	
Clackline	9574 1413
Bakers Hill	9574 0500
Grass Valley	9622 9626
Irishtown	0427 374 596
Southern Brook	9622 3494
Wundowie	9573 6205

Swimming Pool

Wundowie	9573 6344
Northam	9622 1535

Caravan Park

Bakers Hill	9574 1408
Northam	9622 1620

Tourist Information Bays

Opposite Store	Clackline
Hooper Park	Bakers Hill
Entry to Wundowie	Wundowie

Tourist Information

Northam Visitors Centre	
1 Grey Street	9622 2100

Air Strip

Withers Street (Northam)	9622 3248
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Aged Persons' Facilities

Wundowie 9622 1099

Rubbish Tip Old Quarry

Hours:

Monday, Tuesday, Wednesday, Thursday & Friday:	8.00 am to 5.00 pm
Saturday, Sunday:	8.00 am to 5.00 pm

Christmas Day Closed

Inkpen Road

Hours:

Tuesday, Wednesday, Thursday & Friday:
2.00 pm to 5.00pm

Saturday, Sunday & Monday Public

Holidays: 9.00 am to 5.00 pm
Mondays Closed

Christmas Day, Boxing Day & Good Friday Closed

Enquiries:

Contact Shire of Northam Administration
Office 9622 6100

Emergency Services

Ambulance:

Wundowie	000
Northam	9622 2233
or	000

Police:

Wundowie	9573 6244
Northam	131 444
Life Threatening Emergency only	000

Bush Fire Brigade

000

Shire Office	9622 6100
Eric Fox	9622 1364
Richard Marris (Chief Bush Fire Control Officer)	9622 9514

Fire & Rescue Service

000

State Emergency Service:

Northam	132 500
or Northam Police	131 444

Western Power:

Enquiries	131 353
Emergency	131 351

Progress Associations

Clackline	9574 1413
Bakers Hill	9574 0500
Grass Valley	9622 9626
Spencers Brook	9622 7703
Wundowie	9397 6248

Townscape Committees

Contact your local Progress Association for details

Private Works

Council is happy to undertake certain private works, provided the Works Program schedule is not disrupted. Contact Council's Works Coordinator for further information.

Shire of Northam 9622 6100

Septic Tank Pump Outs

The following contractor is licensed to undertake septic tank cleaning:

J C & M R Lupton 9622 2731

Rubbish Removal

Council's contractor (Avon Waste) supplies the initial 240-litre bin. If a bin is lost or stolen, it is the responsibility of the ratepayer to replace the bin.

Avon Waste 9641 1318

Ranger Services 9574 455

The Shire of Northam has a 'joint' Ranger Service with the Shire of Toodyay for enforcement of various Acts, Regulations and Local Laws.

Dog Registrations

Dogs over the age of three months must be registered as from 1st November each year for 12 months ending the following 31st October.

Annual Registration - dog or bitch

1 year \$30.00

3 year \$75.00

Annual Registration - *Sterilised* dog or bitch

1 year \$10.00

3 year \$18.00

(On production of a Veterinary Certificate or a Statutory Declaration that the animal of either sex has been effectively sterilised, the lesser charge will be made)

Pensioners receive a 50% concession on registration fees.

Poundage and permit fees are as follows:

Impoundment of Dog \$60.00

Sustenance per day \$11.00

Registering your dog with the Local Council;

Ensuring your dog is wearing a tag showing your name and address, as well as the registration tag;

Ensuring your dog is unable to escape from your yard;

Leashing your dog in public;

Taking responsibility for any damage your dog has caused.

A number of on-the-spot fines are applicable, eg it is an offence not to register your dog and you could be fined \$100 on the spot.

Shire of Northam Cat Local Laws

Poundage and permit fees are as follows:

Impoundment of Cat \$30.00

Sustenance per day \$4.00

Destruction of Cat \$16.50 incl. GST

Permit to keep more than two cats \$20.00

Infringements issued under the local law as follows:

Failure to identify a cat \$100.00

'M' tattooed on cat when **no** microchip \$100.00

Interference with or removal of identification of cat \$100.00

Keeping of three or more cats on premises without permit \$100.00

Unauthorised release of impounded cat \$250.00

Destroy, break into, damage or interfere with pound or cat container \$250.00

Abandonment of a cat \$250.00

DRIVER'S LICENCES, MOTOR VEHICLE LICENCES, LEARNER'S PERMITS & FIREARM'S LICENCES

Driver's licences, vehicle licences and firearm's licences may all be renewed at the Shire Administration Office. Licensing staff are also able to assist with the registration of new vehicles, motor vehicle transfers and ordering of personalised number plates.

Vehicle inspections are carried out by:

Host Auto Repairs 9622 2102

Autopro Northam 9622 1178

Heavy Vehicle Inspections by

Western Power 9622 6233

Shire of Northam President's Report

It is with pleasure that I provide this report on the activities of the Shire of Northam for 2008/09.

I am pleased to report that the Shire is in a positive financial position and full reports are included within this document for the information of readers.

The Council has been engaged for 6 months attending to a requirement by the Minister for Local Government consideration be given to merge and/or amalgamate with other neighbouring Local Government Authorities. This has consumed a great deal of time and effort with the end result that Council has resolved not to voluntarily merge with any other Council and it will be up to the State to advance this issue further, if that is their desire.

Over the past twelve months Council has been focussed on strategic planning as many opportunities and some threats require attention from Council. We have adopted a 10 year in principle financial plan and projects have been identified within that document for roll out over time. The issue of infrastructure renewal continues to be a major focal point.

We have committees working on the RSL Memorial Hall management and use as a senior citizens centre. The committee for the West End Cultural Precinct, including the Old Railway Station in Northam, is also working to bring this project closer to fruition. Our Bushfires Advisory Committee continues to provide valuable input to the Shire's responsibility in that area.

It has recently been brought to Council's attention that the State Government is looking to set up Development Assessment Panels to assess planning applications of greater than \$1million. If this is legislated, the role of your Council will be diminished regarding the impact significant projects may have on the community. In this area regarding significant projects will be diminished.

Council has been the beneficiary of Royalties for Regions funding and many capital works around the Shire have been made possible by this funding stream, such as the new dog pound, improvements to the Northam Swimming Pool, footpaths and much more.

The Federal Government has also committed \$3.2 million towards the cost of a new recreation facility at Jubilee Oval in Northam and the Council is well advanced in planning for this significant infrastructure. The project is intended to be built in stages, with ball sport facilities being provided as stage 1. Other Commonwealth funding has delivered improvements to a wide range of community facilities such as shade shelters and new aerators for the river. All of which improve the amenity for shire residents.

The Shire has reviewed its Plan for the Future and I encourage anyone who is interested in the future direction of the Shire to access this document on the Shire's website at www.northam.wa.gov.au.

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

Steven Pollard
President

Shire of Northam Chief Executive Officer's Report

The Shire of Northam has enjoyed a year of steady progress and has set its sights on bringing to fruition a number of important projects, such as the much talked about Recreation Centre, bold plans for the West End Community and Cultural Centre and securing ownership rights to the former Victoria Oval to facilitate a revitalisation program for the area.

With the role out of the State's "Royalties for Regions" program and the Commonwealth's "Regional and Local Community Infrastructure Program" the Shire has been able to undertake a number of community projects and infrastructure improvements that would otherwise not have happened so soon, for example:

- New aerators on the river pool;
- Decking at the Visitor Centre;
- Improvements to the Northam Swimming Pool;
- Northam Airfield upgrades;
- Playground Shade sails on various facilities throughout the Shire;
- Footpath improvements across the Shire; and
- Tennis and skate-park facilities in Wundowie.



The above are but a few of the many smaller projects that have either commenced or have been undertaken over the past year.

Notwithstanding the impact of the economic global financial crisis, there continues to be a positive outlook for the Shire and its various communities, with continuing interest in land rezoning for future development. The Shire has recorded continued strong population growth of 2.8%, higher growth than neighbouring Shires of Toodyay (1.7%), York (2.2%), Cunderdin (0.1%) and Goomalling (1.0) whilst building activity remains firm.

In February 2009, the Minister for Local Government announced his wide-ranging Local Government Reform Strategies. As part of this, he encouraged each local government within Western Australia to embrace the opportunity for voluntary amalgamations to achieve much needed structural reform in this State. As part of this initiative, the Minister also advocated for each council to have an elected member group of between six and nine.

This request has proven to be an unhelpful distraction to the general operations of the Shire and has imposed considerable additional cost upon Councillor and staff time and resources.

The Minister has requested that, by 30 September 2009, each of the 139 local governments in Western Australia is to have made an informed decision on voluntary amalgamation, their preferred regional groupings and the number of elected members required within a range of

six to nine. Moreover, each local authority was required to complete a checklist of governance and management procedures.

In response to the Shire's Checklist, submitted in April 2009, the then Department of Local Government and Regional Development advised –

“On the basis of the checklists assessment, the Shire of Northam was placed in Category Two: structural reform including amalgamation/boundary adjustments and formalisation of regional groupings should be considered to enhance organisational and financial capacity to meet current and future community needs.”

The Council has consulted its neighbouring shires, undertaken a number of community workshops and a telephone survey on this matter and to date there is no expressed desire for further voluntary amalgamation.

Local government has consistently faced difficulties in retaining and attracting skilled staff, particularly in these times when demand is increasing. The past twelve months has seen some key staff members move on. I wish to express my thanks to former employees, Ron Van Welie (Manager of Works), Anthony Perkins (Manager Finance and Administration), Jason Jenke (EHO) and Simon Lenton (Senior Planner).

We have welcomed Denise Gobbart (Manager Finance and Administration), Carmen Sadleir (EHO) and Will Baston (Senior Planner) to the team. I would also like to thank Mr Eddie Piper for his assistance as Acting Manager of Finance and Administration.

In line with the continued good growth prospects for the Shire, a number of important social infrastructure projects identified for 2009/10, for which some funding has already been secured, include:

- Continued improvements to footpaths;
- Electricity upgrades for Northam Airfield to accommodate new business opportunities;
- Continued drainage improvements;
- Commencement of the Northam Recreation Centre development, and;
- West End Cultural Centre and Old Railway Station improvements.



The Shire has continued to provide services to the community and supports a number of community activities such as the Volunteer Bush Fire Brigades, sporting clubs, community events and cultural activities. The 2008 Motorcycle Festival attracted some 10,000 people to the event and was a resounding success and events such as the Avon Decent, Flying 50, the Wundowie Iron Festival and Concerts in the Park continued to add variety to the life of residents and visitors in the Northam Shire.

I thank all staff for their commitment and efforts, particularly those in the Volunteer Bush Fire Brigades, Works and the Parks and Gardens team who put in many extra hours to respond to emergency call-outs due to fire, flood damage and other unscheduled events. Planning, Health, Building, Finance and Administration Staff have all responded positively to the many challenges over the year and are commended for their efforts. 2009/10 will see many new ideas and projects and we look forward to the challenge.

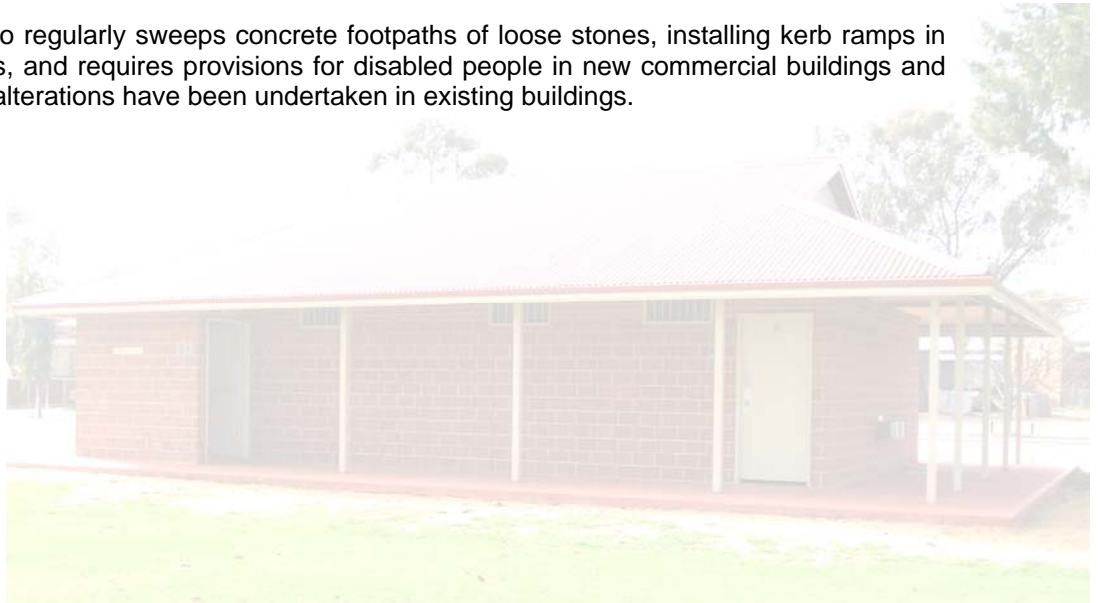
Neville Hale
CHIEF EXECUTIVE OFFICER

Shire of Northam Health & Building

Disability Access & Inclusion

The Shire of Northam has continued its commitment to providing improved access for people with disabilities. Access has been improved to Shire buildings by the provision of a disabled ramp to the Grass Valley Hall and Southern Brook Hall, installation of a side door from an existing disabled ramp to the Northam Lesser Hall, additional benches for the Wundowie Telecentre and Gazebo, and installation of stairs to the Visitor Centre in addition to the existing lengthy disabled ramp. New accessible toilets have been constructed at Bernard Park Northam, and Southern Brook.

The Shire also regularly sweeps concrete footpaths of loose stones, installing kerb ramps in new footpaths, and requires provisions for disabled people in new commercial buildings and where major alterations have been undertaken in existing buildings.



Health

During the 2008/2009 financial year, inspections of the 55 food premises in the Shire of Northam have been undertaken by Council's Environmental Health Officer on an ongoing basis, to examine issues such as food storage, temperature control and overall cleanliness. The standard throughout the Shire overall continues to be high.

Septic Systems were inspected as they were installed. In the 2008/ 2009 year 51 septic systems were approved, which is approximately the same as the previous year.

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

In summer, routine monthly sampling of Public Swimming Pools in the Shire were 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 also taken on a monthly basis and analysed by the Path Centre Waters Laboratory. These samples are analysed under the direction of the Department of Health to ensure public safety is maintained.

There have been relatively few cases of reported communicable diseases from within the Shire.

These cases include:

Type of condition	2008/2009	2006/2007
Enteric diseases	15	14
Vector-borne diseases	4	3
Vaccine preventable diseases	19	16
Blood-borne viral diseases	3	10
Other diseases	0	0
Zoonotic diseases	0	0
Total	38	43

Notifications of communicable diseases in the Northam Shire in 2008/2009 were similar to previous years.

Waste Management

Approximate 23,000 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, which is an increase from 21,000 tonnes in the previous year. The weighbridge passed the annual testing by the Department of Consumer and Employment Protection for accuracy and technical compliance. Approximately 2,000 tonnes of waste material was received at the Inkpen Road Waste Disposal Facility.

The free Bulk Bin Collection Service again proved to be a valuable service to the residents of Northam with approximately 500 residential properties utilising these bins.

The 'Drop Off Recycling Points' at the Old Quarry Road Waste Disposal Facility, Minson Avenue Northam, Clackline, Bakers Hill, Wundowie, Grass Valley, and El Caballo continuing to receive increasing public support. 'Kerbside Recycling' has been postponed pending the strengthening of the recycling market. Nearly 300 tonnes of aluminium cans, steel cans, glass and plastic containers, cardboard and paper were collected at the drop-off points, with all recyclable components sorted by Avon Waste and sent off for recycling.

Approximately 463 tonnes of scrap metal was diverted from the landfills at Old Quarry Road and Inkpen Road, and sent away for recycling at no extra cost to the Shire.

The Shire's oil acceptance facilities at the Old Quarry Road and the Inkpen Landfill Site has allowed members of the public to dispose of used oil which is sent to a processor for re-refining and reuse. Almost 20,000L of waste oil was received and collected for recycling in 2008/2009.

The Shire of Northam, in conjunction with DrumMuster recycled 5666 chemical containers during 2008/09.



Meat Inspection

In the 2008/2009 financial year 15,984 cattle carcasses were inspected at PR Hepple & Sons Abattoir. The numbers processed are down on the previous year of 27,879 due to the changes in the availability of beef, and eastern states markets.

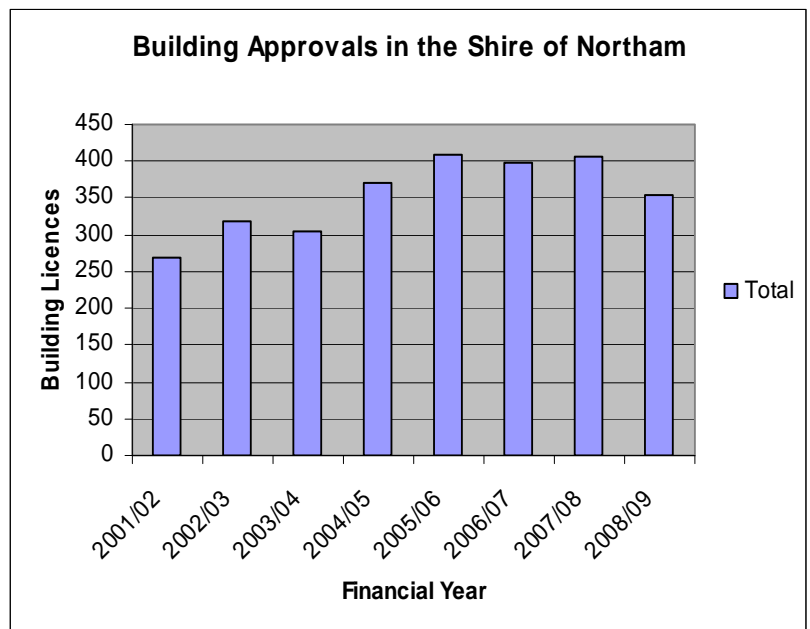
Month	Beef			
	2008	2007	2006	2005
July	1440	2968	3280	2952
August	1203	2860	3428	2376
September	1267	2495	4352	3123
October	1673	2805	3149	2532
November	1678	2998	3427	2493
December	1816	2240	3687	2837
	2009	2008	2007	2006
January	1245	2439	2409	2071
February	1140	2302	2751	2536
March	1205	1480	3442	3039
April	1098	1817	2570	2284
May	1130	1933	2872	2941
June	1089	1542	3245	3908
TOTAL	15984	27879	38612	33092

Building Control

The Shire approved 355 building licences in 2008/2009 which is down on the previous year. However the total value of construction value was \$25,779,043 which is greater than the last financial year of \$21,382,980. The Shire is also offering Health and Building services to the Shires of Cunderdin and Tammin.

Building approvals consisted of 83 new dwellings, 240 building additions & outbuildings, 20 swimming pools, 4 demolitions, 5 retaining walls and 5 signs.

Some of the larger development works included construction of a large hay shed by Bodium, new stalls at the Northam Harness Racing Club, the new Wheatbelt Aboriginal Health Care Centre, Factory Units for Wheatbelt Steel and Draffin, additions to the Grey Street Surgery, and internal refurbishments to the Post Office. Under normal circumstances, licenses are issued within ten working days.



Phil Steven
MANAGER HEALTH & BUILDING

Shire of Northam Planning & Development

Subdivisions

During the 2008/09 financial year, a total of 36 lots were created including 11 Residential, 4 Special Residential and 21 Rural Smallholdings lots.

A number of other subdivisions are currently in preliminary engineering approval stages which are anticipated to commence construction in the 2009/10 financial year.



Developments

A total of 171 development approvals were issued during this year, including home occupations, reduced setbacks, oversized outbuildings, commercial developments, group dwellings and relocated dwellings.

Scheme amendments

During the 2008/09 financial year, three Amendments to Town Planning Scheme No 5 (former Town of Northam Planning Scheme) were gazetted and finalised.

In addition, two amendments to Town Planning Scheme No 3 (former Shire of Northam Planning Scheme) were gazetted and finalised whilst a further 3 were initiated but were not finalised as at the end of the financial year.

Statutory planning

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

Council will be required to consider the amalgamation of both Town Planning Schemes and Strategies into consolidated documents in the forthcoming financial year.

Chadd Hunt
MANAGER PLANNING & DEVELOPMENT

Shire of Northam Northam Visitor Centre

The Visitor Centre's goals and objectives are to:

- portray Northam as a quality tourism destination;
- foster community pride and a sense of place;
- celebrate our cultural diversity;
- promote economic development through the promotion of events;
- increase the length of stay of visitors;
- increase total visitation, and;
- increase financial contribution of tourists to the local economy.

Visitation

Northam Visitor Centre statistics are summarised as follows:

	2007/2008	2008/2009
Through the Door	16,879	16,827
Average per Day	47.02	46.87
Stock Sales	\$35,310	\$27,963.29
Bookeasy Payments	\$31,141	\$55,425.32
Bookeasy Commission	\$2,286.49	\$5,495.72
Conference Room Income	\$8,638	\$10,050.91

- 359 days the Visitor Centre was open.

The past 12 months have seen major growth and change in Northam and the wider tourism industry. As 21st century tourists people are becoming more self reliant and adaptable as consumers, represented particularly by continual increases in internet research and bookings. The modern tourist is increasingly independent. The global financial crisis has urged Tourism Western Australia to encourage intrastate tourism with an extensive 'holiday at home' marketing campaign. This presents a fantastic time for tourism in Western Australia because you can capitalise on the domestic market which is currently Northam and the Avon Valley's key market segment. Consequently, Northam and the Avon Valley have not felt the pressure of the down-turn in economic conditions.

Visitation patterns throughout the year are indicative of seasonal trends. The warmer months experience a major lull in demand and the spring/autumn months show peak numbers. Event periods also see an increase in the number of visitors to town, notably during major events such as the Avon Descent, Motorcycle Festival, Wild Oats and Flying 50. These events combined had an attendance of over 15,000 people – injecting significant revenue into the region and completely booking out all accommodation venues on each occasion.

The Avon Descent and Avon River Festival continues to be a favourite on the annual calendar. A record number of competitors entered the 2008 Avon Descent.



The Northam Motorcycle Festival in 2008 became the most attended event of the year due to inclusion in the Australian Supermoto Championships. An estimated 10,000 people flocked to Northam for a weekend of motorcycle action and live entertainment.

The Wild Oats Music Festival was expanded to feature the most credible and high profile line-up to date. Nationally renowned bands Spiderbait, Gyroscope and Magic Dirt put on a great show for about 1,000 attendants. Unfortunately, the early October time slot resulted in cold night time temperatures and a smaller than anticipated attendance.



Marketing

Northam as a destination has been promoted in a variety of mediums throughout 2008-2009. The internet is a key marketing tool for any business in the 21st century and the Northam Visitor Centre website www.visitnorthamwa.com.au has been remodelled. The website is now extremely modern and professional, incorporating increased content, ease-of-use and Shire of Northam branding.

The Avon Valley has achieved greater marketing exposure with the re-branding of the fortnightly 'Around the Towns' segment on RadioWest. This segment is now weekly and is branded as 'Around the Avon' - examining coming events and tourism promotions for Northam and the wider Avon Valley region.

From a print perspective, Northam has featured in advertisements and editorials in major Western Australian publications such as:

- Beautiful South;
- WA Accommodation and Tours Listing;
- Caravanning Australia;
- Avon Descent Race Guide Book;
- The Avon Valley Directory (page 1);
- The West Australian;
- The Toodyay Herald;
- York Community Matters;
- Avon Valley Advocate;
- Echo;
- The Hills Gazette;
- Winter Escapes (The Sunday Times), and;
- Have-A-Go News.



Advertising in vital tourism publications is vital for the Northam Visitor Centre to achieve its objective to increase visitation.

The entry statement promotion of Northam has been enhanced by a new sign on the Great Eastern Highway approaching the western entry to town.

Indigenous Tourism

The Northam Visitor Centre has made significant progress in Indigenous Tourism for 2008-2009, by establishing close working relationships with Rod Garlett and Tourism Western Australia (TWA). Future liaisons with Max Employment, TWA and local Indigenous artists are planned to help build an Indigenous Tourism product opportunities have been examined and will be capitalised on in 2009-2010.

Membership

In 2008-2009 there were 17 members. Close collaboration with Avon Tourism and other regional tourism bodies was a priority to ensure that the Avon Valley is promoted as a premier destination. Continually working together is a key objective of the Northam Visitor Centre so that this vision can be achieved. The Northam Visitor Centre membership prospectus has been updated considerably to rejuvenate membership numbers in the 2009-2010 financial year. The Shire of Northam Visitor Centre Manager is an active member of the Avon Tourism Board.



Cory Gale
VISITOR CENTRE MANAGER

Shire of Northam Recreation Services

During 2008/2009 the Recreation Services team have continued to deliver a range of programs and services to the Shire of Northam community. This has resulted in new and ongoing opportunities for the Shire's residents to participate in recreation, leisure and community events and programs.

Child Care

The Recreation Centre After School and Vacation Care Service has been in operation for 18 months. This care service is the only licensed child care program catering for children aged 5 to 12 years of age, and provides a valuable service to working parents in our community. The service has received a steady increase in attendances over the 18 months of operations and now cares for between 15 to 30 children per day. The care program provides a varied program of activities and the children are receiving positive learning experiences and opportunities. During 2008/2009 the Shire has delivered the Active After School program two afternoons per week. This is in partnership with the Australian Sports Commission and has assisted the Recreation Centre to offer a range of new activities for children in our care.

The Vacation Care program has also received strong growth over the first 18 months of operations. The vacation care program offers day care service from 8 am till 5.30 pm, during school holidays with a range of sporting activities, fun games and craft projects on offer. The Vacation Care program offers at least one excursion during every holiday period.

Junior Programs

A six week junior soccer program was conducted this year. The Program was a joint project between the Shire and Football West. There were over 50 children enrolled in the program with a good mix of girls and boys. As a result of the success of this trial the Recreation Centre will be running a junior soccer competition starting in February 2010.

Senior Programs

The Recreation Centre has again had a successful year with its senior (adult) sporting programs. This year the centre has offered Floorball, Netball, Touch Rugby, Corporate Sports, Badminton and Volleyball as part of the senior sports program. Increasing team numbers have seen most sports attracting the maximum number of participants possible.

Community Events

A variety of community events were delivered this year by the Recreation Services team. These have included:

- Walk Northam Community Walk
- Wild Oats Music Festival
- Bakers Hill, Northam and Wundowie Fun Days
- Aged Care Games
- Bike Week Community Bike Ride
- Northam Triathlon and
- Northam and Wundowie pool parties

These community events have been well supported by the community and the recreation staff will aim to build on to these events into the future.



Swimming Pools

Northam and Wundowie Pools are open between the months of November and the first week of April. Both pools are fully supervised and offer a variety of services including lap swimming, aqua aerobics, In Term and Vacation swimming, BBQ facilities and shade areas.

There has been a major upgrade to the pool surrounds at the Northam Swimming Pool this year. Work conducted has included, replacement of cement slabs with new paving, new fencing around the balance tank and boundaries, upgrade of the kiosk and entry and security screens and gates installed. These improvements are aimed at making the pool more attractive and user friendly for people attending the pool.

Funding partnerships

The Recreation Services team have been successful in acquiring funding and entering into partnerships to deliver a variety of programs and events. Some of the funding bodies the Recreation Services team have worked with over the past year include the Physical Activity Task Force, Healthway, Australian Sports Commission, Department of Education Employment and Work Place Relations, Department of Planning and Infrastructure, Directions Local Community Partnership, Foundation for Young Australians and Youth Grants WA. Partnerships such as these ensure the Shire of Northam can add value to existing resources and deliver an improved service to the community.

Recreation Facilities Development Plan

The Recreation Services team have been heavily involved in the development of the new Recreation Facilities Plan. This year saw the establishment of the Recreation Facilities Advisory Group which worked with staff to develop the best plan for the development of recreational facilities for Northam. This group was integral in the development of the position paper adopted by council as the preferred option for the facilities plan.

The Recreation Services staff has also assisted the architects in the development of a master plan and have conducted consultation with sporting and community groups. This information will assist to make sure the facilities once built, will operate effectively and meet the needs of the Northam community.

Recreation Facilities

This year saw a number of new sporting facilities developed throughout the Shire. The Wundowie Tennis Courts have been resurfaced and new fencing installed. The courts now have a plexipave surface with a terracotta and green plating surface.

There has been a new BMX track installed in Bakers Hill. The track has been well supported and is receiving a lot of use after school and on weekends. Landscaping will commence soon to beautify the area.

Planning commenced on a BMX track and concrete spine ramp to be built in Wundowie. These are the start of a youth space area which is being developed for the young people in the community. It is planned to have the BMX track and spine ramp completed by September 2009.



Craig Wall
RECREATION SERVICES COORDINATOR

Shire of Northam Works and Services

The 2008/2009 year has been a productive year for the Works & Services Division.

Generally budget inclusions have commenced and in most cases completed. The general maintenance to roads, parks and gardens has been to an acceptable standard and certainly comparable to previous years.

The Shire of Northam's drainage system, particularly in the CBD area, is an ongoing problem that will need continuous attention. A great deal of work has been carried out by the staff and the jet blaster truck in an attempt to correct the problem.

The works staff, has conducted themselves in a first class manner when representing the Shire of Northam and have performed tasks in a timely and efficient manner.

Detailed below are various areas of responsibility for the Works & Services area with appropriate comment where considered necessary.

Maintenance work areas.

Schedule 4 Governance.

- Maintenance to lawns and gardens at administration buildings (Town and Shire).

Schedule 5 Law and Order Public Safety.

- Firebreak installations.

Schedule 7 Health.

- Child Health Centre gardens.

Schedule 8 Welfare.

- Killara garden and reticulation maintenance.

Schedule 10 Community Amenities.

- Cemetery maintenance, grave digging, ablution maintenance and street bin maintenance.

Schedule 11 Recreation and Culture.

- Maintenance to parks, ovals, public open space, verges, reserves and gardens.

Schedule 12 Transport.

- Road Construction, road maintenance, bridge maintenance, footpath maintenance, tree lopping and depot maintenance.

Schedule 13 Economic Services.

- Reticulation maintenance, noxious weeds control, events and festivals.

Schedule 14 Other Property and Services.

- Private works, plant maintenance, labour, licensing and parts, staff training small tools / floating plant.

Under schedule 11 Recreation and Culture, the Shire of Northam programmed maintenance works to parks, ovals, public open space, verges, reserves and gardens.



Schedule 12 Transport, Council's major capital expenditure was undertaken upon the listed projects. Council budgeted \$1,190,121 with actuals being \$1,085,393.

- Irishtown Road Construction to a 7 mtr seal, 2.5 km's from slk's 10.00 – 13.80 kms. Install new culverts. Funded by Roads to Recovery, Road Group funding and the Shire of Northam's own funds. (Undertaken in house).
- Leaver Road re-construction due to storm damage.
- Shoulder reconstruction 9 km's in total (both sides of the road) Grass Valley South Road, Hadrill Road and Jennapullin Road 3 km's on each road funded by Roads to Recovery (Undertaken in house).
- Reseal & paint the bridge on Lockyer Street Clackline.
- Construct Taxi ways at Northam Airstrip.
- Construct new 180 lineal meters long concrete footpath from Avon Bridge to suspension Bridge along Broome Terrace.
- Extend Clive St Spencers Brook 340 meters.
- Set up for the Motorcycle Festival.
- Renewed playground equipment at Bernard Park due to vandalism (fire).
- Drainage Almond Ave.
- New drainage installed on the corner of Taylor St & Goomalling Road.
- Up grade of drainage on Katrine Road.
- Town drainage Jet Cleaned.
- Duke Street 10mm seal from Gordon Street to Peel Tce. Funded by Roads to Recovery Supplementary funding (Undertaken in house and contractors).
- State Black Spot works - Throssell Street funded by the State Government and the Shire of Northam (Undertaken in house and contractors).
- Other minor Roads to Recovery projects were Tree Lopping on Inkpen, Werribee, Hitchcock and Katrine Roads (contractors).
- Contractors up-graded signs with new Shire of Northam logo.

All projects were completed within the 2008 – 09 financial year.

**Max Thorbjornsen
ACTING MANAGER WORKS & SERVICES**



Shire of Northam Finance and Administration

Following the Amalgamation on 1st July 2007, there has been a considerable turnover in Staff within the Finance and Administration department. This turnover has been over the whole department in both Managerial and clerical areas. The amalgamation process in July 2007 should have allowed Council to consolidate in Financial Management terms however, there was an exodus of Managers/Accountants which has flowed right through to the end of 2008 with the Manager and Accountant leaving in December 2008.

These departures have put great pressure on Clerical Staff and directly impacted on the compilation of the 2007/08 Annual Financial Report, to the extent that the Audit was completed mid February 2009. The Chief Executive Officer engaged a contractor Mr Eddie Piper to undertake the Managers role with specific instructions to complete the Annual Financial Report and Audit.

2008/2009 has been a trying time for Elected Members and Senior Management as the reputation of the Shire of Northam is on the line and a continued effort over the next few years is required to lift its standing in Financial Management terms in the Community and the Local Government Industry.

Financial Status as at 30 June 2009

Reserve Accounts

The Shire is well positioned in regard to Cash-Backed Reserve Accounts with a holding as at 30 June 2008 of \$5,027,837; an increase of \$289,655 or 6% on 30 June 2008.

As with all reserve accounts the use and purpose is very specific and restricts the direct use for general purposes however, there are financial management tools available to Council to free up some of these Reserves for more general use. The Local Government Act 1995 allows "change of purpose" of reserve accounts and outlines procedures.

The consolidation of the former Shire of Northam and Town of Northam cash backed reserve accounts should happen to allow the amalgamation process to consolidate quickly and allow a rationalisation of the funds held.

Loans and Borrowing

The Shire of Northam is in debt to the Western Australian Treasury Corporation to the extent of \$2,540,568 as at 30 June 2009. These various loans mature over the next 11 years.

The spread of the loan indebtedness is as follows:

Council Purpose Loans	\$1,825,438
Self Supporting Loans	\$ 715,130
	<u>\$2,540,568</u>

The distribution of Council Purpose Loans is as follows:

Administration Office	\$ 203,436
CBD Streetscape	\$1,402,792
Visitors/Tourism	\$ 87,975
River Dredging	\$ 36,514
Airstrip Upgrade	\$ 94,721
	<u>\$1,825,438</u>



The major loans relating to CBD Streetscape mature mid 2018.

Finance General

The financial performance of the Shire of Northam in the second year of Amalgamation is quite satisfactory producing an operating surplus of \$1,096,925 with a carried forward balance of \$4,072,157 including \$2,975,232 of restricted cash. Detail of this restricted cash can be seen on note 2(c) and 3 of the Financial Statements attached.

Several ratios included in note 19 of the Financial Statements are of concern particularly the Outstanding Rates Ratio (0.07) and the untied cash to Trade Creditors (0.92).

The Outstanding Rates Ratio of 0.07 means that rates collections are below an expected level and steps need to be taken during 2009/2010 to correct this situation.

The untied cash to Trade Creditors of 0.92 simply means that as at 30 June 2009 the unrestricted Current Liabilities exceed the unrestricted Current Assets. This is not a satisfactory situation and action by way of increased revenue and/or reduced expenditure is required to correct an unhealthy financial (cash flow) situation. The 2008/2009 year saw \$289,656 transferred to Reserve as a voluntary transfer and it appears the Shire of Northam may not be able to sustain this level of transfer.

Closure

The Shire of Northam has addressed the Staff turnover in the financial area, particularly in Senior Management area. Our focus now is to achieve a level of consistency and accuracy throughout the organisation. Ensuring Managers and staff are aware of their responsibilities, to enable continual improvement.



Denise Gobbart
Manager Finance & Administration

Shire of Northam Northam and Wundowie Libraries

The Shire of Northam Libraries had a busy year with big changes. Mrs Anita Hayes has moved on to a new career in the Northam Primary School. Mrs Viv Lewis and Ms Clare Murray have taken maternity leave, both having girls. Congratulations to all. Mrs Gloria Smith began as the new Deputy Librarian, whilst Mrs Jodie Redmond, from the Wundowie Library, and Mr James Milligan took their places in the library until Ms Murray and Mrs Lewis can return. Mrs Kaye Towle is running the Wundowie Library until Mrs Redmond can return. The Telecentre was once again without a co-ordinator for much of the year.



New shelving was purchased for the Northam library, giving the library a new look. Further changes will continue into 2009/2010 to complete the new look



Statistics for 2008/2009 are as follows;

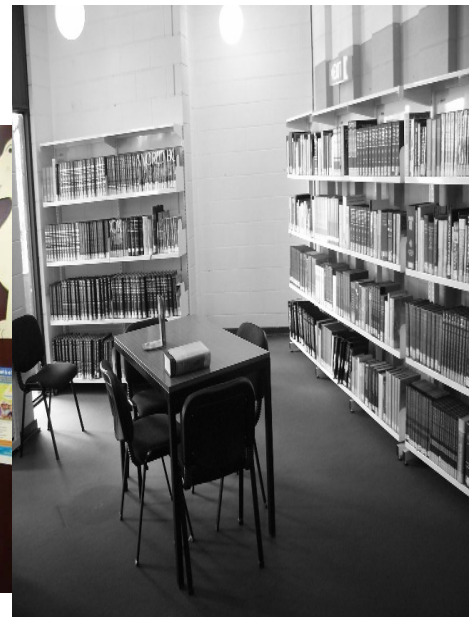
	NORTHAM	WUNDOWIE
Issues	53,188	9,661
Borrowers	3,973	860
Inter Library Loans	3,117	458
Reference Enquiries	7,020	1,040
Reservations	1,030	260
Internet usage	671 hours	n/a
Word Processor	8 hours	n/a

Once again the library participated in the High School VET program with a student experiencing working life in the library and a number of exams were supervised in the library. Library staff also delivered a number of items to housebound members in the townsite and a bulk loan system with Bethavon and the Avon Residency.

Story time was once again a big hit with children from 6 months to 4 years of age and their parents. Story time is held throughout the school year (i.e. not during school holidays) and closes with a party and a visit from a special guest at the end of the year.



Staff of both the Northam and Wundowie Libraries continue to work together to provide the Shire of Northam with the best library service possible.



Wendy Porter
REGIONAL LIBRARIAN

Shire of Northam Killara Adult Day Care and Respite Centre

Killara continues to provide services for the frail aged and younger people with disabilities and their carers. We offer the target group a variety of programmes aimed at supporting clients to be as independent as they can be.



We operate seven days a week and usually offer overnight respite four nights a week from Friday to Tuesday. As well as the normal centre-based programmes such as day centre and respite we also have a Men's Group that meets in the shed each Friday, a fortnightly Men's Outing group, a monthly Getabout Outing Group, a Carer's Group that meets four times a year and a weekly group for young adults who are over the age of 18 and who have a disability.

A group of clients attended an intergenerational program over two school terms with St Joseph's Primary School. We took our clients to the school's computer room and Mrs O'Meara's year 7 class taught the older generation how to use a computer. The success of this activity was evident as relationships formed between the students and our clients, plus our people are now much more computer savvy.

Earlier in the year we held a public meeting in Wundowie to gauge interest in Killara running day centre and respite services in the town. The support was overwhelming and we began running a day centre at the Yak Shak each Thursday from November 6 2008. Twenty-three clients attended during this financial year.

Non recurrent funding of \$57,761 was gained from the Home and Community Care (HACC) programme to purchase a Toyota Hiace Commuter van fitted with a wheelchair lift. This is used to transport clients who require wheelchair transport from rural areas, in place of the bus if numbers do not justify using the larger vehicle and for small group outings.

We also received a grant of \$1790 from the National Respite for Carers Program (NRCP) to purchase a washing machine and a flat bed trolley.



All Staff were issued with uniforms earlier in the year. Blue and red polo tops were chosen and the Shire's logo sets them off nicely.



Staff training is a high priority and seven staff gained their Certificate III in Aged Care, a 12-month course from CY O'Connor TAFE. Other training sessions include Occupational Health and Safety, Medication, Manual Handling, Emergency Evacuation, Food Safe, Chemical Safety, Infection Control, Unit Costing, HACCC Foundations, Client Progress Notes and Report Writing, Dealing with Aggressive Behaviour, Personal and Professional Boundaries, Dementia Care, and Working with Aboriginal People.

Statistics for 2008-2009

Year	Clients	Service Hours	No. Meals	Transport trips
06/07	136	51,084	n/a	n/a
07/08	155	52,148	n/a	n/a
08/09	205	52,811	7011	8249



**Chris Martin
KILLARA COORDINATOR**

Shire of Northam State Records ACT 2000 Compliance

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

The Records Keeping Plan is reviewed and evaluated at least once every 5 five years for efficiency and effectiveness of the organisation's record keeping systems. The Shire of Northam has in place a record keeping training program ensuring that all Councillors and staff are aware of their roles and responsibilities in operating and maintaining the Records Keeping System. The efficiency and effectiveness of the record keeping training program is reviewed on an annual basis. The Shire of Northam induction program addresses employee roles and responsibilities in regard to their compliance with the organisations record keeping plan.

Shire of Northam Register of Complaints

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

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

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

During the 2008/2009 financial year there have been no complaints recorded that resulted in an action under LGA s5.110 (6)(b) or (c).



Shire of Northam National Competition Policy

Local Governments are required to report on their progress in implementation of the various requirements of National Competition Policy in their Annual Reports. National Competition Policy is designed to enhance the efficiency and effectiveness of public sector agencies, and lead to more efficient use of all economic resources.

Competitive Neutrality

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

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

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

Legislation Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

The Local Government Act 1995 requires that local laws are reviewed every eight years and following the amalgamation the review was conducted in accordance with the requirements of the Act.

Structural Reform

Before Local Governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

There were no obligations for structural reform. Nevertheless, the Shire of Northam is committed to the principles of structural reform under National Competition Policy.

Implementing National Competition Policy

The Shire of Northam actively continues to review its obligations under National Competition Policy.



PLAN FOR THE FUTURE 2008 TO 2013

OVERVIEW

The Local Government Act 1995 s5.56 requires a Local Government to develop a 'Plan for the Future'. The Local Government (Administration) Regulations 1996 r19C requires the Plan to cover at least 2 financial years. The Plan is to set out the broad objectives of the local government for the period specified in the plan. The plan must be developed in conjunction with the community, enabling residents to examine the direction of expenditure and to have input into the decision making process and, when finalised, is to be the basis for the adoption of the annual budget for the Shire.

The Plan set out the broad objectives of the Shire in response to a community consultation process that had been undertaken. The Plan for the Future is subject to a statutory requirement for review every two years and is not required to be updated until 2010. During the review process a number of the strategies require reconsideration as they fall outside our areas of responsibilities or the outcomes are not achievable.

A number of the goals and associated outcomes have been progressed during the 2008/09 financial year. Much of this activity has laid the foundation for more significant progress in 2009/10. Key result areas outcomes are summarised below;

Key Result Area: Social, Cultural & Community

Goal; *To maintain a balance between maintenance of our lifestyle and sense of community with population growth and accompanying development*

Summary:

Tidy Towns Group revived – recently re-engaged with community to promote Tidy Towns activities.

BMX tracks Grass Valley, Bakers Hill - BMX tracks installed.

Burlong & Katrine Pool improvements, Greening Australia River project - engagement with various community groups/volunteers/government agencies to achieve projects.

The Shire of Northam continues funding for improved weed and town presentation.

Improvements to swimming pool surrounds.

Working with community groups to make better use of and improve Old Railway Station & promotion of Federation housing.

Clean up Australia Day activities.

The Shire of Northam continues as a major sponsor of various arts through its support of AVAS and the Wundowie Iron Festival.

Continued funding for the Safer Northam Committee and extended its CCTV coverage in the Northam townsite.

Key Result Area: Economic Development and Marketing

Goal; *To partner with business stakeholders to identify opportunities for economic growth and continuously improve presentation of the Shire to attract new residents and investment*

Summary:

Regular meetings/discussions with key stakeholders on development projects and possibilities - met with representatives of the Northam Chamber of Commerce and Industry, the Avon Industrial Park Advisory Board, the Wheatbelt Development Commission and Department of Agriculture and Food.

Continued promotion of community events and support for major events - successfully held a number of community fun days, Concerts in the Park, Wild Oats Concert, Triathlon and a number of recreation events.

Reassessed how the Shire supports such events with a view to limiting hidden costs - further refinement of marketing and extent of support for events is ongoing.

Consolidation of Town Planning Schemes commenced, including assessment of current land use zoning, heritage, the supply of commercial and light industrial land is the subject of a joint review with the Business Forum.

Applications for Joint Venture housing projects (Wundowie, Northam) completed and lodged.

Northam Business Forum established and has met on a number of occasions to further these goals.

Promotion/Marketing via numerous publications and activities

Northam Visitor Centre website improved.

Key Result Area: Land Use & Infrastructure

Goal; *To anticipate the land use needs within the Shire and implement planning decisions that ensures availability of appropriately zoned land that compliments orderly and environmentally sustainable growth and development.*

Summary:

Consultant engaged to consolidate Town Planning Schemes and review local planning strategies - various planning issues are being pursued as part of the consolidation of Town Planning Schemes currently being undertaken.

Northam Airport lease hand over from Northam Aero Club has been completed and new lease arrangements with site holders is in process.

Two new play ground facilities have been installed and shade sails added to five others.

Emergency services requirements given high profile with appointment of Shire's own ranger services with expected flow on for funding of Bush Fire Brigades.

Improved access to standpipes undertaken. Communication black spots have been identified and are subject to ongoing remedial action where possible. Additional ESL funding is being pursued to address core services and capital improvements.

Promotion of "Greener" buildings and sustainability included in the building licence process and Shire's own buildings review.

Heritage values and precincts will be the subject of the Municipal Heritage Inventory Review for which funds have been allocated in the 2009/10 budget. These issues will also be addressed in the consolidated TPS currently under review.

Road, footpath and drainage infrastructure has been reviewed and cost estimates made for incorporation into a long term financial management plan. A consulting engineer has been engaged to provide solutions to a number of drainage concerns within the Shire. Design plans to resolve issues have been received for one location with two additional locations to be resolved and available in July 2009.

Key Result Area: The Environment

Goal: *To contribute to the national effort of climate control and improving our local environment*

Summary:

Clean up Australia Day activities promoted through Visitors Centre.

Support for local community Environment Group to promote solar panels for local residential houses.

Funding provided to Bakers Hill Progress Association for tree planting program.

Assessment of underground water storage to capture storm water for use on local parks is in progress.

Use of alternative fuel for vehicles and plant are being assessed – with staff now testing gas and diesel powered vehicles. Works staff investigating use of gas powered trucks as part of 2009/10 plant replacement program.

Site for a dedicated motor cycle track has been identified and approved by Council.

Key Result Area: The Shire Organisation

Goal; *To ensure the residents of the Shire are informed, represented, engaged with and provided with services and facilities expected of a contemporary sub regional centre.*

Summary:

Community meetings held in September 2008 and March 2009 with Councillors and the CEO receiving feedback from residents.

Recreation survey undertaken together with community consultations in April 2009

Delegations and Policies are being reviewed to enhance decision making.

Service delivery gaps have been identified and resources requested to fill the identified needs.

New recruitment and induction processes instigated - flexible working conditions have been made available where appropriate with no adverse effect on Shire operations.

Website reviewed and updated to improve readability

Review of Financial Status completed, along with a Long Term Financial Plan Draft (10 year draft completed)

Increased grant funding applications lodged.

SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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SHIRE OF NORTHAM

FINANCIAL REPORT

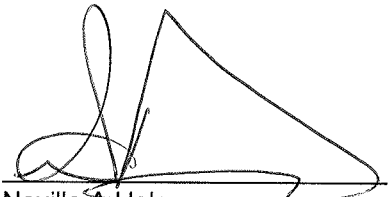
FOR THE YEAR ENDED 30TH JUNE 2009

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Northam being the annual financial report and other information for the financial year ended 30th June 2009 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2009 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 13th day of October 2009.

A handwritten signature in black ink, appearing to read 'Neville A Hale', written over a horizontal line.

Neville A Hale
Chief Executive Officer

**SHIRE OF NORTHAM
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	5,589,848	5,518,100	4,539,769
Operating Grants, Subsidies and Contributions	28	5,348,897	3,579,900	3,837,144
Fees and Charges	27	2,363,636	1,942,000	2,117,577
Interest Earnings	2(a)	459,087	521,370	489,236
Other Revenue		885,703	350,850	732,123
		<u>14,647,171</u>	<u>11,912,220</u>	<u>11,715,849</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(4,451,600)	(4,173,440)	(3,710,403)
Materials and Contracts		(4,720,101)	(3,448,130)	(3,585,783)
Utility Charges		(413,593)	(315,140)	(383,850)
Depreciation on Non-Current Assets	2(a)	(2,725,052)	(2,695,940)	(2,988,404)
Interest Expenses	2(a)	(154,044)	(156,530)	(173,438)
Insurance Expenses		(384,121)	(327,030)	(270,390)
Other Expenditure		(300,221)	(1,685,660)	(1,058,581)
		<u>(13,148,732)</u>	<u>(12,801,870)</u>	<u>(12,170,849)</u>
		1,498,439	(889,650)	(455,000)
Non-Operating Grants, Subsidies and Contributions	28	2,446,800	909,750	1,087,746
Profit on Asset Disposals	20	125,586	77,160	60,111
Loss on Asset Disposal	20	(57,591)	(97,260)	(22,809)
		<u>2,514,795</u>	<u>889,650</u>	<u>1,125,048</u>
NET RESULT BEFORE GAIN ON RESTRUCTURE		4,013,234	0	670,048
Gain on Restructure of Local Government	35	0	0	52,066,449
		<u>4,013,234</u>	<u>0</u>	<u>52,736,497</u>

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

SHIRE OF NORTHAM
INCOME STATEMENT
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		98,351	61,740	674,185
General Purpose Funding		10,105,275	8,421,130	6,654,076
Law, Order, Public Safety		208,447	453,500	210,800
Health		118,997	114,840	123,887
Education and Welfare		982,672	912,080	903,739
Housing		48,746	46,470	46,225
Community Amenities		1,447,148	1,153,110	1,399,215
Recreation and Culture		1,966,892	315,260	406,036
Transport		1,460,109	1,054,500	2,014,374
Economic Services		586,472	330,650	290,517
Other Property and Services		196,448	35,850	140,652
	2 (a)	<u>17,219,557</u>	<u>12,899,130</u>	<u>12,863,706</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(619,695)	(751,420)	(809,899)
General Purpose Funding		(185,282)	(236,310)	(107,871)
Law, Order, Public Safety		(774,707)	(848,600)	(789,344)
Health		(382,940)	(366,530)	(425,504)
Education and Welfare		(1,022,125)	(933,140)	(844,016)
Housing		(71,881)	(67,750)	(70,167)
Community Amenities		(2,194,426)	(2,002,820)	(1,842,870)
Recreation & Culture		(2,113,050)	(2,467,980)	(1,895,648)
Transport		(4,076,614)	(3,673,960)	(3,859,150)
Economic Services		(1,475,238)	(1,367,120)	(1,203,127)
Other Property and Services		(136,321)	(26,970)	(172,624)
	2 (a)	<u>(13,052,279)</u>	<u>(12,742,600)</u>	<u>(12,020,220)</u>
BORROWING COSTS EXPENSE				
Governance		(14,627)	(14,720)	(15,913)
Education and Welfare		0	0	(998)
Housing		(40)	(80)	(136)
Community Amenities		(2,310)	(2,420)	(2,564)
Recreation and Culture		(38,540)	(38,970)	(46,342)
Transport		(6,271)	(6,320)	(6,740)
Economic Services		(92,256)	(94,020)	(100,745)
	2 (a)	<u>(154,044)</u>	<u>(156,530)</u>	<u>(173,438)</u>
NET RESULT BEFORE GAIN ON RESTRUCTURE		4,013,234	0	670,048
Gain on Restructure of Local Government	35	0	0	52,066,449
NET RESULT AFTER GAIN ON RESTRUCTURE		<u>4,013,234</u>	<u>0</u>	<u>52,736,497</u>

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

**SHIRE OF NORTHAM
BALANCE SHEET
AS AT 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	8,868,984	5,131,140
Trade and Other Receivables	4	1,205,102	724,338
Inventories	5	114,327	101,407
TOTAL CURRENT ASSETS		<u>10,188,413</u>	<u>5,956,885</u>
NON-CURRENT ASSETS			
Other Receivables	4	929,058	959,105
Property, Plant and Equipment	6	13,645,811	13,145,651
Infrastructure	7	36,205,768	36,151,579
TOTAL NON-CURRENT ASSETS		<u>50,780,637</u>	<u>50,256,335</u>
TOTAL ASSETS		<u>60,969,050</u>	<u>56,213,220</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,033,009	322,044
Long Term Borrowings	9	233,951	214,029
Provisions	10	573,677	457,249
TOTAL CURRENT LIABILITIES		<u>1,840,637</u>	<u>993,322</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	2,306,618	2,435,569
Provisions	10	72,064	47,832
TOTAL NON-CURRENT LIABILITIES		<u>2,378,682</u>	<u>2,483,401</u>
TOTAL LIABILITIES		<u>4,219,319</u>	<u>3,476,723</u>
NET ASSETS		<u>56,749,731</u>	<u>52,736,497</u>
EQUITY			
Retained Surplus		51,721,894	47,998,315
Reserves - Cash Backed	11	5,027,837	4,738,182
TOTAL EQUITY		<u>56,749,731</u>	<u>52,736,497</u>

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

**SHIRE OF NORTHAM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		47,998,315	0
Net Result		4,013,234	52,736,497
Transfer from/(to) Reserves		<u>(289,655)</u>	<u>(4,738,182)</u>
Balance as at 30 June 2009		<u>51,721,894</u>	<u>47,998,315</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2008		4,738,182	0
Amount Transferred (to)/from Retained Surplus		<u>289,655</u>	<u>4,738,182</u>
Balance as at 30 June 2009	11	<u>5,027,837</u>	<u>4,738,182</u>
TOTAL EQUITY		<u><u>56,749,731</u></u>	<u><u>52,736,497</u></u>

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

**SHIRE OF NORTHAM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
Cash Flows From Operating Activities				
Receipts				
Rates		5,524,669	5,918,100	4,343,767
Operating Grants, Subsidies and Contributions		5,048,897	3,679,900	3,837,144
Fees and Charges		2,331,209	2,192,000	2,082,410
Interest Earnings		459,087	521,370	489,236
Goods and Services Tax		345,937	0	334,473
Other Revenue		882,676	350,850	736,606
		<u>14,592,475</u>	<u>12,662,220</u>	<u>11,823,636</u>
Payments				
Employee Costs		(4,302,465)	(4,090,777)	(3,648,944)
Materials and Contracts		(4,024,573)	(3,215,590)	(3,807,298)
Utility Charges		(413,593)	(315,140)	(383,850)
Insurance Expenses		(384,121)	(327,030)	(270,390)
Interest expenses		(155,236)	(156,530)	(170,096)
Goods and Services Tax		(466,233)	0	(298,179)
Other Expenditure		(300,220)	(1,435,660)	(1,058,581)
		<u>(10,046,441)</u>	<u>(9,540,727)</u>	<u>(9,637,338)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>4,546,034</u>	<u>3,121,493</u>	<u>2,186,298</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,858,751)	(2,341,910)	(797,407)
Payments for Construction of Infrastructure		(1,785,304)	(1,961,240)	(1,280,340)
Advances to Community Groups		(105,000)	0	0
Self Supporting Loan Written Off		109,570	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,446,800	0	1,087,746
Proceeds from Sale of Plant & Equipment		432,649	436,650	281,806
Net Cash Provided By (Used In) Investing Activities		<u>(760,036)</u>	<u>(3,866,500)</u>	<u>(708,195)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(214,030)	(214,040)	(216,602)
Proceeds from Self Supporting Loans		60,876	45,930	64,184
Proceeds from New Debentures		105,000	105,000	0
Net Cash Provided By (Used In) Financing Activities		<u>(48,154)</u>	<u>(63,110)</u>	<u>(152,418)</u>
Net Increase (Decrease) in Cash Held		3,737,844	(808,117)	1,325,685
Cash at Beginning of Year		5,131,140	5,124,382	3,805,455
Cash and Cash Equivalents at the End of the Year	13(a)	<u>8,868,984</u>	<u>4,316,265</u>	<u>5,131,140</u>

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

**SHIRE OF NORTHAM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2008 Budget \$
REVENUES			
Governance		98,351	61,740
General Purpose Funding		4,515,427	2,903,030
Law, Order, Public Safety		208,447	453,500
Health		118,997	114,840
Education and Welfare		982,672	912,080
Housing		48,746	46,470
Community Amenities		1,447,148	1,153,110
Recreation and Culture		1,966,892	315,260
Transport		1,460,109	1,054,500
Economic Services		586,472	330,650
Other Property and Services		196,448	35,850
		<u>11,629,709</u>	<u>7,381,030</u>
EXPENSES			
Governance		(634,322)	(766,140)
General Purpose Funding		(185,282)	(236,310)
Law, Order, Public Safety		(774,707)	(848,600)
Health		(382,940)	(366,530)
Education and Welfare		(1,022,125)	(933,140)
Housing		(71,921)	(67,830)
Community Amenities		(2,196,736)	(2,005,240)
Recreation & Culture		(2,151,590)	(2,506,950)
Transport		(4,082,885)	(3,680,280)
Economic Services		(1,567,494)	(1,461,140)
Other Property and Services		(136,321)	(26,970)
		<u>(13,206,323)</u>	<u>(12,899,130)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(67,995)	20,100
Movement in Accrued Interest		(1,192)	56
Movement in Deferred Pensioner Rates (Non-Current)		(29,926)	0
Movement in Accrued Salaries and Wages		8,668	0
Movement in Employee Benefit Provisions		140,660	0
Depreciation and Amortisation on Assets		2,725,052	2,695,940
Capital Expenditure and Revenue			
Purchase Land and Buildings		(635,389)	(1,125,910)
Purchase Plant and Equipment		(1,055,882)	(1,099,520)
Purchase Furniture and Equipment		(120,208)	(133,940)
Purchase Bush Fire Equipment		(47,272)	0
Purchase Infrastructure Assets - Roads		(1,024,718)	(1,825,740)
Purchase Infrastructure Assets - Footpaths		(368,570)	0
Purchase Infrastructure Assets - Parks & Ovals		(149,503)	(135,500)
Purchase Infrastructure Assets - Airfields		(234,512)	0
Purchase Infrastructure Assets - Bridges & Culverts		(8,001)	0
Proceeds from Disposal of Assets		432,649	436,650
Repayment of Debentures		(214,030)	(214,040)
Proceeds from New Debentures		105,000	105,000
Advances to Community Groups		(105,000)	(105,000)
Self-Supporting Loan Principal Income		60,876	45,930
Transfers to Reserves (Restricted Assets)		(1,431,028)	(1,134,230)
Transfers from Reserves (Restricted Assets)		1,141,373	1,531,030
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		929,870	886,834
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		4,072,157	(52,340)
Amount Required to be Raised from Rates	22	<u><u>(5,589,848)</u></u>	<u><u>(5,518,100)</u></u>

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

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

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

(f) Inventories

General

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

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

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

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

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

Where such an indication exists, an 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.

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

(ii) Long Service Leave (Long-term Benefits)

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

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

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

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2009

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(ii)	Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007 and April 2009	1 January 2009	Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(iii)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
	AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council. It is not anticipated the more significant changes will have any effect on the financial report as the topics are not relevant to the operations of the Council.
(v)	AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 2009	Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
(vi)	AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	
	AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	
	AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	September 2008	1 January 2009	
	AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2008	1 January 2009	

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi) Title and Topic (Continued)	Issued	Applicable (*)	Impact
Interpretation 12 – Service Concession Arrangements	June 2007	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
Interpretation 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	
Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	
Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
Interpretation 18 – Transfers of Assets from Customers	March 2009	Ending 1 July 2009	

Notes:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES	2009	2008	
	\$	\$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
Significant Expense	<u>0</u>	<u>0</u>	
Amortisation	<u>0</u>	<u>0</u>	
Auditors Remuneration			
- Audit	38,533	21,080	
- Other Services	2,670	6,700	
Depreciation			
Buildings	294,909	292,177	
Furniture and Equipment	116,368	128,960	
Plant and Equipment	395,203	369,258	
Roads	1,264,324	1,604,790	
Bridges & Culverts	77,372	0	
Parks	49,128	69,389	
Footpaths	108,609	96,543	
Drainage	116,099	111,433	
Aero	3,715	0	
Bushfire Equipment	187,285	206,669	
Streetscape	111,868	107,837	
Playground Equipment	172	1,348	
	<u>2,725,052</u>	<u>2,988,404</u>	
Interest Expenses			
Debentures (<i>refer Note 21(a)</i>)	154,044	173,438	
	<u>154,044</u>	<u>173,438</u>	
Rental Charges			
- Operating Leases	<u>53,466</u>	<u>39,680</u>	
 (ii) Crediting as Revenue:			
	2009	2009	2008
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	248,987	298,870	223,600
- Other Funds	130,988	150,000	189,674
Other Interest Revenue (<i>refer note 26</i>)	79,112	72,500	75,962
	<u>459,087</u>	<u>521,370</u>	<u>489,236</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

Assistance to playgroups and other voluntary services.

HOUSING

Maintenance of rental housing (including aged accommodation).

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)	2009	2008
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Office of Crime Prevention	52,018	22,018
Roads to Recovery	50,389	39,036
Roads to Recovery - Supplementary	27,390	325,773
Minson Avenue Redevelopment	0	100,559
HACC Staff Leave	0	34,138
HACC Recurrent Grant Asset Replacement	0	14,808
HACC Non-Recurrent Funding 06/07	0	1,322
NRCP Non-Recurrent Funding 06/07	0	51,904
NRCP Staff Leave	0	23,646
Killara - Other Untied	0	51,960
Killara Lions Club of Northam Grant	0	4,323
Killara TON Funds - Unspent Brokerage	0	5,404
Recreation Programs	0	16,509
Dep't Sport & Recreation - After School	0	9,000
Dep't Sport & Recreation - Active Ageing	0	1,871
Regional Airfield Development	37,032	0
Dept of Sport & Recreation - Bakers Hill BMX Track	8,120	0
Dept of Local Government & Regional Development	173,000	0
Recreation Programs	14,069	0
Grants Commission - Bridge Works	236,000	0
Wild Oats Festival	17,000	0
	<hr/>	<hr/>
	615,018	702,271
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Regional Airfield Development (06/07)	0	37,032
Roads to Recovery - Auslnk	0	50,389
Dept of Sport & Recreation - Bakers Hill BMX Track	0	8,120
Dept of Local Government & Regional Development	0	173,000
Wild Oats Festival	0	17,000
Office of Crime Prevention - lighting	0	30,000
Grants Commission - Bridge Works	0	236,000
Greening Australia - Our Patch	16,781	0
SGIO - Bush Fire Funding	1,318	0
MRWA - Deproclamation Great Eastern Highway	200,000	0
Grants Commission - Frenches Bridge	4,000	0
Indigenous Affairs - Reconciliation Grant	3,000	0
Dept Rec & Sport - Physical Activities Grant	2,000	0
Dept of Infrastructure - Recreation Centre	1,633,744	0
Royalties for Regions - (CLCG)	564,974	0
Regional & Local Communities Infrastructure (RLCIP)	193,781	0

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)
(c) Conditions Over Contributions (Continued)

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.

Minson Avenue Redevelopment	0	(100,559)
HACC Staff Leave	0	(34,138)
HACC Asset Replacement	0	(14,808)
HACC Non-Recurrent Grant 06/07	0	(1,322)
NRCP Non-Recurrent Grant 06/07	0	(51,904)
NRCP Staff Leave	0	(23,646)
Killara - Other Untied	0	(61,687)
Roads to Recovery	(50,389)	(39,036)
Roads to Recovery Supplementary	(27,390)	(298,383)
Dept of Sport & Recreation - Active Ageing Expo	0	(1,871)
Dept of Sport & Recreation - After School Program	0	(9,000)
Recreation Programs	(14,069)	(2,440)
Office of Crime Prevention	(42,268)	0
Regional Airfield Development	(37,032)	0
Dept of Local Government & Regional Development	(63,116)	0
Dept of Sport & Recreation - Bakers Hill BMX Track	(8,120)	0
Wild Oats Festival	(17,000)	0
Closing balances of unexpended grants	<u>2,975,232</u>	<u>615,018</u>

Comprises:

Office of Crime Prevention	9,750	52,018
Regional Airfield Development	0	37,032
Roads to Recovery - Supplementary	0	27,390
Roads to Recovery	0	50,389
Dept of Sport & Recreation - Bakers Hill BMX Track	0	8,120
Dept of Local Government & Regional Development	109,884	173,000
Recreation Programs	0	14,069
Grants Commission - Bridge Works	236,000	236,000
Wild Oats Festival	0	17,000
Greening Australia - Our Patch	16,781	0
SGIO - Bush Fire Funding	1,318	0
MRWA - Deproclamation Great Eastern Highway	200,000	0
Grants Commission - Frenches Bridge	4,000	0
Indigenous Affairs - Reconciliation Grant	3,000	0
Dept Rec & Sport - Physical Activities Grant	2,000	0
Dept of Infrastructure - Recreation Centre	1,633,744	0
Royalties for Regions - (CLCG)	564,974	0
Regional & Local Communities Infrastructure (RLCIP)	193,781	0
	<u>2,975,232</u>	<u>615,018</u>

Disclosed as follows:

- Restricted Cash (Note 3)	2,975,232	364,880
- Unspent Grant Reserve (Note 12)	0	250,138
	<u>2,975,232</u>	<u>615,018</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	865,915	27,296
Restricted	8,003,069	5,103,844
	<u>8,868,984</u>	<u>5,131,140</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves		
Aged Accomodation Reserve (S)	189,069	172,966
Employees Future Liability Reserve	484,816	375,751
Housing Reserve (S)	187,975	178,400
Meat Inspection Reserve (S)	99,052	123,182
Office Equipment Reserve (S)	83,864	60,557
Plant & Equipment Reserve (S)	1,092,428	1,161,498
Recreation Reserve (S)	341,413	338,298
Refuse Site Reserve (S)	201,275	195,384
Road & Bridgeworks Reserve (S)	772,635	900,043
Recreation Reserve (T)	182,787	173,476
Refuse Site Reserve (T)	177,071	106,584
Regional Development Reserve (T)	112,190	92,201
Speedway Reserve (S)	104,499	99,176
Community Bus Replacement Reserve	16,456	6,100
Septage Pond Reserve	41,130	20,000
Killara Reserve	177,095	257,543
Greening Australia - Our Patch	0	36,326
Unspent Grants General Reserve	0	250,138
Minson Ave/Bernard Park Reserve	27,174	100,559
Recreation and Community Facilities Reserve	340,884	90,000
Stormwater Drainage Projects Reserve	100,284	0
Administration Office Reserve	295,740	0
	<u>5,027,837</u>	<u>4,738,182</u>
Conditions over Contributions		
- Specified Area Rates Unspent	0	782
Unspent Grants	2,975,232	364,880
	<u>2,975,232</u>	<u>365,662</u>
Total Conditions over Contributions	<u>2,975,232</u>	<u>365,662</u>
	<u>8,003,069</u>	<u>5,103,844</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	427,743	409,228
Sundry Debtors	571,356	235,709
GST Receivable	115,530	0
Loans - Clubs/Institutions	48,106	53,579
Debtors - Pensioner Rebates	18,692	27,204
Emergency Services Levy	26,509	27,587
Debtors - Rubbish Charges	75,622	78,842
Accrued Income	7,027	4,000
	1,290,585	836,149
Less Provision for Doubtful Debts	(85,483)	(111,811)
	1,205,102	724,338
Non-Current		
Rates Outstanding - Pensioners	270,788	240,862
Loans - Clubs/Institutions	658,270	718,243
	929,058	959,105
5. INVENTORIES		
Current		
Fuel and Materials	24,199	11,279
Land Held for Resale - Cost		
Cost of Acquisition	90,128	90,128
	114,327	101,407

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	15,087,013	14,451,624
Less Accumulated Depreciation	<u>(4,235,131)</u>	<u>(3,940,222)</u>
	10,851,882	10,511,402
Plant and Equipment - Cost	4,028,115	3,774,089
Less Accumulated Depreciation	<u>(2,071,409)</u>	<u>(2,113,408)</u>
	1,956,706	1,660,681
Furniture and Equipment - Cost	1,449,098	1,328,890
Less Accumulated Depreciation	<u>(1,090,300)</u>	<u>(973,932)</u>
	358,798	354,958
Bushfire Equipment - Cost	1,515,470	1,468,198
Less Accumulated Depreciation	<u>(1,037,045)</u>	<u>(849,760)</u>
	478,425	618,438
Playground Equipment - Cost	29,700	29,701
Less Accumulated Depreciation	<u>(29,700)</u>	<u>(29,529)</u>
	0	172
Tools - Cost	3,756	3,756
Less Accumulated Amortisation	<u>(3,756)</u>	<u>(3,756)</u>
	0	0
	<u>13,645,811</u>	<u>13,145,651</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Plant & Equipment \$	Furniture & Equipment \$	Bushfire Equipment \$	Playground Equipment \$	Tools \$	Total \$
Balance as at 1 July 2008	10,511,402	1,660,681	354,958	618,438	172	0	13,145,651
Additions	635,389	1,055,882	120,208	47,272	0	0	1,858,751
(Disposals)	0	(364,654)	0	0	0	0	(364,654)
Depreciation (Expense)	(294,909)	(395,203)	(116,368)	(187,285)	(172)	0	(993,937)
Balance as at 30 June 2009	<u>10,851,882</u>	<u>1,956,706</u>	<u>358,798</u>	<u>478,425</u>	<u>0</u>	<u>0</u>	<u>13,645,811</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	53,361,700	52,336,983
Less Accumulated Depreciation	<u>(31,019,224)</u>	<u>(29,754,901)</u>
	22,342,476	22,582,082
Parks & Ovals - Cost	2,525,325	2,375,822
Less Accumulated Depreciation	<u>(1,382,498)</u>	<u>(1,333,370)</u>
	1,142,827	1,042,452
Drainage - Cost	7,079,654	7,079,654
Less Accumulated Depreciation	<u>(4,317,459)</u>	<u>(4,201,360)</u>
	2,762,195	2,878,294
Footpaths - Cost	5,709,451	5,340,881
Less Accumulated Depreciation	<u>(2,944,288)</u>	<u>(2,835,679)</u>
	2,765,163	2,505,202
Streetscape - Cost	3,786,852	3,786,853
Less Accumulated Depreciation	<u>(521,797)</u>	<u>(409,930)</u>
	3,265,055	3,376,923
Bridges & Culverts - Cost	7,743,860	7,735,859
Less Accumulated Depreciation	<u>(4,189,476)</u>	<u>(4,112,104)</u>
	3,554,384	3,623,755
Aero - Cost	381,735	147,223
Less Accumulated Depreciation	<u>(8,067)</u>	<u>(4,352)</u>
	373,668	142,871
	<u><u>36,205,768</u></u>	<u><u>36,151,579</u></u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Parks and Ovals \$	Drainage \$	Footpaths \$	Streetscape \$	Bridges and Culverts \$	Aero \$	Total \$
Balance as at 1 July 2008	22,582,082	1,042,452	2,878,294	2,505,202	3,376,923	3,623,755	142,871	36,151,579
Additions	1,024,718	149,503	0	368,570	0	8,001	234,512	1,785,304
Depreciation (Expense)	(1,264,324)	(49,128)	(116,099)	(108,609)	(111,868)	(77,372)	(3,715)	(1,731,115)
Balance as at 30 June 2009	<u>22,342,476</u>	<u>1,142,827</u>	<u>2,762,195</u>	<u>2,765,163</u>	<u>3,265,055</u>	<u>3,554,384</u>	<u>373,668</u>	<u>36,205,768</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	936,978	145,896
Accrued Interest on Debentures	23,133	24,325
Accrued Salaries and Wages	66,414	57,746
Rostered Days Off Liability	6,484	6,677
GST Payable	0	4,766
Accrued Expenditure	0	82,634
	<u>1,033,009</u>	<u>322,044</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	<u>233,951</u>	<u>214,029</u>
	<u>233,951</u>	<u>214,029</u>
Non-Current		
Secured by Floating Charge		
Debentures	<u>2,306,618</u>	<u>2,435,569</u>
	<u>2,306,618</u>	<u>2,435,569</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	337,455	248,782
Provision for Long Service Leave	236,222	208,467
	<u>573,677</u>	<u>457,249</u>
Non-Current		
Provision for Long Service Leave	<u>72,064</u>	<u>47,832</u>
	<u>72,064</u>	<u>47,832</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH BACKED			
(a) Aged Accommodation Reserve (S)			
Opening Balance	172,966	172,966	0
Interest	9,303	11,240	13,212
Amount Set Aside / Transfer to Reserve	6,800	6,800	190,357
Amount Used / Transfer from Reserve	0	0	(30,603)
	<u>189,069</u>	<u>191,006</u>	<u>172,966</u>
(b) Employees Future Liability Reserve			
Opening Balance	375,751	375,751	0
Interest	20,405	24,420	27,479
Amount Set Aside / Transfer to Reserve	88,660	1,390	577,336
Amount Used / Transfer from Reserve	0	0	(229,064)
	<u>484,816</u>	<u>401,561</u>	<u>375,751</u>
(c) Housing Reserve (S)			
Opening Balance	178,400	178,400	0
Interest	9,575	11,590	11,978
Amount Set Aside / Transfer to Reserve	0	0	166,422
Amount Used / Transfer from Reserve	0	0	0
	<u>187,975</u>	<u>189,990</u>	<u>178,400</u>
(d) Meat Inspection Reserve (S)			
Opening Balance	123,182	123,182	0
Interest	6,530	8,000	12,810
Amount Set Aside / Transfer to Reserve	0	0	177,972
Amount Used / Transfer from Reserve	(30,660)	(30,660)	(67,600)
	<u>99,052</u>	<u>100,522</u>	<u>123,182</u>
(e) Office Equipment Reserve (S)			
Opening Balance	60,557	60,557	0
Interest	3,307	3,940	4,086
Amount Set Aside / Transfer to Reserve	20,000	20,000	80,371
Amount Used / Transfer from Reserve	0	(24,750)	(23,900)
	<u>83,864</u>	<u>59,747</u>	<u>60,557</u>
(f) Plant & Equipment Reserve (S)			
Opening Balance	1,161,498	1,161,498	0
Interest	62,036	75,500	40,721
Amount Set Aside / Transfer to Reserve	259,710	259,710	1,341,585
Amount Used / Transfer from Reserve	(390,816)	(502,610)	(220,808)
	<u>1,092,428</u>	<u>994,098</u>	<u>1,161,498</u>
(g) Recreation Reserve (S)			
Opening Balance	338,298	338,298	0
Interest	18,115	21,990	24,393
Amount Set Aside / Transfer to Reserve	0	0	338,905
Amount Used / Transfer from Reserve	(15,000)	(23,000)	(25,000)
	<u>341,413</u>	<u>337,288</u>	<u>338,298</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Refuse Reserve (S)			
Opening Balance	195,384	195,384	0
Interest	5,891	12,700	7,748
Amount Set Aside / Transfer to Reserve	0	0	187,636
Amount Set Aside / Transfer to Reserve	0	0	0
	<u>201,275</u>	<u>208,084</u>	<u>195,384</u>
(i) Road & Bridgeworks Reserve (S)			
Opening Balance	900,043	900,043	0
Interest	47,812	58,500	46,667
Amount Set Aside / Transfer to Reserve	26,650	7,650	1,097,384
Amount Used / Transfer from Reserve	(201,870)	(429,870)	(244,008)
	<u>772,635</u>	<u>536,323</u>	<u>900,043</u>
(j) Building/Office Refurbishment Reserve (T)			
Opening Balance	0	0	0
Interest	0	0	28
Amount Set Aside / Transfer to Reserve	0	0	1,038
Amount Used / Transfer from Reserve	0	0	(1,066)
	<u>0</u>	<u>0</u>	<u>0</u>
(k) Plant Replacement Reserve (T)			
Opening Balance	0	0	0
Interest	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	32,949
Amount Used / Transfer from Reserve	0	0	(32,949)
	<u>0</u>	<u>0</u>	<u>0</u>
(l) Recreation Reserve (T)			
Opening Balance	173,476	173,476	0
Interest	9,311	11,280	11,647
Amount Set Aside / Transfer to Reserve	0	0	161,829
Amount Used / Transfer from Reserve	0	(30,000)	0
	<u>182,787</u>	<u>154,756</u>	<u>173,476</u>
(m) Refuse Site Reserve (T)			
Opening Balance	106,584	106,584	0
Interest	10,487	6,930	9,433
Amount Set Aside / Transfer to Reserve	60,000	60,000	131,064
Amount Used / Transfer from Reserve	0	(40,000)	(33,913)
	<u>177,071</u>	<u>133,514</u>	<u>106,584</u>
(n) Computer Reserve (T)			
Opening Balance	0	0	0
Interest	0	0	213
Amount Set Aside / Transfer to Reserve	0	0	7,921
Amount Used / Transfer from Reserve	0	0	(8,134)
	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH BACKED (Continued)			
(o) Regional Development Reserve (T)			
Opening Balance	92,201	92,201	0
Interest	4,989	5,990	6,526
Amount Set Aside / Transfer to Reserve	15,000	0	90,675
Amount Used / Transfer from Reserve	0	0	(5,000)
	<u>112,190</u>	<u>98,191</u>	<u>92,201</u>
(p) Speedway Reserve (S)			
Opening Balance	99,176	99,176	0
Interest	5,323	6,450	6,659
Amount Set Aside / Transfer to Reserve	0	0	92,517
Amount Used / Transfer from Reserve	0	0	0
	<u>104,499</u>	<u>105,626</u>	<u>99,176</u>
(q) Community Bus Replacement Reserve			
Opening Balance	6,100	6,100	0
Interest	356	390	0
Amount Set Aside / Transfer to Reserve	10,000	10,000	6,100
Amount Used / Transfer from Reserve	0	0	0
	<u>16,456</u>	<u>16,490</u>	<u>6,100</u>
(r) Septage Pond Reserve			
Opening Balance	20,000	20,000	0
Interest	1,130	1,300	0
Amount Set Aside / Transfer to Reserve	20,000	20,000	20,000
Amount Used / Transfer from Reserve	0	0	0
	<u>41,130</u>	<u>41,300</u>	<u>20,000</u>
(s) Killara Reserve			
Opening Balance	257,543	153,752	0
Interest	9,535	9,990	0
Amount Set Aside / Transfer to Reserve	34,911	0	273,740
Amount Used / Transfer from Reserve	(124,894)	0	(16,197)
	<u>177,095</u>	<u>163,742</u>	<u>257,543</u>
(t) Greening Australia - Our Patch			
Opening Balance	36,326	0	0
Interest	427	0	0
Amount Set Aside / Transfer to Reserve	0	0	36,326
Amount Used / Transfer from Reserve	(36,753)	0	0
	<u>0</u>	<u>0</u>	<u>36,326</u>
(u) Unspent Grants General Reserve			
Opening Balance	250,138	250,138	0
Interest	12,682	16,260	0
Amount Set Aside / Transfer to Reserve	0	0	250,138
Amount Used / Transfer from Reserve	(262,820)	(250,140)	0
	<u>0</u>	<u>16,258</u>	<u>250,138</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH BACKED (Continued)			
(v) Minson Ave/Bernard Park Reserve			
Opening Balance	100,559	100,559	0
Interest	5,175	6,540	0
Amount Set Aside / Transfer to Reserve	0	99,440	100,559
Amount Used / Transfer from Reserve	(78,560)	(200,000)	0
	<u>27,174</u>	<u>6,539</u>	<u>100,559</u>
(w) Recreation and Community Facilities Reserve			
Opening Balance	90,000	90,000	0
Interest	5,504	5,850	0
Amount Set Aside / Transfer to Reserve	245,380	110,380	90,000
Amount Used / Transfer from Reserve	0	0	0
	<u>340,884</u>	<u>206,230</u>	<u>90,000</u>
(x) Stormwater Drainage Projects Reserve			
Opening Balance	0	0	0
Interest	284	0	0
Amount Set Aside / Transfer to Reserve	100,000	100,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>100,284</u>	<u>100,000</u>	<u>0</u>
(y) Administration Office Reserve			
Opening Balance	0	0	0
Interest	810	0	0
Amount Set Aside / Transfer to Reserve	294,930	140,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>295,740</u>	<u>140,000</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u><u>5,027,837</u></u>	<u><u>4,201,265</u></u>	<u><u>4,738,182</u></u>

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

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

(a) Aged Accommodation Reserve (\$)

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

(b) Employees Future Liability Reserve

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

(c) Housing Reserve (\$)

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

11. RESERVES - CASH BACKED (Continued)

(d) Meat Inspection Reserve (S)

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

(e) Office Equipment Reserve (S)

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

(f) Plant & Equipment Reserve (S)

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

(g) Recreation Reserve (S)

Purpose - Development and improvement of recreation and sporting facilities within the Shire of Northam. 2% of net rates levied each year set aside for the provision of recreation and sport facilities. Includes Wundowie Oval Lighting upgrade funds expected to be utilised in 2008/09.

(h) Refuse Reserve (S)

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

(i) Road & Bridgeworks Reserve (S)

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

(j) Building/Office Refurbishment Reserve (T)

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

(k) Plant Replacement Reserve (T)

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

(l) Recreation Reserve (T)

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

(m) Refuse Site Reserve (T)

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

(n) Computer Reserve (T)

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.

(o) Regional Development Reserve (T)

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

11. RESERVES - CASH BACKED (Continued)

(p) Speedway Reserve (S)

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

(q) Community Bus Replacement Reserve

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

(r) Septage Pond Reserve

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

(s) Killara Reserve

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

(t) Greening Australia - Our Patch

Purpose - To expend funds on tree planting. No date has been specified for use of this Reserve.

(u) Unspent Grants General Reserve

Purpose - To quarantine unspent grant funds from the operating surplus to restricted cash. No date has been specified for the use of this Reserve.

(v) Minson Ave/Bernard Park Reserve

Purpose - To provide funds for the construction of a Public amenities block in Bernard Park. This Reserve to be spent in 2008/09.

(w) Recreation and Community Facilities Reserve

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

(x) Stormwater Drainage Projects Reserve

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

(y) Administration Office Reserve

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

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

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

12. RESERVES - ASSET REVALUATION

The Shire has no Asset Revaluation Reserves.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	2009 \$	2009 Budget \$	2008 \$
Cash and Cash Equivalents	<u>8,868,984</u>	<u>4,316,265</u>	<u>5,131,140</u>

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

Net Result After Gain on Restructure	4,013,234	0	52,736,497
Gain on Restructure	0	0	(52,066,449)
Depreciation	2,725,052	2,695,940	2,988,404
(Profit)/Loss on Sale of Asset	(67,995)	20,100	(37,302)
(Increase)/Decrease in Receivables	(547,205)	300,000	(199,785)
(Increase)/Decrease in Inventories	(12,920)	0	(4,598)
Increase/(Decrease) in Payables	742,008	112,913	(146,442)
Increase/(Decrease) in Employee Provisions	140,660	10,000	3,719
Grants/Contributions for the Development of Assets	<u>(2,446,800)</u>	<u>0</u>	<u>(1,087,746)</u>
Net Cash from Operating Activities	<u><u>4,546,034</u></u>	<u><u>3,138,953</u></u>	<u><u>2,186,298</u></u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	10,000
Credit Card Balance at Balance Date	<u>(3,132)</u>	<u>(1,308)</u>
Total Amount of Credit Unused	<u><u>111,868</u></u>	<u><u>108,692</u></u>

Loan Facilities

Loan Facilities - Current	233,951	214,029
Loan Facilities - Non-Current	<u>2,306,618</u>	<u>2,435,569</u>
Total Facilities in Use at Balance Date	<u><u>2,540,569</u></u>	<u><u>2,649,598</u></u>

Unused Loan Facilities at Balance Date	<u><u>0</u></u>	<u><u>0</u></u>
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SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

14. CONTINGENT LIABILITIES

The Shire of Northam had no Contingent Liabilities at 30th June 2009.

15. CAPITAL AND LEASING COMMITMENTS	2009	2008
	\$	\$
(a) Finance Lease Commitments		
The Shire has no finance lease commitments at 30 June 2009.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Operating Rental Agreements Office/Computer Equipment ex CIT & Alleasing Security Cameras ex Technology Leasing		
Payable:		
- not later than one year	9,229	27,612
- later than one year but not later than five years	0	40,542
- later than five years	0	0
	9,229	68,154

(c) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	177,000	0
Payable:		
- not later than one year	177,000	0

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

16. JOINT VENTURE

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

	2009	2008
	\$	\$
Non-Current Assets		
Buildings (#S406)	584,522	584,522
Less: Accumulated Depreciation	(151,317)	(139,627)
	<u>433,205</u>	<u>444,895</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,914,883	1,575,176
General Purpose Funding	717,223	0
Law, Order, Public Safety	833,234	941,232
Health	201,229	133,345
Education and Welfare	800,333	562,976
Housing	959,733	576,016
Community Amenities	2,719,585	1,885,494
Recreation and Culture	10,426,255	6,684,736
Transport	36,866,398	34,383,972
Economic Services	2,228,571	1,999,886
Other Property and Services	238,663	209,970
Unallocated	3,062,943	7,260,558
	<u>60,969,050</u>	<u>56,213,361</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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

The above ratios are calculated as follows:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

19. TRUST FUNDS

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

	Balance 1-Jul-08	Amounts Received	Amounts Paid	Balance 30-Jun-09
	\$	\$	(\$)	\$
Facilities - Bonds	3,229	8,550	(9,550)	2,229
Town Hall Bond	800	1,000	(1,000)	800
Unclaimed Monies	650	0	(650)	0
Builders Reg Board Levy	2,084	15,225	(17,349)	(40)
Footpath/Kerbing Deposit	40,503	0	(12,000)	28,503
Retentions	130,580	369,927	(88,512)	411,995
Friends of White Swans	444	0	0	444
Building & Construction				
Industry Training Fund	6,719	77,364	(84,083)	0
Standpipe Key	4,750	600	(150)	5,200
Resited Dwellings	21,700	73,221	(54,721)	40,200
Extractive Industries	81,826	25,826	0	107,652
Other	212,126	6,044	(3,622)	214,548
Other - Rental Bond	800	0	0	800
Library Deposits & Income	1,641	0	0	1,641
POS - Cash in Lieu	548,044	27,011	(1,000)	574,055
Bonds - Building	132,828	41,000	(75,028)	98,800
Equipment Pool - Bond	50	0	(50)	0
Crossovers - Bond	3,050	7,000	(500)	9,550
Traffic Licencing	0	4,576,458	(4,576,458)	0
	<u>1,191,824</u>			<u>1,496,377</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

20. DISPOSALS OF ASSETS - 2008/09 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
CEO Vehicle	39,512	38,500	29,091	30,000	(10,421)	(8,500)
Mgr Finance Vehicle	28,222	28,300	22,273	21,800	(5,949)	(6,500)
Health						
Mgr Health Building Vehicle	27,677	28,100	18,182	20,000	(9,495)	(8,100)
Meat Inpectors Ute	14,916	17,180	13,636	15,300	(1,280)	(1,880)
Environmental Health Officer Vehicle	23,375	23,000	15,455	18,000	(7,920)	(5,000)
Education & Welfare						
Killara Vehicle - Killara	0	26,200	0	17,000	0	(9,200)
Killara Vehicle - Killara 3	0	26,200	0	17,000	0	(9,200)
Communty Ammenities						
Mgr Planning & Development Vehicle	24,470	25,900	16,364	21,800	(8,106)	(4,100)
Snr Planner Vehicle	0	24,500	0	19,000	0	(5,500)
Recreation & Culture						
Recreation Coordinator's Ute	9,365	6,200	10,909	10,000	1,544	3,800
Transport						
Mgr Works Vehicle Ranger 4x4 N.3368	16,166	18,970	21,818	25,000	5,652	6,030
Works Coordinator Vehicle 4x4 Hilux	24,020	26,650	33,098	30,450	9,078	3,800
Works Coordinator Vehicle 4x4 Hilux	35,098	0	32,288	0	(2,810)	0
Volvo Grader N.001	54,161	65,700	80,000	45,000	25,839	(20,700)
Truck N.011	0	7,060	26,590	25,000	26,590	17,940
Truck N.1781	0	5,000	23,860	31,620	23,860	26,620
Truck N 1139 P541	8,205	19,100	25,910	25,000	17,705	5,900
Power Ladder N.1498	0	0	8,500	6,000	8,500	6,000
Works Ute P536 N841	0	1,110	6,818	8,180	6,818	7,070
Economic Services						
Building Surveyor 1 Ute 1	16,529	22,140	15,045	16,000	(1,484)	(6,140)
Building Surveyor 1 Ute 2	20,538	22,140	16,591	16,000	(3,947)	(6,140)
Building Surveyor 2 Crewman Ute	22,400	24,800	16,221	18,500	(6,179)	(6,300)
	364,654	456,750	432,649	436,650	67,995	(20,100)

Profit on Disposal
Loss on Disposal

125,586
(57,591)
67,995

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-08 \$	New Loans \$	Principal Repayments		Principal 30-Jun-09		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Admin Office & Renovations - Loan 215	222,065	0	18,629	18,630	203,436	203,440	14,627	14,720
Community Amenities								
River Dredging - Loan 210	40,583	0	4,069	4,070	36,514	36,510	2,310	2,420
Housing								
Police House Wundowie - Loan 30	953	0	953	950	0	0	24	50
Police House Wundowie - Loan 36	437	0	437	440	0	0	16	30
Recreation & Culture								
Northam Country Club - Loan 206**	369,273	0	26,221	26,220	343,052	343,050	21,425	21,550
Northam Country Club - Loan 208**	51,234	0	2,946	2,950	48,288	48,280	3,707	3,770
Northam Bowling Club - Loan 219**	235,550	0	16,760	16,760	218,790	218,790	13,408	13,650
Northam Harness Racing Club - Loan 222**	0	105,000	0	0	105,000	105,000	0	0
Transport								
Airstrip Upgrade - Loan 221*	102,373	0	7,652	7,650	94,721	94,720	6,271	6,320
Economic Services								
Visitors Centre/Tourist Bureau - Loan 204	38,309	0	7,262	7,260	31,047	31,050	3,335	3,260
Visitor Centre Café - Loan 205	70,973	0	14,045	14,050	56,928	56,920	4,187	4,420
CBD Streetscape - Loan 217	1,360,713	0	103,898	103,900	1,256,815	1,256,810	75,855	77,170
CBD Streetscape - Loan 218	157,135	0	11,158	11,160	145,977	145,980	8,879	9,170
	2,649,598	105,000	214,030	214,040	2,540,568	2,540,550	154,044	156,530

Note:

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

**Indicates self - supporting loans

All other loan repayments were financed by general purpose revenue.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2008/09

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Northam Harness Racing Club - Loan 222	105,000	105,000	WA Treasury	Debenture	10	32,607	5.47%	105,000	105,000	0

(c) Unspent Debentures

The Shire of Northam had no unspent debentures as at 30 June 2009.

(d) Overdraft

Council acquired an overdraft facility of \$100,000 established by a predecessor Council in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2009 was \$Nil.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

22. RATING INFORMATION - 2008/09 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
0 Non-Rateable	0	593	516,183	0	0	0	0	0	0	0	0
1 GRV-Northam Town Gen	10.1391	2,805	22,356,528	2,266,751	31,065	0	2,297,816	2,265,751	0	0	2,265,751
2 GRV-Northam Town Diff	10.5937	260	8,448,818	895,042	(186)	0	894,856	895,042	0	0	895,042
3 GRV-Old Shire	10.8512	439	3,471,838	376,735	1,341	0	378,076	376,736	0	0	376,736
5 Agricultural Local	0.3639	514	201,942,000	735,362	19,915	0	755,277	734,867	0	0	734,867
6 Agricultural Regional	0.3455	276	97,444,000	336,670	7,618	273	344,561	336,670	0	0	336,670
7 Rural Small Holdings	0.4058	553	113,044,000	458,733	711	0	459,444	458,733	0	0	458,733
8 Springhill (Landuse)	0.4125	1	303,000	1,250	0	0	1,250	1,250	0	0	1,250
9 Princes (Landuse)	2.0597	1	151,000	3,110	0	0	3,110	3,110	0	0	3,110
10 Solfame (Landuse)	0.5383	1	665,000	3,580	0	0	3,580	3,580	0	0	3,580
11 Bennie (Landuse)	0.5540	1	252,000	1,396	0	0	1,396	1,396	0	0	1,396
12 CSR (Landuse)	1.1508	1	275,000	3,165	0	0	3,165	3,165	0	0	3,165
Sub-Totals		5,445	448,869,367	5,081,794	60,464	273	5,142,531	5,080,300	0	0	5,080,300
Minimum Rates											
Minimum \$											
0 Non-Rateable	0	0	0	0	0	0	0	0	0	0	0
1 GRV-Northam Town Gen	550	467	1,891,596	256,850	0	0	256,850	256,850	0	0	256,850
2 GRV-Northam Town Diff	550	22	1,516,949	12,100	0	0	12,100	12,100	0	0	12,100
3 GRV-Old Shire	550	72	247,217	39,600	0	0	39,600	39,600	0	0	39,600
5 Agricultural Local	550	118	10,787,340	64,900	0	0	64,900	64,900	0	0	64,900
6 Agricultural Regional	550	101	9,052,904	55,550	0	0	55,550	55,550	0	0	55,550
7 Rural Small Holdings	550	4	417,500	2,200	0	0	2,200	2,200	0	0	2,200
8 Springhill (Landuse)	550	0	0	0	0	0	0	0	0	0	0
9 Princes (Landuse)	550	0	0	0	0	0	0	0	0	0	0
10 Solfame (Landuse)	550	0	0	0	0	0	0	0	0	0	0
11 Bennie (Landuse)	550	0	0	0	0	0	0	0	0	0	0
12 CSR (Landuse)	550	0	0	0	0	0	0	0	0	0	0
Sub-Totals		784	23,913,506	431,200	0	0	431,200	431,200	0	0	431,200
Less Rates in Advance as at 30 June 2008							5,573,731				5,511,500
Add Rates in Advance as at 30 June 2009							(60,464)				0
							62,197				0
							5,575,464				5,511,500
Ex-Gratia Rates							8,225				0
Specified Area Rate (refer note 23)							6,600				6,600
Concessions and Write-offs							(441)				0
							5,589,848				5,518,100
Discounts (refer note 25)							0				0
Totals							5,589,848				5,518,100

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

23. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Grey Street							
- Rate 1	1.7677	GRV	186,680	3,300	3,300	2,766	3,300
Shamrock							
- Rate 2	3.0076	GRV	109,720	3,300	3,300	3,094	3,300
Refund Rate 1 - Grey Street						534	
Refund Rate 2 - Shamrock						206	
				6,600	6,600	6,600	6,600

1. Specified Area Rate 1 -

- (i) The purpose for the Specified Area Rate is to repay loan number 200 - to construct and seal the Grey Street carpark.
- (ii) The amount to be applied for this purpose in 2008/09 was \$2,766
- (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 - to construct and seal the Shamrock carpark.
- (ii) The amount to be applied for this purpose in 2008/09 was \$3,094.
- (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 have been applied to the costs of the loans and unexpended funds have been refunded to the relevant ratepayer, as the loans have now been paid in full.

24. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

The Shire of Northam did not levy any Service Charges as provided for under section 6.38 of the Local Government Act 1995 during the 2008/09 financial year.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/09 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment	Concession		0	1,000
Rate Assessment	Write-Off		441	1,000

The Shire of Northam did not offer a discount on rates in 2008/09 financial year.

26. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		61,024	60,000
Interest on Instalments Plan	5.50%		18,088	12,500
Charges on Instalment Plan		5	28,592	12,000
			107,704	84,500

Ratepayers had the option of paying rates in one instalment due on 16 September 2008, two equal instalments due on 16 September 2008 and 17 November 2008 or four equal instalments due on 16 September 2008, 17 November 2008, 19 January 2009 and 19 March 2009.

Administration charges and interest applied for the final three instalments.

	2009 \$	2008 \$
27. FEES & CHARGES		
Governance	25,268	47
General Purpose Funding	62,722	54,332
Law, Order, Public Safety	39,880	42,593
Health	114,631	123,707
Education and Welfare	105,956	46,679
Housing	48,213	45,843
Community Amenities	1,393,873	1,317,471
Recreation and Culture	162,456	218,671
Transport	447	31,327
Economic Services	374,156	218,497
Other Property and Services	36,034	18,410
	<u>2,363,636</u>	<u>2,117,577</u>

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
28. GRANT REVENUE		
By Nature and Type:		
Operating Grants, Subsidies and Contributions	5,348,897	3,837,144
Non-Operating Grants, Subsidies and Contributions	2,446,800	1,087,746
	<u>7,795,697</u>	<u>4,924,890</u>
By Program:		
Governance	1,820	600,000
General Purpose Funding	3,906,015	1,544,010
Law, Order, Public Safety	153,200	134,757
Education and Welfare	867,785	850,605
Recreation and Culture	1,693,631	86,418
Transport	1,128,246	1,689,100
Economic Services	45,000	20,000
	<u>7,795,697</u>	<u>4,924,890</u>

	2009	2009	2008
	\$	Budget	\$
		\$	
29. COUNCILLORS' REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	33,000	33,000	23,660
President's Allowance	16,000	16,000	8,000
Deputy President's Allowance	4,000	4,000	2,000
Travelling Expenses	10,798	5,000	6,257
Telecommunications Allowance	5,000	5,000	1,766
IT Allowance	10,000	10,000	2,106
Councillor Training	0	0	8,636
Other	0	0	4,574
	<u>78,798</u>	<u>73,000</u>	<u>56,999</u>
Commissioner Expenses	0	0	56,739

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

30. EMPLOYEES' REMUNERATION

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

Salary Range \$	2009	2008
120,000 - 129,999	0	1
150,000 - 159,999	1	0

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2009	2008
<u>82</u>	<u>72</u>

32. MAJOR LAND TRANSACTIONS

Mitchell on Avon Estate

This land was acquired during 2002/03 for residential sub-division by one of the predecessor Councils. There were no current year transactions nor were there any liabilities in relation to this land transaction at 30 June 2009. There were also no plans for its expected future development.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2008/09 financial year.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	8,868,984	5,131,140	8,868,984	5,131,140
Receivables	2,134,160	1,683,443	2,134,160	1,683,443
	<u>11,003,144</u>	<u>6,814,583</u>	<u>11,003,144</u>	<u>6,814,583</u>
Financial Liabilities				
Payables	1,033,009	322,044	1,033,009	322,044
Borrowings	2,540,569	2,649,598	2,356,314	2,569,627
	<u>3,573,578</u>	<u>2,971,642</u>	<u>3,389,323</u>	<u>2,891,671</u>

Fair value is determined as follows:

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

Council manages these risks by depositing its funds with one of Australia's big four banks.

	30-Jun-09	30-Jun-08
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	74,085	55,000
- Income Statement	74,085	55,000

Notes:

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

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

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-09	30-Jun-08
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	61.77%	71.04%
- Overdue	38.23%	28.96%

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2009</u>					
Payables	1,033,009	0	0	1,033,009	1,033,009
Borrowings	382,860	1,487,965	1,094,875	2,965,700	2,540,569
	<u>1,415,869</u>	<u>1,487,965</u>	<u>1,094,875</u>	<u>3,998,709</u>	<u>3,573,578</u>
<u>2008</u>					
Payables	322,044	0	0	322,044	322,044
Borrowings	368,074	1,516,949	1,796,139	3,681,162	2,649,598
	<u>690,118</u>	<u>1,516,949</u>	<u>1,796,139</u>	<u>4,003,206</u>	<u>2,971,642</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2009</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	87,975	0	2,452,595	2,540,570	5.97%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	6.55%	0.00%	5.95%		
<u>Year Ended 30 June 2008</u>								
Borrowings								
Fixed Rate								
Debentures	1,390	0	0	109,281	0	2,538,927	2,649,598	5.99%
Weighted Average Effective Interest Rate	5.99%	0.00%	0.00%	6.55%	0.00%	5.96%		

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

35. GAIN ON RESTRUCTURE OF LOCAL GOVERNMENT

The new Shire of Northam was constituted on 1 July 2007 pursuant to an Order by the Governor in Council. By virtue of the Order, two local governments (the Town of Northam and the old Shire of Northam) were abolished and their assets and liabilities transferred to the new Shire of Northam at no charge. The assets and liabilities were recognised on 1 July 2007 by the new Shire of Northam at the amounts at which they were carried by the abolished local governments on 30 June 2007.

The gain on restructure of local governments is based on the following amounts at which the transferred assets and liabilities were initially recognised by the new Shire of Northam.

	Town of Northam	Shire of Northam	Total
	\$	\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	838,550	2,966,903	3,805,453
Trade and Other Receivables	285,038	264,800	549,838
Inventories	95,380	5,912	101,292
TOTAL CURRENT ASSETS	<u>1,218,968</u>	<u>3,237,615</u>	<u>4,456,583</u>
NON-CURRENT ASSETS			
Other Receivables	898,158	99,989	998,147
Property, Plant and Equipment	7,556,624	6,030,052	13,586,676
Infrastructure	23,722,709	13,138,523	36,861,232
TOTAL NON-CURRENT ASSETS	<u>32,177,491</u>	<u>19,268,564</u>	<u>51,446,055</u>
TOTAL ASSETS	<u>33,396,459</u>	<u>22,506,179</u>	<u>55,902,638</u>
CURRENT LIABILITIES			
Trade and Other Payables	458,505	10,122	468,627
Long Term Borrowings	203,310	1,297	204,607
Provisions	204,827	122,079	326,906
TOTAL CURRENT LIABILITIES	<u>866,642</u>	<u>133,498</u>	<u>1,000,140</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	2,660,203	1,390	2,661,593
Provisions	63,183	111,273	174,456
TOTAL NON-CURRENT LIABILITIES	<u>2,723,386</u>	<u>112,663</u>	<u>2,836,049</u>
TOTAL LIABILITIES	<u>3,590,028</u>	<u>246,161</u>	<u>3,836,189</u>
GAIN ON RESTRUCTURE OF LOCAL GOVERNMENTS	<u>29,806,431</u>	<u>22,260,018</u>	<u>52,066,449</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

36. COMPARATIVE FIGURES

The following adjustment has been made to the comparative amounts in the 30 June 2008 Financial Report to bring to account financial activity that was omitted in 2007/08. Details of this activity is listed below:-

- (a) The expenditure of \$4,739 was bought to account to acquit Killara NRCP Grant Funding. This expense was omitted in the 2007/08, and did not form part of the audited financials for 2007/08.

	Financial Report 2008 \$	Corrected Comparative 2008 \$	Adjustment \$
INCOME STATEMENT BY NATURE & TYPE			
Increased Materials & Contracts	(3,581,044)	(3,585,783)	(4,739)
Decreased Net Result Before Gain on Restructure	674,787	670,048	(4,739)
Decreased Net Result After Gain on Restructure	52,741,236	52,736,497	(4,739)
INCOME STATEMENT BY PROGRAM			
Increased Education & Welfare	(839,277)	(844,016)	(4,739)
Decreased Net Result Before Gain on Restructure	674,787	670,048	(4,739)
Decreased Net Result After Gain on Restructure	52,741,236	52,736,497	(4,739)
BALANCE SHEET			
Increased Current Liabilities - Trade and Other Payables	317,446	322,185	4,739
Increased Total Current Liabilities	988,724	993,463	4,739
Increased Total Liabilities	3,472,126	3,476,865	4,739
Decreased Net Assets	52,741,236	52,736,497	(4,739)
Decreased Retained Surplus	48,003,054	47,998,315	(4,739)
Decreased Total Equity	52,741,236	52,736,497	(4,739)
STATEMENT OF CHANGES IN EQUITY			
Decreased Net Result	52,741,236	52,736,497	(4,739)
Decreased Balance at 30 June 2008	48,003,054	47,998,315	(4,739)
Increased Total Equity	52,741,236	52,736,497	(4,739)
Note 9 TRADE AND OTHER PAYABLES			
Increased Accrued Expenditure	77,895	82,634	4,739
Increased Total Trade and Other Payables	317,446	322,185	4,739
Note 14(b) NOTES TO CASH FLOW STATEMENT			
Decreased Net Result After Gain on Restructure	52,741,236	52,736,497	(4,739)
Decreased Increase/(Decrease) in Payables	(151,181)	(146,442)	4,739

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

36. COMPARATIVE FIGURES (Continued)

Note 34 FINANCIAL RISK MANAGEMENT

Increased Financial Liabilities - Payables	317,446	322,185	4,739
Increased Total Financial Liabilities (Carrying Value)	2,967,044	2,971,783	4,739
Increased Total Financial Liabilities (Fair Value)	2,721,267	2,726,006	4,739

Note 34(c) FINANCIAL RISK MANAGEMENT

Increased Payables	317,446	322,185	4,739
Increased Total Payables (Due within 1 year)	686,546	691,285	4,739
Increased Total Carrying Values	3,892,622	3,897,361	4,739
Increased Total Contractual Cash Flows	2,967,044	2,971,783	4,739

Note 18 FINANCIAL RATIOS

The restatements did not affected the 2009 comparative ratios.

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Northam, which comprises the balance sheet as at 30 June 2009 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

Statutory Compliance

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and Local Government (Financial Management) Regulations 1996 (as amended).

Monthly Statement of Financial Activity

The Monthly Statement of Financial Activity for all months other than July 2008 and January 2009 did not include an explanation of each of the material variances reflected therein as required by Financial Management Regulation 34(2)(b).

Annual Financial Report

A copy of the annual financial report for the year ended 30 June 2008 was not submitted to the Department of Local Government within 30 days of receipt by the Chief Executive Officer of the audit report as required by Financial Management Regulation 51(2).

Other Matters

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Address: Perth, WA
Date: 14 October 2009

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