



Shire of Northam



**ANNUAL REPORT**  
**2007/2008**

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

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Cover Photo

Avon Descent

## 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.

<b>Shire Administration Office</b>	395 Fitzgerald Street, NORTHAM
<b>Postal Address</b>	PO Box 613, NORTHAM WA 6401
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<b>Facsimile</b>	9622 1910
<b>Email</b>	<a href="mailto:records@northam.wa.gov.au">records@northam.wa.gov.au</a>
<b>Website</b>	<a href="http://www.northam.wa.gov.au">www.northam.wa.gov.au</a>
<b>Office hours</b>	8.00 am to 5.00 pm Monday to Friday
<b>Cashier</b>	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 and government schools). Foundry provides the basis for employment within the Wundowie townsite.

## Shire of Northam Council Elected Members

### Deputy Shire President



Cr R M (Ray) Head  
2011



Cr L B (Laurie) Glass  
2009



Cr G N (Gill) Beazley  
2009



Cr T M (Michael) Letch  
2011

### Shire President



Cr S B (Steven) Pollard  
2009



Cr T M (Terry) Little  
2009



Cr R W (Rob) Tinetti  
2011



Cr K D (Kathy) Saunders  
2011



Cr U (Ulo) Rumjantsev  
2009



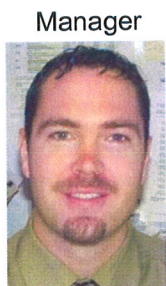
Cr A W (Bert) Llewellyn  
2011

## Executive Management Team

### Chief Executive Officer



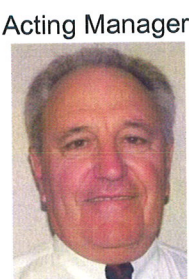
Neville Hale



Phil Steven  
Building &  
Health



Chadd Hunt  
Planing &  
Development



Eddie Piper  
Finance &  
Administration



Ron Van Welie  
Works Service

## **Shire of Northam President's Annual Report 2007/08**

It is with pleasure that I provide this inaugural report on the activities of the "new" Shire of Northam for 2007/08.

From 1 July, 2007 the amalgamated Shire, encompassing the previous local authorities of the Town of Northam and the Shire of Northam, came into existence with Commissioner Gavin Troy appointed to oversee the affairs of the local authority until the election of 10 councillors from 4 wards in October, 2007 who formed the new Council.

The Commissioner adopted the budget for 2007/08 and the Council has worked under the requirements of that document for the year. I am pleased to report that the Shire is in a positive financial position and full reports are included in this document for the information of readers.

This first year has seen a testing of the Shire's internal management systems ability to handle the new local authority requirements and we have had to get by without some key personnel, including an accountant, for most of this year. The lack of some staff has disrupted the desired continuity in service provision and has been a concern to Council, as stability in uncertain times is stressful to all involved.

In an ideal world, the Council would have been very focussed on strategic planning as many opportunities and some threats require attention from Council. Our circumstances suffered a setback when our inaugural CEO, Mr Bruce Mead, elected to accept an alternative career choice and left the Shire in March, 2008. The council then undertook the process to select and appoint a new CEO so some otherwise productive months were lost whilst this critical role was filled.

The Shire has however completed a 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 of [www.northam.wa.gov.au](http://www.northam.wa.gov.au) then go to Our Council, Public Documents.

**Steven Pollard**  
President

## **Chief Executive Officer Annual Report 2007/08**

This past year has been one of significant challenge as the former Town of Northam and Shire of Northam were brought together to form a new entity, Shire of Northam. This process is never easy and, regrettably, has been complicated by the limited time available to Commissioner Troy to put new governance structures in place.

A new Council was elected during this year and has been faced with the development of new policy, financial priorities and establishing relationships with staff and community, all of whom have differing expectations as to what could and should be delivered by the new Shire. Though not an easy task, it has been taken on with great endeavour and purpose.

Staffing local government has never been easy and this past twelve months has seen a number of key staff members move on. I wish to express my thanks to former employees, Bruce Mead (CEO) Gary Brennan (Acting CEO) and Stuart Billingham (Manager Finance and Administration) together with Managers Chadd Hunt, Phil Steven and Ron Van Welie for their efforts in bringing the two former entities together and putting in place the necessary management processes and procedures at a time when their own available time and resources were impacted by staff turn-over and the need to coach new and existing staff members.

It would be fair to say that 2007/08 was not a time for significant capital works as the focus was clearly on "bedding-in" the amalgamation process but the expectation is that the future will see a raft of projects being undertaken for the greater benefit of all communities within the Shire. To this end, during 2007/08, a significant amount of funding (\$2million approx) has been set aside in reserves to facilitate future developments. Projects identified for consideration include:

- Improvements to footpaths;
- Northam Airfield upgrades to accommodate new business opportunities;
- Drainage improvements;
- Recreation facilities;
- West End Cultural Centre and Old Railway Station; and,
- Revitalisation of various residential and commercial areas.

Notwithstanding, 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. These will continue to have a high priority and we will be looking at ways to work more closely with all involved to deliver better outcomes.

I thank all staff for their commitment and efforts, particularly those in the works and gardens team who put in many extra hours to respond to emergency call-outs due to flood damage and other unscheduled events. Planning, Health, Building, Finance and Administration Staff have all been challenged over the year by change and increased workload and are commended for their efforts. Next year, 2008/09, offers more of the same but we will persevere

**NEVILLE A HALE**  
Chief Executive Officer

**Shire of Northam  
Environment, Health and Building  
Annual Report  
2007/08**

***Disability Services***

The Shire of Northam has continued its commitment in providing wheelchair access for Disabled people. The Administration Building chosen for the amalgamation Shire staff has disabled access and toilets. A handrail for the main access ramp was installed to assist people with mobility difficulties.

The Shire requires provision for disabled people in new commercial buildings and where major alterations have been undertaken.

Community consultation was undertaken via the Shire newsletter for input into the Shire's Disability Access & Inclusion Plan, to improve Shire facilities and customer service for people with disabilities. A number of valuable comments were received during this process.

**Health**

During the 2007/08 financial year, inspections of 42 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 being assessed. The standard throughout the Shire overall continues to be high.

Septic Systems were inspected as they were installed. In the 2007/08 year 55 septic systems were approved.

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

During summer, routine monthly sampling of Public Swimming Pools in the Shire was conducted and assessed to ensure that high public safety standards were met and maintained.

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

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

	2007/2008	2006/2007
<b>Enteric diseases</b>	14	18
<b>Vector-borne diseases</b>	3	4
<b>Vaccine preventable diseases</b>	16	9
<b>Blood-borne viral diseases</b>	10	8
<b>Other diseases</b>	0	1
<b>Zoonotic diseases</b>	0	0
<b>Total</b>	43	40

Notifications of communicable diseases in the Northam Shire in 2007/08 are similar to previous years.

## **HEALTH SERVICES**

### **Waste Management**

Approximate 21,000 tonnes of waste material was received at the Old Quarry Road Waste Disposal Facility during this financial year, including waste from the Shires of Toodyay and York. The 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 completion of Council's Strategic Waste Minimisation Plan. Nearly 250 tonnes of aluminium cans, steel cans, glass and plastic containers, cardboard and paper were collected at these drop-off points, with all recyclable components sent off for recycling.

Approximately 667 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 have allowed members of the public to dispose of used oil at no cost, which is sent to a processor for re-refining and reuse. Almost 9,000L of waste oil was received for recycling in 2007/08.



## Building Control

The new organisation has experienced an increase in building approvals which has risen from 397 last year to 405 in 2007/08. The total value of construction was over \$21,000,000. The Shire is also contracting Health and Building services to the Shires of Cunderdin and Tammin.



Buildings included 70 new dwellings, 214 building additions, 84 outbuildings, 24 swimming pools, 7 demolitions, 3 retaining walls and 3 signs.

Some of the large development works included redevelopment of Nissan, Avon Youth redevelopment of the old Polish Building, construction of classrooms and shade sails at the Airport, redevelopment of Northam Toyota, and refurbishments of shop 2 in the Boulevard, the former Impressions West Building and Eagle Boys Pizza.

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

## Meat Inspection

In the 2007/08 financial year 27,879 cattle carcasses were inspected at PR Hepple & Sons Abattoir with the numbers processed being down on the previous year by 28% due to the lack of availability of beef, and a trend to export live cattle to eastern states markets.

Month	Beef			
	2007	2006	2005	2004
July	2968	3280	2952	2584
August	2860	3428	2376	2135
September	2495	4352	3123	2589
October	2805	3149	2532	3525
November	2998	3427	2493	2669
December	2240	3687	2837	3489
	2008	2007	2006	2005
January	2439	2409	2071	2960
February	2302	2751	2536	2879
March	1480	3442	3039	2313
April	1817	2570	2284	2792
May	1933	2872	2941	2296
June	1542	3245	3908	2122
<b>TOTAL</b>	<b>27879</b>	<b>38612</b>	<b>33092</b>	<b>32353</b>

Phillip Steven  
 Manager Health & Building

**Shire of Northam  
Planning and Development  
Annual Report  
2007/08**

**SUBDIVISIONS**

During the 2007/08 financial year, a total of 333 lots were created including 218 Residential, 31 Special Residential and 84 Rural Smallholdings lots.

A number of other subdivisions are currently in preliminary engineering approval stages which are anticipated to commence construction in the 2008/09 financial year.

**DEVELOPMENTS**

A total of 153 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 2007/08 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 late 2007.

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 Recreation Services Annual Report 2007/08**

2007/08 has seen the Recreation Services Team continue to deliver successful programs and offer a variety of new services to the community. This has resulted in ongoing and new opportunities for the Shire's residents to participate in recreation, leisure and engaging community activities.

### **Child Care**

The Recreation Centre commenced an After School and Vacation Care Service in April 2008. This program is the only child care centre catering to children aged 5 to 12 years of age and therefore provides a valuable service to working parents in our community. The service has received a steady increase in attendances over the first six months of operations. Activities are programmed daily and the children are receiving positive learning experiences and opportunities for development.

### **Community Events**

A variety of community events were delivered this year by the Recreation Services team, to a range of different target audiences within the Shire.

Some of the community events delivered have included:

- Walk Northam Community Walk – with 150 attendees;
- Wild Oats Music Festival - bringing top Australian contemporary music to Northam with 900 people in attendance;
- Bakers Hill Fun Day - saw 200 people participate in fun, physical, family based games and activities;
- Aged Care Games - attracted 12 teams of senior citizens to compete in fun, modified games based activities;
- Bike Week Community Bike Ride - over 70 people attending this year, riding in a 12 km course which finished at the Northam Pool;
- Pool parties – several youth parties at the Northam pool with live bands were well attended and supported by partnerships with the Police and others.

## **Senior Programs**

The Recreation Centre has again had a successful year with its senior (adult) sporting programs. This year the centre has offered Floor ball, 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.

## **Junior programs**

The Recreation staff have considered during 2007/08, new opportunities to deliver junior programs within the Shire. Programs have been delivered in Northam, Bakers Hill and Wundowie both at Shire facilities and within the local schools. Some of the programs delivered have been Floor ball, Soccer, Activ8 Games, Circus and Teeball. The Recreation Centre has also delivered many birthday parties for local children. These parties are available on weekends if the venue and staff are available.

## **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. An extra shade area has been constructed over the winter period at the Wundowie 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, 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 can add value to existing resources and deliver an improved service to the community. The Shire was nominated this year as a finalist in the Healthway Awards, in recognition of our innovative and successful partnerships with this funding body to deliver high quality community programs.

**Craig Wall**  
Recreation Services Manager

**Shire of Northam  
Finance and Administration  
Annual Report 2007/08**

Following the Amalgamation on 1<sup>st</sup> 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 an Audit conducted in November 2007 was abandoned with instructions to review the whole process and a future Audit would be performed at a later date. The Chief Executive Officer engaged a contractor to undertake the Managers role with specific instructions to complete the Annual Financial Report and Audit. This has been a trying time for Elected Members and Senior Management as the reputation of the Shire of Northam is on the line and excellent efforts over the next few years are required to lift its standing in Financial Management terms in the Community and the Local Government Industry.

**Financial Status as at 30 June 2008  
Reserve Accounts**

The Shire is well positioned in regard to Cash-Backed Reserve Accounts with a holding as at 30 June 2008 of \$4,738,182.00, an increase of \$1,619,246.00 or 34% on 30 June 2007.

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. Also astute budgeting can allow flexibility.

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 \$2,649,598.00 as at 30 June 2008. These various loans mature over the next 10 years.

The spread of the loan indebtedness is as follows:

Council Purpose Loans	\$1,891,169.00
Self Supporting Loans	<u>\$ 758,429.00</u>
	<b><u>\$2,649,598.00</u></b>

The distribution of Council Purpose Loans is as follows:

Administration Office	\$ 222,065.00
CBD Streetscape	\$1,517,849.00
Visitors/Tourism	\$ 109,282.00
River Dredging	\$ 40,583.00
Wundowie House	<u>\$ 1,390.00</u>
	<b><u>\$1,891,169.00</u></b>

The major loans relating to CBD Streetscape mature in late 2018.

## Finance General

The financial performance of the Shire of Northam in the first year of Amalgamation is quite satisfactory producing an operating surplus of \$ 674,787 with a carried forward balance of \$929,870 including \$365,662 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 (0.08) and the untied cash to Trade Creditors (0.19).

The Outstanding Rates Ratio of 0.08 means that rates collections are below an expected level and steps need to be taken during 2008/09 to correct this situation.

The untied cash to Trade Creditors of 0.19 simply means that as at 30 June 2008 the unrestricted Current Liabilities exceed the unrestricted Current Assets. This is not a satisfactory situation and action by way of increased income and/or reduced expenditure is required to correct an unhealthy financial (cash flow) situation.

The 2007/08 year saw \$974,680.00 (net of restricted cash) 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 needs to address the Staff turnover in the financial area particularly in Senior Management to achieve some level of consistency and accuracy and to this end the Chief Executive Officer will be making appointments in early 2009.

The level of income and expenditure should be investigated together with transfers to Reserves. The area of Reserve Accounts held requires a high level of financial analysis and decision making.

**Edwin Walter Piper P.S.M**  
**Acting Manager of Finance & Administration**



## **Shire of Northam Libraries Annual Report 2007**

The Shire of Northam Libraries had a mixed year in 2007/2008.

Over 60,000 items were borrowed by 4,156 members. The library catalogue counted 3,7421 enquiries with library staff answering 6,136 reference enquiries and making 1,305 reservations on behalf of members. A total of 4,163 interlibrary loans were processed during the year using a new online system called VDX. The internet logged 674 hours with less than 20 hours logged on the word processor.

Once again the library participated in the Northam Senior 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 anticipate further participation in the future. Library staff also delivered a number of items to housebound members and set up a bulk loan system with Bethavon.

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 the Shire of Northam Libraries continue to work together to provide its residents with the best library service possible.

**Wendy Porter**  
Librarian

## **Shire of Northam Works and Services Annual Report 2007/08**

The 2007/08 year has been rather difficult following the amalgamation process, in the creation of the 2007/08 budget and reviewing expenditure to the varying accounts.

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.

There continues to be a problem with the Shire of Northam drainage system particularly the CBD area, with summer rains creating flooding issues which needs to be addressed by Council.

The works force have conducted themselves, when representing the Council, in a first class manner and 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.

## **Maintenance work areas**

### **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 weed 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.**

Council budgeted \$281,680 to undertake the works however an actual figure of \$428,338.56 was expended due to the first merged council budgets job numbers permitting all expenditure to be allocated within the same General Ledger account. The addition figure of \$146,708 is a combination of power, water, insurances, ablution maintenance, building repairs, purchases of items such as rubbish bins, contractor's expenditure for cleaning, refuse maintenance, playground repairs and other items of expenditure. These job numbers have been refined under the 2008 / 2009 budget.

**Under Schedule 12 Transport, Councils 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, 2.1 kms from slk's 7.33 – 9.43 kms. Funded by Roads to Recovery, Road Group funding and the Shire of Northam's own funds. (Undertaken in house)

Spencers Brook Road Construction and intersection improvements to a 7 mtr seal, from slk's 0.00 – 1.65 kms. Funded by Roads to Recovery, Road Group funding and the Shire of Northam own funds (Undertaken in house and with contractors).

Shoulder reconstruction 9 kms in total (both sides of the road) Grass Valley South Road, Haddrill Road and Jennapullin Road 3 kms on each road funded by Roads to Recovery (Undertaken in house).

Chitty Road Construction to a 7 mtr seal, from slk's 0.00 – 0.3 and 2.88 to 4.88 kms funded by Roads to Recovery, and Roads to Recovery Supplementary funding. (Undertaken in house)

Woodley Farm Drive asphalt overlay and road failure corrections from slk's 0.1 – 1.14. Funded by Roads to Recovery Supplementary funding (Undertaken in house and contractors)

State Black Spot works, Irishtown Road centre line marking, 9 kms from slks 0.00 – 9.00 kms, funded by State Government and the Shire of Northam (Undertaken by contractors)

Other minor Roads to Recovery projects were Tree Lopping on Carter, Muluckine and Grass Valley South Roads (contractors) and Berry Brow / Colgongine intersection upgrade (Undertaken in house).

All projects were completed within the 2007 – 08 financial year.

Ron Van Welie  
Manager Works & Services

## **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.

## **National Competition Policy**

The Shire of Northam has reviewed the local laws to ensure compliance with the National Competition Policy . Some local laws will became redundant by other legislation and others will require amendment due to changing circumstances.

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.

Edwin Walter Piper P.S.M  
Acting Manager Finance & Administration

## Shire of Northam Plan for the Future

The Local Government Act 1995 requires a Local Government to develop a plan for the future. The Shire of Northam was in the process for developing a plan at 30 June 2008 and the draft plan has since been adopted by Council and for a period from July 2008 for a period consistent with the Local Government Act.

The plan is compiled as a representation of future major works and services supplied and to be introduced during the period of the plan. The Council budgets need to reflect the inclusions in the Plan for the Future.

The plan must be developed in conjunction with the community and, when finalised, is to be the is to be utilised basis in compiling the annual budget for the Shire. The plan does not include costs, however by the inclusion in the budget, costs are established during budget deliberations.

The plan for the future includes the following capital expenditures for the 2008/09 financial year:

### **Plant**

Replace Grader	\$ 330,000
Replace Trucks and Light Vehicles	\$ 368,000

### **Roads**

Irishtown Road improvements	\$ 344,290
Other constructions	\$1115,270

### **Airport Upgrades**

To extend and seal taxi ways and power upgrades	\$ 378,410
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### **Bernard Park**

Construct new ablution block	\$ 200,000
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### **Bush Fire Brigades**

Acquisitions of Fire fighting appliances (2)	\$ 280,000
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**SHIRE OF NORTHAM**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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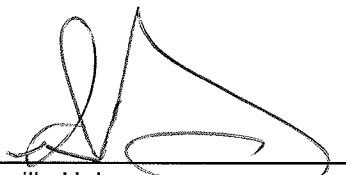
**SHIRE OF NORTHAM**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**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 2008 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 17th day of February 2009.



Neville Hale  
Chief Executive Officer



## SHIRE OF NORTHAM

## INCOME STATEMENT

## BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Rates	23	4,539,769	4,375,645
Grants and Subsidies	29	3,837,144	3,748,600
Contributions Reimbursements and Donations		376,817	192,700
Fees and Charges	28	2,117,577	1,856,510
Interest Earnings	2(a)	489,236	304,650
Other Revenue		355,306	531,310
		<u>11,715,849</u>	<u>11,009,415</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Employee Costs		(3,710,403)	(3,760,770)
Materials and Contracts		(3,581,044)	(2,856,590)
Utilities		(383,850)	(283,990)
Depreciation	2(a)	(2,988,404)	(2,332,530)
Interest Expenses	2(a)	(173,438)	(169,880)
Insurance		(270,390)	(314,750)
Other Expenditure		(1,058,581)	(2,318,840)
		<u>(12,166,110)</u>	<u>(12,037,350)</u>
		(450,261)	(1,027,935)
Grants and Subsidies - non-operating	29	1,087,746	1,259,410
Profit on Asset Disposals	21	60,111	35,040
Loss on Asset Disposals	21	<u>(22,809)</u>	<u>(89,360)</u>
<b>NET RESULT BEFORE GAIN ON RESTRUCTURE</b>		674,787	177,155
Gain on Restructure of Local Government	36	52,066,449	0
<b>NET RESULT AFTER GAIN ON RESTRUCTURE</b>		<u><u>52,741,236</u></u>	<u><u>177,155</u></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 2008

	NOTE	2008 \$	2008 Budget \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Governance		674,185	638,740
General Purpose Funding		6,654,076	6,292,400
Law, Order, Public Safety		210,800	209,940
Health		123,887	118,320
Education and Welfare		903,739	839,490
Housing		46,225	321,900
Community Amenities		1,399,215	1,153,110
Recreation & Culture		406,036	386,500
Transport		2,014,374	2,035,720
Economic Services		290,517	224,350
Other Property and Services		140,652	83,395
	2 (a)	<u>12,863,706</u>	<u>12,303,865</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>			
Governance		(809,899)	(860,900)
General Purpose Funding		(107,871)	(173,350)
Law, Order, Public Safety		(789,344)	(750,610)
Health		(425,504)	(474,800)
Education and Welfare		(839,277)	(827,630)
Housing		(70,167)	(348,960)
Community Amenities		(1,842,870)	(1,964,990)
Recreation & Culture		(1,895,648)	(2,101,160)
Transport		(3,859,150)	(3,145,500)
Economic Services		(1,203,127)	(1,112,500)
Other Property and Services		(172,624)	(196,430)
	2 (a)	<u>(12,015,481)</u>	<u>(11,956,830)</u>
<b>BORROWING COSTS EXPENSE</b>			
Governance		(15,913)	(15,920)
Education and Welfare		(998)	(780)
Housing		(136)	(170)
Community Amenities		(2,564)	(2,660)
Recreation and Culture		(46,342)	(41,680)
Transport		(6,740)	(6,780)
Economic Services		(100,745)	(101,890)
	2 (a)	<u>(173,438)</u>	<u>(169,880)</u>
<b>NET RESULT BEFORE GAIN ON RESTRUCTURE</b>		674,787	177,155
Gain on Restructure of Local Government	36	52,066,449	0
<b>NET RESULT AFTER GAIN ON RESTRUCTURE</b>		<u><u>52,741,236</u></u>	<u><u>177,155</u></u>

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

## SHIRE OF NORTHAM

## BALANCE SHEET

AS AT 30TH JUNE 2008

	NOTE	2008 \$
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	3	5,131,140
Trade and Other Receivables	5	724,479
Inventories	6	101,407
<b>TOTAL CURRENT ASSETS</b>		<u>5,957,026</u>
<b>NON-CURRENT ASSETS</b>		
Other Receivables	5	959,105
Property, Plant and Equipment	7	13,145,651
Infrastructure	8	36,151,579
<b>TOTAL NON-CURRENT ASSETS</b>		<u>50,256,335</u>
<b>TOTAL ASSETS</b>		<u>56,213,361</u>
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	9	317,446
Long Term Borrowings	10	214,029
Provisions	11	457,249
<b>TOTAL CURRENT LIABILITIES</b>		<u>988,724</u>
<b>NON-CURRENT LIABILITIES</b>		
Long Term Borrowings	10	2,435,569
Provisions	11	47,832
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,483,401</u>
<b>TOTAL LIABILITIES</b>		<u>3,472,126</u>
<b>NET ASSETS</b>		<u>52,741,236</u>
<b>EQUITY</b>		
Retained Surplus		48,003,054
Reserves - Cash Backed	12	4,738,182
<b>TOTAL EQUITY</b>		<u>52,741,236</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 2008**

	NOTE	2008 \$
<b>RETAINED SURPLUS</b>		
Balance as at 1 July 2007		0
Net Result		52,741,236
Transfer from/(to) Reserves		<u>(4,738,182)</u>
Balance as at 30 June 2008		<u>48,003,054</u>
 <b>RESERVES - CASH BACKED</b>		
Balance as at 1 July 2007		0
Amount Transferred (to)/from Retained Surplus		<u>4,738,182</u>
Balance as at 30 June 2008	12	<u>4,738,182</u>
 <b>TOTAL EQUITY</b>		 <u><u>52,741,236</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 2008

	NOTE	2008 \$	2008 Budget \$
<b>Cash Flows From Operating Activities</b>			
<b>Receipts</b>			
Rates		4,343,767	4,376,090
Grants and Subsidies - Operating		3,837,144	3,768,600
Contributions, Reimbursements & Donations		376,817	192,700
Fees and Charges		2,082,410	1,856,510
Interest Earnings		489,236	304,650
Goods and Services Tax		334,473	500,000
Other		359,789	731,310
		<u>11,823,636</u>	<u>11,729,860</u>
<b>Payments</b>			
Employee Costs		(3,648,944)	(3,750,770)
Materials and Contracts		(3,807,298)	(2,719,230)
Utilities (gas, electricity, water, etc)		(383,850)	(283,990)
Insurance		(270,390)	(312,520)
Interest		(170,096)	(169,880)
Goods and Services Tax		(298,179)	(500,000)
Other		(1,058,581)	(2,603,960)
		<u>(9,637,338)</u>	<u>(10,340,350)</u>
<b>Net Cash Provided By Operating Activities</b>	14(b)	<u>2,186,298</u>	<u>1,389,510</u>
<b>Cash Flows from Investing Activities</b>			
Payments for Purchase of Property, Plant & Equipment		(797,407)	(1,126,040)
Payments for Construction of Infrastructure		(1,280,340)	(1,962,250)
Grants/Contributions for the Development of Assets		1,087,746	1,339,250
Proceeds from Sale of Plant & Equipment		281,806	434,280
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(708,195)</u>	<u>(1,314,760)</u>
<b>Cash Flows from Financing Activities</b>			
Repayment of Debentures		(216,602)	(183,840)
Proceeds from Self Supporting Loans		64,184	25,610
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(152,418)</u>	<u>(158,230)</u>
<b>Net Increase (Decrease) in Cash Held</b>		1,325,685	(83,480)
Cash Acquired on Restructure	36	3,805,455	3,805,453
<b>Cash and Cash Equivalents at the End of the Year</b>	14(a)	<u><u>5,131,140</u></u>	<u><u>3,721,973</u></u>

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

## SHIRE OF NORTHAM

## RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$
<b>REVENUES</b>			
Governance		674,185	638,740
General Purpose Funding		2,114,307	1,916,755
Law, Order, Public Safety		210,800	209,940
Health		123,887	118,320
Education and Welfare		903,739	839,490
Housing		46,225	321,900
Community Amenities		1,399,215	1,153,110
Recreation and Culture		406,036	386,500
Transport		2,014,374	2,035,720
Economic Services		290,517	224,350
Other Property and Services		140,652	83,395
		<u>8,323,937</u>	<u>7,928,220</u>
<b>EXPENSES</b>			
Governance		(825,812)	(876,820)
General Purpose Funding		(107,871)	(173,350)
Law, Order, Public Safety		(789,344)	(750,610)
Health		(425,504)	(474,800)
Education and Welfare		(840,274)	(828,410)
Housing		(70,303)	(349,130)
Community Amenities		(1,845,434)	(1,967,650)
Recreation & Culture		(1,941,990)	(2,142,840)
Transport		(3,865,890)	(3,152,280)
Economic Services		(1,303,872)	(1,214,390)
Other Property and Services		(172,625)	(196,430)
		<u>(12,188,919)</u>	<u>(12,126,710)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		(37,302)	54,320
Movement in Accrued Interest		3,342	(15,210)
Movement in Deferred Pensioner Rates (Non-Current)		(26,261)	0
Movement in Accrued Salaries and Wages		57,746	0
Movement in Employee Benefit Provisions		3,719	10,000
Depreciation and Amortisation on Assets		2,988,404	2,332,530
<b>Capital Expenditure and Revenue</b>			
Write off Land Held for Resale		(4,483)	0
Purchase Land and Buildings		(161,009)	(241,740)
Purchase Infrastructure Assets - Roads		(1,211,386)	(1,962,250)
Purchase Infrastructure Assets - Parks		(46,749)	(30,050)
Purchase Infrastructure Assets - Airport		(22,206)	0
Purchase Plant and Equipment		(508,554)	(758,570)
Purchase Furniture and Equipment		(80,138)	(95,680)
Purchase Bushfire Equipment		(47,706)	0
Proceeds from Disposal of Assets		281,806	434,280
Repayment of Debentures		(216,602)	(183,840)
Self-Supporting Loan Principal Income		64,165	25,610
Transfers to Reserves (Restricted Assets)		(2,557,488)	(1,508,910)
Transfers from Reserves (Restricted Assets)		938,242	975,210
ADD Surplus Acquired on Restructure	36	837,542	933,970
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		929,870	146,825
<b>Amount Required to be Raised from Rates</b>	<b>23</b>	<u><b>(4,539,769)</b></u>	<u><b>(4,375,645)</b></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 2008

#### 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 20 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 2008

#### 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.

###### *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.

As a merged entity the Shire of Northam, carries its infrastructure assets at values absorbed from the former entities Shire of Northam and Town of Northam. The former Shire reported on an historical cost basis and the former Town on a revaluation model for roads. That revaluation was in 2005 and no decision has yet been taken by Council to review or adjust that valuation.

###### *Land under Roads*

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.



# SHIRE OF NORTHAM

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

### 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	20 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 2008

#### 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 2008

#### 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 2008

**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.

**(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.

## SHIRE OF NORTHAM

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2008

##### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

###### ***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 any joint venture is 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. See Note 17.

###### **(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 Shire of Northam 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) Rounding Off Figures**

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Comparative Figures**

No comparative information is provided, because this is the first financial report after the establishment of the new Shire of Northam.

**(v) 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.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) 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 2008.

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements:	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii) 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.
(iii) Revised AASB 123 Borrowing Costs 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	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv) AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations (Continued)**

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi) 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.
(vii) AASB 1049 Whole of Government and General Government Sector Financial	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.



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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations (Continued)**

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> <li>• AASB 2007-9 will have a significant impact on Council's financial statements as it has the effect of withdrawing AAS 27.</li> <li>AAS 27 is effectively replaced by existing topic based standards and new standards as also detailed here.</li> <li>• AASB 1050 is only applicable to Government departments and will have no impact on Council.</li> <li>• AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised.</li> <li>• AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements.</li> <li>• AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.</li> </ul>

**Notes:**

- (\*) - Applicable to reporting periods commencing on or after the given date.
- (+) - Applicable to not-for-profit and/or public sector entities only.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES

2008  
\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

**Auditors Remuneration**

- Audit	21,080
- Other Services	6,700

**Depreciation**

Buildings	292,177
Furniture and Equipment	128,960
Plant and Equipment	369,258
Roads	1,604,790
Parks	69,389
Footpaths	96,543
Drainage	111,433
Bushfire Equipment	206,669
Streetscape	107,837
Playground Equipment	1,348
	<u>2,988,404</u>

**Interest Expenses**

Debentures ( <i>refer Note 22(a)</i> )	173,438
	<u>173,438</u>

**Rental Charges**

- Operating Leases	39,680
	<u>39,680</u>

(ii) Crediting as Revenue:

2008  
\$

2008  
Budget  
\$

**Interest Earnings**

Investments		
- Reserve Funds	223,600	155,950
- Other Funds	189,674	100,000
Other Interest Revenue ( <i>refer note 27</i> )	75,962	48,700
	<u>489,236</u>	<u>304,650</u>

**Gain on Restructure of Local Government (*refer note 36*)**

52,066,449

0

## SHIRE OF NORTHAM

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2008

## 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 to 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 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 2008

2. REVENUES AND EXPENSES (Continued)

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 unspent grants acquired on restructure).

Office of Crime Prevention	22,018
Roads to Recovery	39,036
Roads to Recovery - Supplementary	325,773
Minson Avenue Redevelopment	100,559
HACC Staff Leave	34,138
HACC Recurrent Grant Asset Replacement	14,808
HACC Non-Recurrent Funding 06/07	1,322
NRCP Non-Recurrent Funding 06/07	51,904
NRCP Staff Leave	23,646
Killara - Other Untied	51,960
Killara Lions Club of Northam Grant	4,323
Killara TON Funds - Unspent Brokerage	5,404
Recreation Programs	16,509
Dep't Sport & Recreation - After School	9,000
Dep't Sport & Recreation - Active Ageing	1,871
	<u>702,271</u>

Add:

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

Regional Airfield Development (06/07)	37,032
Roads to Recovery - AusInk	50,389
Dept of Sport & Recreation - Bakers Hill BMX Track	8,120
Dept of Local Government & regional Development	173,000
Wild Oats Festival	17,000
Office of Crime Prevention - lighting	30,000
Grants Commission - Bridge Works	236,000
	<u>551,541</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

2008

\$

(c) Conditions Over Contributions (Continued)

Less:

Grants which have been 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	(100,559)
HACC Staff Leave	(34,138)
HACC Asset Replacement	(14,808)
HACC Non-Recurrent Grant 06/07	(1,322)
NRCP Non-Recurrent Grant 06/07	(51,904)
NRCP Staff Leave	(23,646)
Killara - Other Untied	(61,687)
Roads to Recovery	(39,036)
Roads to Recovery Supplementary	(298,383)
Dept of Sport & Recreation - Active Ageing Expo	(1,871)
Dept of Sport & Recreation - After School Program	(9,000)
Recreation Programs	(2,440)

Closing balances of unexpended grants	615,018
---------------------------------------	---------

Comprises:

Office of Crime Prevention	52,018
Regional Airfield Development	37,032
Roads to Recovery - Supplementary	27,390
Roads to Recovery	50,389
Dept of Sport & Recreation - Bakers Hill BMX Track	8,120
Dept of Local Government & regional Development	173,000
Recreation Programs	14,069
Grants Commission - Bridge Works	236,000
Wild Oats Festival	17,000

615,018
---------

Disclosed as follows:

- Restricted Cash (Note 3)	364,880
- Unspent Grant Reserve (Note 12)	250,138
	615,018

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$
<b>3. CASH AND CASH EQUIVALENTS</b>	
Unrestricted	27,296
Restricted	5,103,844
	<u>5,131,140</u>
<p>The following restrictions have been imposed by regulations or other externally imposed requirements:</p>	
Reserves	
Aged Accommodation Reserve (S)	172,966
Employees Future Liability Reserve (S)	375,751
Housing Reserve (S)	178,400
Meat Inspection Reserve (S)	123,182
Office Equipment Reserve (S)	60,557
Plant & Equipment Reserve (S)	1,161,498
Recreation Reserve (S)	338,298
Refuse Site Reserve (S)	195,384
Road & Bridgeworks Reserve (S)	900,043
Recreation Reserve (T)	173,476
Refuse Site Reserve (T)	106,584
Regional Development Reserve (T)	92,201
Speedway Reserve (S)	99,176
Community Bus Replacement Reserve	6,100
Septage Pond Reserve	20,000
Killara Reserve	257,543
Unspent Grants General Reserve	250,138
Minson Ave/Bernard Park Reserve	100,559
Greening Australia - Our Patch	36,326
Recreation and Community Facilities Reserve	<u>90,000</u>
Total Reserves	4,738,182
Conditions over Contributions	
- Specified Area Rates Unspent	784
Unspent Grants	<u>364,878</u>
Total Conditions over Contributions	365,662
	<u>5,103,844</u>

**4. INVESTMENTS**

The Shire of Northam did not hold any investments during the 2007/08 financial year.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008
	\$
<b>5. TRADE AND OTHER RECEIVABLES</b>	
<b>Current</b>	
Rates Outstanding	409,228
Sundry Debtors	235,709
GST Receivable	141
Loans - Clubs/Institutions	53,579
Debtors - Pensioner Rebates	27,204
Emergency Services Levy	27,587
Debtors - Rubbish Charges	78,842
Accrued Income	4,000
	<u>836,290</u>
Less Provision for Doubtful Debts	(111,811)
	<u><u>724,479</u></u>
<b>Non-Current</b>	
Rates Outstanding - Pensioners	240,862
Loans - Clubs/Institutions	718,243
	<u><u>959,105</u></u>
<b>6. INVENTORIES</b>	
<b>Current</b>	
Fuel and Materials	11,279
Land Held for Resale - Cost	
Cost of Acquisition	90,128
	<u><u>101,407</u></u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>	
Land and Buildings - Cost	14,451,624
Less Accumulated Depreciation	<u>(3,940,222)</u>
	10,511,402
Furniture and Equipment - Cost	1,328,890
Less Accumulated Depreciation	<u>(973,932)</u>
	354,958
Plant and Equipment - Cost	3,774,089
Less Accumulated Depreciation	<u>(2,113,408)</u>
	1,660,681
Tools - Cost	3,756
Less Accumulated Depreciation	<u>(3,756)</u>
	0
Bushfire Equipment - Cost	1,468,198
Less Accumulated Depreciation	<u>(849,760)</u>
	618,438
Playground Equipment - Cost	29,701
Less Accumulated Depreciation	<u>(29,529)</u>
	172
	<u><u>13,145,651</u></u>

These assets are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 'Impairment of Assets'.



SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Bushfire Equipment \$	Playground Equipment \$	Tools \$	Total \$
Opening Balance as at 1 July 2007	0	0	0	0	0	0	0
Acquired on Restructure	10,642,570	403,779	1,761,407	777,401	1,519	0	13,586,676
Additions	161,009	80,138	508,554	47,706	0	0	797,407
(Disposals)	0	0	(409,364)	0	0	0	(409,364)
Accum. Depreciation on Disposal	0	0	169,343	0	0	0	169,343
Depreciation (Expense)	(292,177)	(128,959)	(369,258)	(206,669)	(1,347)	0	(998,410)
Balance as at 30 June 2008	<u>10,511,402</u>	<u>354,958</u>	<u>1,660,681</u>	<u>618,438</u>	<u>172</u>	<u>0</u>	<u>13,145,651</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008
	\$
<b>8. INFRASTRUCTURE</b>	
Roads - Cost	52,336,983
Less Accumulated Depreciation	<u>(29,754,901)</u>
	22,582,082
Footpaths - Cost	5,340,881
Less Accumulated Depreciation	<u>(2,835,679)</u>
	2,505,202
Drainage - Cost	7,079,654
Less Accumulated Depreciation	<u>(4,201,360)</u>
	2,878,294
Parks & Ovals - Cost	2,375,822
Less Accumulated Depreciation	<u>(1,333,370)</u>
	1,042,452
Bridges & Culverts - Cost	7,735,859
Less Accumulated Depreciation	<u>(4,112,104)</u>
	3,623,755
Aero - Cost	147,223
Less Accumulated Depreciation	<u>(4,352)</u>
	142,871
Streetscape - Cost	3,786,853
Less Accumulated Depreciation	<u>(409,930)</u>
	3,376,923
	<u><u>36,151,579</u></u>

These assets are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 'Impairment of Assets'.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Bridges and Culverts \$	Aero \$	Streetscape \$	Total \$
Opening Balance as at 1 July 2007	0	0	0	0	0	0	0	0
Acquired on Restructure	22,892,573	2,609,477	2,982,485	1,067,657	3,701,114	123,166	3,484,760	36,861,232
Additions	1,196,830	2,762	11,793	46,749	0	22,206	0	1,280,340
Depreciation (Expense)	(1,507,321)	(107,037)	(115,984)	(71,954)	(77,359)	(2,500)	(107,837)	(1,989,993)
Balance as at 30 June 2008	<u>22,582,082</u>	<u>2,505,202</u>	<u>2,878,294</u>	<u>1,042,452</u>	<u>3,623,755</u>	<u>142,871</u>	<u>3,376,923</u>	<u>36,151,579</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$
<b>9. TRADE AND OTHER PAYABLES</b>	
<b>Current</b>	
Sundry Creditors	145,896
Accrued Interest on Debentures	24,325
Accrued Salaries and Wages	57,746
Rostered Days Off Liability	6,677
GST Received	4,907
Accrued Expenditure	77,895
	<u>317,446</u>
	<u>317,446</u>
<b>10. LONG-TERM BORROWINGS</b>	
<b>Current</b>	
Secured by Floating Charge Debentures	214,029
	<u>214,029</u>
	<u>214,029</u>
<b>Non-Current</b>	
Secured by Floating Charge Debentures	2,435,569
	<u>2,435,569</u>
	<u>2,435,569</u>
Additional detail on borrowings is provided in Note 22.	
<b>11. PROVISIONS</b>	
<b>Current</b>	
Provision for Annual Leave	248,782
Provision for Long Service Leave	208,467
	<u>457,249</u>
	<u>457,249</u>
<b>Non-Current</b>	
Provision for Long Service Leave	47,832
	<u>47,832</u>
	<u>47,832</u>

## SHIRE OF NORTHAM

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$
<b>12. RESERVES - CASH BACKED</b>		
<b>(a) Aged Accommodation Reserve (S)</b>		
Opening Balance	0	183,557
Interest	13,212	9,180
Amount Set Aside / Transfer to Reserve	190,357	6,800
Amount Used / Transfer from Reserve	<u>(30,603)</u>	<u>(23,000)</u>
	<u>172,966</u>	<u>176,537</u>
<b>(b) Employees Future Liability Reserve (S)</b>		
Opening Balance	0	381,776
Interest	27,479	19,090
Amount Set Aside / Transfer to Reserve	577,336	195,560
Amount Used / Transfer from Reserve	<u>(229,064)</u>	<u>(227,600)</u>
	<u>375,751</u>	<u>368,826</u>
<b>(c) Housing Reserve (S)</b>		
Opening Balance	0	166,422
Interest	11,978	8,320
Amount Set Aside / Transfer to Reserve	166,422	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>
	<u>178,400</u>	<u>174,742</u>
<b>(d) Meat Inspection Reserve (S)</b>		
Opening Balance	0	177,972
Interest	12,810	8,900
Amount Set Aside / Transfer to Reserve	177,972	0
Amount Used / Transfer from Reserve	<u>(67,600)</u>	<u>(51,250)</u>
	<u>123,182</u>	<u>135,622</u>
<b>(e) Office Equipment Reserve (S)</b>		
Opening Balance	0	51,171
Interest	4,086	2,560
Amount Set Aside / Transfer to Reserve	80,371	20,000
Amount Used / Transfer from Reserve	<u>(23,900)</u>	<u>(23,900)</u>
	<u>60,557</u>	<u>49,831</u>
<b>(f) Plant &amp; Equipment Reserve (S)</b>		
Opening Balance	0	545,147
Interest	40,721	27,260
Amount Set Aside / Transfer to Reserve	1,341,585	720,740
Amount Used / Transfer from Reserve	<u>(220,808)</u>	<u>(228,690)</u>
	<u>1,161,498</u>	<u>1,064,457</u>
<b>(g) Recreation Reserve (S)</b>		
Opening Balance	0	338,905
Interest	24,393	16,950
Amount Set Aside / Transfer to Reserve	338,905	90,000
Amount Used / Transfer from Reserve	<u>(25,000)</u>	<u>(25,000)</u>
	<u>338,298</u>	<u>420,855</u>

## SHIRE OF NORTHAM

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$
<b>12. RESERVES - CASH BACKED (Continued)</b>		
<b>(h) Refuse Reserve (S)</b>		
Opening Balance	0	107,636
Interest	7,748	5,380
Amount Set Aside / Transfer to Reserve	187,636	80,000
Amount Set Aside / Transfer to Reserve	0	0
	<u>195,384</u>	<u>193,016</u>
<b>(i) Road &amp; Bridgeworks Reserve (S)</b>		
Opening Balance	0	648,357
Interest	46,667	32,420
Amount Set Aside / Transfer to Reserve	1,097,384	138,990
Amount Used / Transfer from Reserve	(244,008)	(325,770)
	<u>900,043</u>	<u>493,997</u>
<b>(j) Building/Office Refurbishment Reserve (T)</b>		
Opening Balance	0	1,038
Interest	28	50
Amount Set Aside / Transfer to Reserve	1,038	0
Amount Used / Transfer from Reserve	(1,066)	0
	<u>0</u>	<u>1,088</u>
<b>(k) Plant Replacement Reserve (T)</b>		
Opening Balance	0	32,949
Interest	0	1,650
Amount Set Aside / Transfer to Reserve	32,949	0
Amount Used / Transfer from Reserve	(32,949)	0
	<u>0</u>	<u>34,599</u>
<b>(l) Recreation Reserve (T)</b>		
Opening Balance	0	161,829
Interest	11,647	8,090
Amount Set Aside / Transfer to Reserve	161,829	0
Amount Used / Transfer from Reserve	0	(30,000)
	<u>173,476</u>	<u>139,919</u>
<b>(m) Refuse Site Reserve (T)</b>		
Opening Balance	0	131,064
Interest	9,433	6,550
Amount Set Aside / Transfer to Reserve	131,064	0
Amount Used / Transfer from Reserve	(33,913)	(40,000)
	<u>106,584</u>	<u>97,614</u>
<b>(n) Computer Reserve (T)</b>		
Opening Balance	0	7,921
Interest	213	400
Amount Set Aside / Transfer to Reserve	7,921	0
Amount Used / Transfer from Reserve	(8,134)	0
	<u>0</u>	<u>8,321</u>

## SHIRE OF NORTHAM

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$
<b>12. RESERVES - CASH BACKED (Continued)</b>		
<b>(o) Regional Development Reserve (T)</b>		
Opening Balance	0	90,675
Interest	6,526	4,530
Amount Set Aside / Transfer to Reserve	90,675	0
Amount Used / Transfer from Reserve	(5,000)	0
	<u>92,201</u>	<u>95,205</u>
<b>(p) Speedway Reserve (S)</b>		
Opening Balance	0	92,517
Interest	6,659	4,620
Amount Set Aside / Transfer to Reserve	92,517	0
Amount Used / Transfer from Reserve	0	0
	<u>99,176</u>	<u>97,137</u>
<b>(q) Community Bus Replacement Reserve</b>		
Opening Balance	0	0
Interest	0	0
Amount Set Aside / Transfer to Reserve	6,100	17,400
Amount Used / Transfer from Reserve	0	0
	<u>6,100</u>	<u>17,400</u>
<b>(r) Septage Pond Reserve</b>		
Opening Balance	0	0
Interest	0	0
Amount Set Aside / Transfer to Reserve	20,000	20,000
Amount Used / Transfer from Reserve	0	0
	<u>20,000</u>	<u>20,000</u>
<b>(s) Killara Reserve</b>		
Opening Balance	0	0
Interest	0	0
Amount Set Aside / Transfer to Reserve	273,740	63,470
Amount Used / Transfer from Reserve	(16,197)	0
	<u>257,543</u>	<u>63,470</u>
<b>(t) Greening Australia - Our Patch</b>		
Opening Balance	0	0
Interest	0	0
Amount Set Aside / Transfer to Reserve	36,326	0
Amount Used / Transfer from Reserve	0	0
	<u>36,326</u>	<u>0</u>
<b>(u) Unspent Grants General Reserve</b>		
Opening Balance	0	0
Interest	0	0
Amount Set Aside / Transfer to Reserve	250,138	0
Amount Used / Transfer from Reserve	0	0
	<u>250,138</u>	<u>0</u>

**SHIRE OF NORTHAM**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2008</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>12. RESERVES - CASH BACKED (Continued)</b>		
<b>(v) Minson Ave/Bernard Park Reserve</b>		
Opening Balance	0	0
Interest	0	0
Amount Set Aside / Transfer to Reserve	100,559	0
Amount Used / Transfer from Reserve	0	0
	<u>100,559</u>	<u>0</u>
<b>(w) Recreation and Community Facilities Reserve</b>		
Opening Balance	0	0
Interest	0	0
Amount Set Aside / Transfer to Reserve	90,000	0
Amount Used / Transfer from Reserve	0	0
	<u>90,000</u>	<u>0</u>
 TOTAL CASH BACKED RESERVES	 <u>4,738,182</u>	 <u>3,652,636</u>
 Total Interest	 <u>223,600</u>	 <u>155,950</u>

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

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

**(a) Aged Accommodation Reserve (S)**

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

**(b) Employees Future Liability Reserve (S)**

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

**(c) Housing Reserve (S)**

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

**(d) Meat Inspection Reserve (S)**

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

**(e) Office Equipment Reserve (S)**

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



SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**12. RESERVES - CASH BACKED (Continued)**

**(f) Plant & Equipment Reserve (S)**

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

**(g) Recreation Reserve (S)**

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

**(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.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**12. RESERVES - CASH BACKED (Continued)**

**(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.

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.

**13. 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 2008**

**14. 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:

	<b>2008</b>	<b>2008</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
Cash and Cash Equivalents	<u>5,131,140</u>	<u>3,721,973</u>

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

Net Result after Gain on Restructure	52,741,236	30,330
Gain on Restructure	(52,066,449)	0
Depreciation	2,988,404	2,332,530
(Profit)/Loss on Sale of Assets	(37,302)	54,320
(Increase)/Decrease in Receivables	(199,785)	200,000
(Increase)/Decrease in Inventories	(4,598)	5,000
Increase/(Decrease) in Payables	(151,181)	96,580
Increase/(Decrease) in Employee Provisions	3,719	10,000
Grants/Contributions for the Development of Assets	<u>(1,087,746)</u>	<u>(1,339,250)</u>
<b>Net Cash from Operating Activities</b>	<u>2,186,298</u>	<u>1,389,510</u>

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

Bank Overdraft limit	100,000	
Credit Card limit	10,000	
Credit Card Balance at Balance Date	<u>(1,308)</u>	
<b>Total Amount of Credit Unused</b>	<u>108,692</u>	

**Loan Facilities**

Loan Facilities - Current	214,029	
Loan Facilities - Non-Current	<u>2,435,569</u>	
<b>Total Facilities in Use at Balance Date</b>	<u>2,649,598</u>	

**15. CONTINGENT LIABILITIES**

Council had no Contingent Liabilities at 30th June 2008.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

The Shire has no finance lease commitments at 30 June 2008.

**SHIRE OF NORTHAM**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b> \$
<b>16. CAPITAL AND LEASING COMMITMENTS (Continued)</b>	
<b>(b) Operating Lease Commitments</b>	
Operating Rental Agreements	
Office/Computer Equipment ex CIT & Alleasing	
Security Cameras ex Technology Leasing	
Payable:	
- not later than one year	27,612
- later than one year but not later than five years	40,542
- later than five years	0
	68,154
	68,154

**(c) Capital Expenditure Commitments**

The Shire has no capital expenditure commitments at 30 June 2008.

**17. 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.

	<b>2008</b> \$
<b>Non-Current Assets</b>	
Buildings (#S406)	584,522
Less: Accumulated Depreciation	(139,627)
	444,895
	444,895

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

Governance	1,575,176
General Purpose Funding	0
Law, Order, Public Safety	941,232
Health	133,345
Education and Welfare	562,976
Housing	576,016
Community Amenities	1,885,494
Recreation and Culture	6,684,736
Transport	34,383,972
Economic Services	1,999,886
Other Property and Services	209,970
Unallocated	7,260,558
	56,213,361
	56,213,361

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008
<b>19. FINANCIAL RATIOS</b>	
Current Ratio	1.39
Untied Cash to Trade Creditors Ratio	0.19
Debt Ratio	0.06
Debt Service Ratio	0.03
Gross Debt to Revenue Ratio	0.23
Gross Debt to Economically Realisable Assets Ratio	0.13
Rate Coverage Ratio	0.35
Outstanding Rates Ratio	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 Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

**SHIRE OF NORTHAM**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**20. TRUST FUNDS**

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

	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-08 \$
Facilities - Bonds	8,029	(4,800)	3,229
Town Hall Bond	1,392	(592)	800
Unclaimed Monies	650	0	650
Builders Reg Board Levy	19,241	(17,157)	2,084
Footpath/Kerbing Deposit	65,183	(24,680)	40,503
Retentions	130,580	0	130,580
Friends of White Swans	444	0	444
Building & Construction			
Industry Training Fund	50,229	(43,510)	6,719
Standpipe Key	4,900	(150)	4,750
Resited Dwellings	44,700	(23,000)	21,700
Extractive Industries	81,826	0	81,826
Other	222,151	(10,025)	212,126
Other - Rental Bond	800	0	800
Nomination Deposits	2,160	(2,160)	0
Library Deposits & Income	1,641	0	1,641
POS - Cash in Lieu	548,044	0	548,044
Bonds - Building	179,828	(47,000)	132,828
Equipment Pool - Bond	50	0	50
Crossovers - Bond	3,050	0	3,050
Traffic Licencing	4,403,384	(4,403,384)	0
			<u><u>1,191,824</u></u>

## SHIRE OF NORTHAM

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

## 21. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>						
CEO Vehicle	38,382	37,500	36,450	30,000	(1,932)	(7,500)
Ex SoN CEO Vehicle	36,794	36,900	37,873	35,400	1,079	(1,500)
MFA Vehicle	0	29,300	0	21,800	0	(7,500)
<b>Health</b>						
MHBS Vehicle	27,162	29,600	20,908	21,800	(6,254)	(7,800)
Meat Inspectors Ute	18,777	19,600	15,455	15,300	(3,322)	(4,300)
EHO Vehicle	25,256	26,800	19,616	18,500	(5,640)	(8,300)
<b>Education &amp; Welfare</b>						
Killara Vehicle	0	19,600	0	19,000	0	(600)
Killara Vehicle	0	19,800	0	19,000	0	(800)
<b>Community Amenities</b>						
MP&D Vehicle	0	28,900	0	21,800	0	(7,100)
Planner Vehicle	25,323	28,900	24,545	21,800	(778)	(7,100)
<b>Recreation &amp; Culture</b>						
Recreation Coordinators Ute	8,582	15,500	8,182	11,500	(400)	(4,000)
Roller Mower	1,733	0	3,000	0	1,267	0
<b>Transport</b>						
MWKS Vehicle	0	23,600	0	22,270	0	(1,330)
Works Coordinator Vehicle	19,198	19,600	24,825	19,000	5,627	(600)
Works Coordinator Vehicle	0	19,700	0	19,000	0	(700)
Nissan Truck	32,156	34,500	38,182	24,550	6,026	(9,950)
Back Hoe	6,658	12,000	52,770	47,000	46,112	35,000
Old Works Ute	0	10,600	0	10,640	0	40
Ride on Mower	0	8,200	0	5,460	0	(2,740)
Howard Pro Cut Mower	0	2,100	0	460	0	(1,640)
Building Surveyor Ute	0	21,200	0	16,500	0	(4,700)
Building Surveyor Ute	0	21,200	0	16,500	0	(4,700)
Building Surveyor Crewman	0	23,500	0	17,000	0	(6,500)
	240,021	488,600	281,806	434,280	41,785	(54,320)
<b>Current Asset</b>						
<b>Economic Services</b>						
Land Held for Resale (Carried as Stock on Hand)	4,483	0	0	0	(4,483)	0

Profit on Disposal

60,111

Loss on Disposal

(22,809)

37,302

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

22. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	New Loans See below \$	Principal Repayments		Principal 30-Jun-08		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>							
Admin Office & Renovations - Loan 215	239,494	17,429	17,430	222,065	222,064	15,913	15,920
<b>Education &amp; Welfare</b>							
Avon Youth Service - Loan 211 **	13,127	13,127	1,130	0	11,997	1,236	780
<b>Community Amenities</b>							
River Dredging - Loan 210	44,414	3,831	3,830	40,583	40,584	2,564	2,660
<b>Housing</b>							
Police House Wundowie - Loan 30	1,848	895	890	953	958	83	100
Police House Wundowie - Loan 36	838	401	400	437	438	53	70
<b>Recreation &amp; Culture</b>							
Northam Country Club - Loan 206 **	394,003	24,730	3,980	369,273	390,023	24,003	23,040
Northam Country Club - Loan 208 **	53,972	2,738	2,740	51,234	51,232	4,824	3,980
Northam Trotting Club Building - Loan 213 **	1,947	1,947	1,950	0	0	58	60
Northam Bowling Club - Loan 219 **	251,363	15,813	15,810	235,550	235,553	17,456	14,600
<b>Transport</b>							
Airstrip Upgrade - Loan 221 **	109,570	7,197	7,200	102,373	102,370	6,740	6,780
<b>Economic Services</b>							
Visitors Centre/Tourist Bureau - Loan 204	44,963	6,654	6,650	38,309	38,313	3,766	3,870
Visitor Centre Café - Loan 205	84,143	13,170	13,170	70,973	70,973	5,088	5,290
CBD Streetscape - Loan 217	1,458,856	98,143	98,140	1,360,713	1,360,716	82,085	82,920
CBD Streetscape - Loan 218	167,660	10,525	10,520	157,135	157,140	9,568	9,810
	2,866,198	216,600	183,840	2,649,598	2,682,361	173,438	169,880

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

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



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

**22. INFORMATION ON BORROWINGS (Continued)**

**(b) New Debentures**

The new debentures indicated above were acquired by virtue of the restructure referred to in Note 36.

**(c) Unspent Debentures**

Nil

**(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 2008 was \$Nil.

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

**23. RATING INFORMATION - 2007/08 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>											
0 Non-Rateable	0.0000	592	1,364,221	0	0	0	0	0	0	0	0
1 GRV-Norham Town Gen	9.4317	2,719	21,502,312	2,028,034	118,241	0	2,146,275	2,028,033	0	0	2,028,033
2 GRV-Norham Town Diff	9.8546	264	8,270,221	814,997	19,418	0	834,415	814,996	0	0	814,996
3 GRV-Old Shire	10.0941	457	3,516,372	354,946	4,237	0	359,183	354,945	0	0	354,945
5 Agricultural Local	0.3385	390	131,790,000	446,110	30,460	0	476,570	446,108	0	0	446,108
6 Agricultural Regional	0.3214	165	68,802,000	221,130	3,661	0	224,791	221,130	0	0	221,130
7 Rural Small Holdings	0.3775	260	36,004,000	135,916	0	0	135,916	135,915	0	0	135,915
8 Springhill (Landuse)	0.4871	1	136,000	662	0	0	662	662	0	0	662
9 Princes (Landuse)	3.7417	1	66,500	2,488	0	0	2,488	2,488	0	0	2,488
10 Solfame (Landuse)	0.7825	1	366,000	2,864	0	0	2,864	2,864	0	0	2,864
11 Bennie (Landuse)	0.5909	1	189,000	1,117	0	0	1,117	1,117	0	0	1,117
12 CSR (Landuse)	1.1008	1	230,000	2,532	0	0	2,532	2,532	0	0	2,532
<b>Sub-Totals</b>		4,852	272,236,626	4,010,796	176,017	0	4,186,813	4,010,790	0	0	4,010,790
<b>Minimum Rates</b>	<b>Minimum \$</b>										
1 GRV-Norham Town Gen	445	316	909,758	140,620	0	0	140,620	140,620	0	0	140,620
2 GRV-Norham Town Diff	445	17	35,800	7,565	0	0	7,565	7,565	0	0	7,565
3 GRV-Old Shire	445	49	142,473	21,805	0	0	21,805	21,805	0	0	21,805
5 Agricultural Local	445	158	13,654,654	70,310	0	0	70,310	70,310	0	0	70,310
6 Agricultural Regional	445	205	14,479,404	91,225	0	0	91,225	91,225	0	0	91,225
7 Rural Small Holdings	445	296	30,236,000	131,720	0	0	131,720	131,720	0	0	131,720
<b>Sub-Totals</b>		1,041	59,458,089	463,245	0	0	463,245	463,245	0	0	463,245
Less Rates in Advance as at 30 June 2007							4,650,058				4,650,058
Add Rates in Advance as at 30 June 2008							(47,937)				(47,937)
							60,464				60,464
Specified Area Rate (refer note 24)							4,662,585				4,662,585
Concessions and Write-offs							6,610				6,610
							(2,172)				(2,000)
Discounts (refer note 26)							4,667,023				4,667,023
<b>Totals</b>							(127,254)				(103,000)
							4,539,769				4,375,645

**SHIRE OF NORTHAM**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**24. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR**

	<b>Rate in \$</b>	<b>Basis of Rate</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Applied to Costs \$</b>	<b>Budget Applied to Costs \$</b>
<b>Grey Street</b>							
- Rate 1	1.7704	GRV	186,680	3,305	3,305	2,914	3,305
<b>Shamrock</b>							
- Rate 2	3.0122	GRV	109,720	3,305	3,305	2,914	3,305
				6,610	6,610	5,828	6,610

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 2007/08 was \$3,305.
- (iii) Definition of Specified Area - all that land comprising Lot 30 of Northam Lot 25, as shown on Office of Titles Diagram 83304; Lot 3, Lot 2 of Northam Lots 25 and 26 and Lot 1 of Northam Lot 26 as shown on Office of Titles Diagram 7638 and Lots 5 and 6 as shown on Office of Titles Plan 4975.

2. Specified Area Rate 2 -

- (i) The purpose for the Specified Area Rate is to repay loan number 201 - to construct and seal the Shamrock carpark.
- (ii) The amount to be applied for this purpose in 2007/08 was \$3,305.
- (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 are held as Restricted Cash (see Note 3).

**25. SERVICE CHARGES - 2007/08 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 2007/08 financial year.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2007/08 FINANCIAL YEAR**

	<b>Type</b>	<b>Disc %</b>	<b>Total Cost/ Value \$</b>	<b>Budget Cost/ Value \$</b>
General Rates Minimum Rate	Discount	5.00%	127,254	103,000
	Discount	5.00%	127,254	103,000
Rate Assessment	Write-Off		2,172	1,000

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

**SHIRE OF NORTHAM**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**27. INTEREST , CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11.00%		63,227	30,000
Interest on Instalments Plan	5.50%		12,735	18,700
			75,962	48,700
Charges on Instalment Plan		5.00 per instal	13,850	11,000
			89,812	59,700

Ratepayers had the option of paying rates in four equal instalments, due on 15th October 2007, 17th December 2007, 18th February 2008 and 21st April 2008. Administration charges and interest applied for the final three instalments.

<b>28. FEES &amp; CHARGES</b>	<b>2008 \$</b>
Governance	47
General Purpose Funding	54,332
Law, Order, Public Safety	42,593
Health	123,707
Education & Welfare Services	46,679
Housing	45,843
Community Amenities	1,317,471
Recreation & Culture	218,671
Transport	31,327
Economic Services	218,497
Other Property & Services	18,410
	<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.

<b>29. GRANT REVENUE</b>	<b>2008 \$</b>
<b>By Nature and Type:</b>	
Grants and Subsidies - operating	3,837,144
Grants and Subsidies - non-operating	1,087,746
	<u>4,924,890</u>
<b>By Program:</b>	
General Purpose Funding	1,544,010
Governance	600,000
Law, Order, Public Sector	134,757
Education & Welfare	850,605
Recreation and Culture	86,418
Transport	1,689,100
Economic Services	20,000
	<u>4,924,890</u>

**SHIRE OF NORTHAM**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2008</b>
	<b>\$</b>	<b>Budget</b>
<b>30. COUNCILLORS' REMUNERATION</b>		<b>\$</b>
<p>The following fees, expenses and allowances were paid to council members and/or the president.</p>		
Meeting Fees	23,660	22,400
President's Allowance	8,000	8,000
Deputy President's Allowance	2,000	2,000
Travelling Expenses	6,257	5,000
Telecommunications Allowance	1,766	5,000
Other	4,574	0
IT Allowance	2,106	5,000
Councillor Training	8,636	14,720
	56,999	62,120
	56,739	
Commissioner Expenses	56,739	

**31. 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.

<b>Salary Range</b>	<b>2008</b>
<b>\$</b>	
120,000 - 129,999	1

**32. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<b>2008</b>
72

**33. 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 2008. There were also no plans for its expected future development.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2007/08 financial year.

## SHIRE OF NORTHAM

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

#### 35. 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:

	<b>Financial Value 2008 \$</b>	<b>Fair Value 2008 \$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	5,131,140	5,131,140
Receivables	<u>1,683,584</u>	<u>1,683,584</u>
	<u><u>6,814,724</u></u>	<u><u>6,814,724</u></u>
<b>Financial Liabilities</b>		
Payables	317,446	317,446
Borrowings	<u>2,649,598</u>	<u>2,403,821</u>
	<u><u>2,967,044</u></u>	<u><u>2,721,267</u></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 2008

**35. 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.

	<b>30-Jun-08</b>
	<b>\$</b>
Impact of a 1% (*) movement in interest rates on cash and investments:	
- Equity	55,000
- Income Statement	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 2008

35. 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-08

Percentage of Rates and Annual Charges

- Current	0.00%
- Overdue	100.00%

Percentage of Other Receivables

- Current	71.04%
- Overdue	28.96%



SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

35. 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>2008</u>					
Payables	317,446	0	0	317,446	317,446
Borrowings	369,100	1,461,907	1,744,169	3,575,176	2,649,598
	<u>686,546</u>	<u>1,461,907</u>	<u>1,744,169</u>	<u>3,892,622</u>	<u>2,967,044</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year Ended 30 June 2008</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	1,389	0	0	109,282	0	2,538,926	2,649,598	5.99%
Weighted Average Effective Interest Rate	5.99%			6.55%		5.96%		

**SHIRE OF NORTHAM**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**36. 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.

	<b>Town of Northam</b>	<b>Shire of Northam</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
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
<b>TOTAL CURRENT ASSETS</b>	<u>1,218,968</u>	<u>3,237,615</u>	<u>4,456,583</u>
<b>NON-CURRENT ASSETS</b>			
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
<b>TOTAL NON-CURRENT ASSETS</b>	<u>32,177,491</u>	<u>19,268,564</u>	<u>51,446,055</u>
<b>TOTAL ASSETS</b>	<u>33,396,459</u>	<u>22,506,179</u>	<u>55,902,638</u>
<b>CURRENT LIABILITIES</b>			
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
<b>TOTAL CURRENT LIABILITIES</b>	<u>866,642</u>	<u>133,498</u>	<u>1,000,140</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	2,660,203	1,390	2,661,593
Provisions	63,183	111,273	174,456
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>2,723,386</u>	<u>112,663</u>	<u>2,836,049</u>
<b>TOTAL LIABILITIES</b>	<u>3,590,028</u>	<u>246,161</u>	<u>3,836,189</u>
<b>GAIN ON RESTRUCTURE OF LOCAL GOVERNMENTS</b>	<u>29,806,431</u>	<u>22,260,018</u>	<u>52,066,449</u>

**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 2008 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 2008 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

**Other Matters**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) 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



DAVID TOMASI  
PARTNER

Address: Perth, WA  
Date: 19 February 2008

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