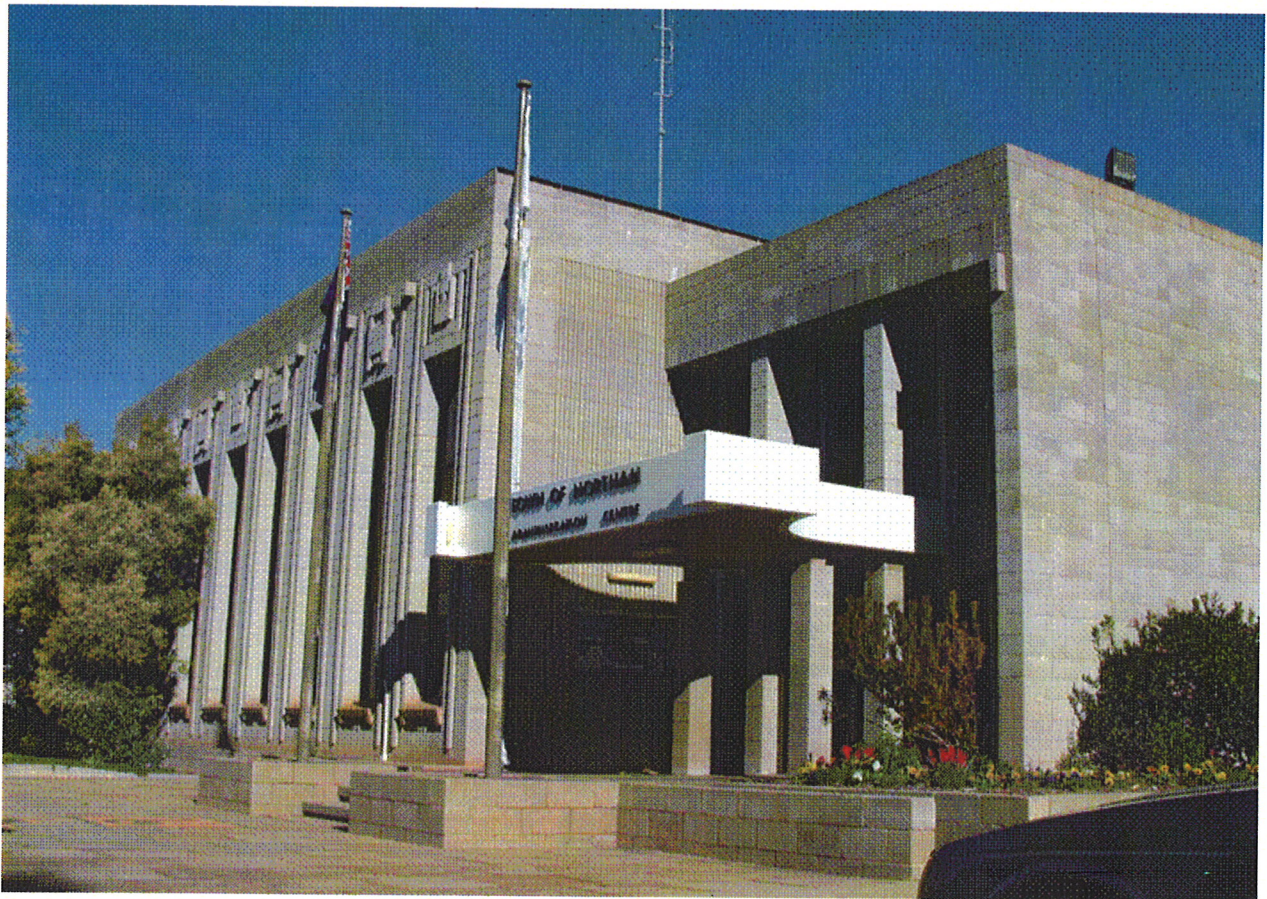




# ANNUAL REPORT 2006:2007



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## **ABOUT THE TOWN OF NORTHAM**

NORTHAM is an established regional centre situated 96 kilometres from Perth in the picturesque Avon Valley. Northam has offices for two Local Governments, being the Town of Northam and the Shire of Northam, with the Town occupying approximately 2,400 hectares and the Shire 1,419km<sup>2</sup>. The town is completely surrounded by the Shire of Northam-commonly referred to as a 'donut' situation.

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

The State Government has clearly established Northam as a Regional Centre. This has resulted in many Government Departments strengthening their regional office or establishing such an office in Northam. Further more, there are four major banks that are operating in Town, unlike smaller rural communities.

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

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

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

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

## ELECTED MEMBERS

<b>COUNCILLORS</b>
<b>MAYOR</b> Ray Head
<b>DEPUTY MAYOR</b> Denis Beresford
Gill Beazley
Richard Doye
Des Hughes
Lee Ozarczuk
Jim Smith
Rob Tinetti
Brian Webb

## MANAGEMENT

<b>NAME</b>	<b>POSITION HELD</b>	<b>CONTACT DETAILS</b>
Mr Bruce Mead	Chief Executive Officer	9622 6100
Mr Chadd Hunt	Manager Planning	0437 609 120
Mr Max Thorbjornsen	Manager Works & Services	0407 779 426

## MAYOR'S REPORT 2006/07 ANNUAL REPORT

The past twelve months has been a challenging year for Council with Elected Members and staff being over extended to cope with issues associated with the merging of the Town and Shire of Northam into one Local Government Authority. During the merger process it was considered important to maintain momentum and to ensure that the transition occurred with minimum disruption to service.

During the past year budget allocations were expended on maintaining and improving infrastructure, economic development, tourism and assisting community groups. Funding was also provided to support major events including the Flying Fifty, Motorcycle Festival, Avon Descent, the annual show, concerts in the park and a host of other activities.

Council is proud of the high standard of service delivered by staff at the Northam Visitors centre, Town library, swimming pool and the Killara Day Care Centre. The Works depot is to be congratulated on their sterling efforts of maintaining and improving town infrastructure and attending to the duties associated with major events.

Whilst there may be some issues with the shared Ranger service provided by the Shire of Toodyay, it must be accepted that it provides wider coverage. Matters relevant to unacceptable response times and difficulty in making contact are being continually reviewed in an effort to improve the service.

Waste management is usually a huge issue for Local Government. However, the Town of Northam is fortunate to have a highly professional contractor who maintains exemplary standards of waste collection and tip site management. Council's free skip bin service continued to be popular and was utilised to capacity throughout the year. Whilst Council does not have a formal recycling service the bins provided adjacent to Bernard park and at the Quarry Road Waste management site are being well patronised.

I take this opportunity to extend my thanks and appreciation to all Administration staff for their magnificent efforts throughout the year. With the imminence of merger and the associated uncertainty of job future it is usually difficult for staff to maintain focus. However, I believe that the staff coped well with these pressures and their efforts contributed immensely towards the smooth transition to the merger. Special recognition must be given to Chief Executive Officer Bruce Mead who was at the fore-front of negotiations whilst simultaneously performing the day to day management of Council.

As the last Mayor of the Town of Northam this annual report is a bitter but sweet occasion. I am saddened that the Council will be dissolved as from the close of business on 30<sup>th</sup> June 2007. However, I am pleased that the Town of Northam has, on a voluntary basis and with amicable terms, joined with the Shire of Northam to form a new Local Government Authority to serve an all inclusive and wider community. This magnificent result has only been achieved through the vision and commitment of the Elected Members – Cr. Gill Beazley, Cr. Denis Beresford JP Deputy Mayor, Cr. Richard Doye JP, Cr. Des Hughes, Cr. Lee Ozarczuk, Cr. Jim Smith, Cr. Rob Tinetti and Cr. Brian Webb. To this group of wonderful people, I extend my sincere thanks and appreciation for your support to me as your leader.

It has been an honour to serve the Electors of the Town of Northam as your Mayor. It has been an exciting and enjoyable challenge. I thank the community for the way in which you have supported Council during my time of office. I am confident of a bright and prosperous future for the Shire of Northam.

**RAY HEAD  
MAYOR**

## CHIEF EXECUTIVE OFFICER ANNUAL REPORT

The Annual Report for 2006/2007 is the final report of the Town of Northam Council due to the merger of the Northam Town Council and Northam Shire Council on the 1<sup>st</sup> July 2007. Due to the merger a significant amount of time and resources were directed to that task in the months leading up to Friday the 29<sup>th</sup> June 2007, the Town Councils last official work day.

During 2006 the two Northam Councils engaged Mr Jim Kelly to carry out an in depth study on the possible merger of the two Councils. This report was subsequently made available to the public for comment with replies to be provided to the Town Council by 11<sup>th</sup> October 2006. There were no submissions received by the Town Council and at a meeting held on 25<sup>th</sup> October 2006, the Town Council made the historic decision to merge with the Shire of Northam on the 1<sup>st</sup> July 2007 and that the Minister for Local Government and Regional Development be advised accordingly.

Despite the need to deal with many issues pertaining to the merger process, staff were still required to attend to an increasingly demanding work load, this was particularly the case in the planning area where Northam has seen a significant increase in subdivisional works in the townsite. Works have continued along Minson Avenue with the retaining wall being completed and most of the trees and gardens being installed. Hotmix sealing of the road has been completed and new street lighting has been installed which has certainly improved the area and the safety of users, particularly at night.

The cooperation between the Chamber of Commerce and Council continues and the use of specific rates raised by the commercial sector is now showing the benefit with a vibrant town centre. There continues to be an air of confidence in Northam's future and this augers well for the new merged Shire of Northam.

As mentioned the merger created a significant extra workload during the year however, staff continued to provide services to the community at the normal high standard which reflected the dedication and commitment of all the employees. I am sure the community would not have been affected by the influence of the merger on the staffs' ability to deliver.

The proposed Recreation facilities continue to progress with final plans and estimates being provided, details of which are included in the relevant section of this document.

I would sincerely like to thank the staff at the Town of Northam for their dedication and hard work particularly due to the uncertainty that did occur during the merger process and what they achieved during this period was outstanding.

My thanks to Mayor Ray Head and all the Councillors for their cooperation and dedication and for their preparedness to look at the big picture in relation to the historic decision to proceed with the merger of the Town and Shire Councils.

**B W MEAD**  
**CHIEF EXECUTIVE OFFICER**

## **ANNUAL REPORT - EVENTS**

### **AVON RIVER FESTIVAL AND MULTIPLEX AVON DESCENT**

The 2006 Avon River Festival was held on Friday the 4<sup>th</sup> of August 2006, with great success. The Festival consisted of the annual Float Parade, side show alley, carnival rides, fireworks, food vans and free entertainment. This year, there were a few changes to the festival in order to provide the best atmosphere for the community as possible, to celebrate the 2006 Multiplex Avon Descent.

The Float Parade saw many community groups and organizations come together in the annual procession down the main street, in front of many spectators who stood in excitement, waiting for their treats and surprises. The floats were particularly well dressed this year, and it was clearly visible that plenty of pride went in to the creation of the float vehicles as well as the walking floats.

The 2006 Fireworks were a huge spectacle and a talking point of the night. Many photographs were taken by our Official Festival Photographer, Michael Marriott, in order to capture the display. The fireworks lasted for an action packed 15 minutes featuring a wall of fire cascading from the famous local suspension bridge, and a sign of fire which read 'Avon Descent Northam 2006'. The display ended with a huge eruption of fireworks and was loudly applauded by the spectators which indicated the enthusiasm and appreciation of the local community and tourists who travelled to the festival

### **COUNTRY REALTY NORTHAM MOTORCYCLE FESTIVAL**

The 2006 Northam Motorcycle Festival proved to be a very successful event for Northam, attracting a crowd of around 4,000 people over the two days.

Popular MC, Karl Langdon, increased the profile of the event by attending and revving up the crowd, as well as endorsing the Roadwise message of Drop 5 Save Lives.

Celebrity stunt riders Matt Mingay, Robby Bolger and Alan Morrison showed the crowd what can be done on a motorbike in a safe environment on the stunt track, while the Nissan Pathfinders made their way around obstacles and jumps on their trail bikes, and the freestyle stunt team took the action to death defying heights.

The Motorcycling Industry made a large presence by holding stalls in the market area and providing safety gear as well as bikes for sale.

2006 was the first year that local business man Lui Marcelli of Country Realty came on board as the events first sponsor, and was given naming rights as the Country Realty Northam Motorcycle Festival.

### **AUSTRALIA DAY BREAKFAST**

The Sausage Sizzle was cooked and served by the Apex Club of Northam very successfully and the line up for breakfast moved quite efficiently due to their service. I have attached photos of the breakfast to provide an indication of the number of attendees at the breakfast. It was estimated that around 300 people were in attendance. This number was down on last year largely due to Australia Day falling on Friday this year, creating a long weekend.

## 2007 CONCERTS IN THE PARK

To kick off the Northam series of Concerts in the Park on the 27<sup>th</sup> of January, local country and blues band **Bedrock** entertained the crowd on what was a very hot evening. With temperatures sweltering, the audience seemed relaxed while they sat back in their fold out chairs sipping wine and enjoying their picnics. By 8 o'clock the temperature was slowly falling and the **Troupadores** made their way to the stage.

Bernard Park came alive on the 10<sup>th</sup> February with local pop rock band **Money For Jam** performing at 7pm before the **Australian Blues Brothers Show** got the dance floor moving. **The Residents** kicked off the show on the 24<sup>th</sup> February with a great repertoire of 70's, 80's and 90's music. At 8 o'clock the **Fab Four** made their grand entry. At the end of the night, the crowd insisted on an encore, and the Fab Four didn't disappoint, singing an extra 2 famous Beatles tunes.

Local band **HDT** revved up the crowd on the 10<sup>th</sup> of March with their modern day rock tributes. The last concert proved to be a big hit with an entertaining line up of **Dusty Springfield, Cher, Tina Turner, Robbie Williams and Blondie**. Children lined up in awe of the performers and their personal dancers who put on a dazzling show.

The Lions Club of Northam generously provided their catering services and cooked sausage sizzles and chips for those who didn't bring along a picnic. The New Zealand Natural ice cream van did a roaring trade at the first concert, helped out by the hot summer's night.

## FLYING 50

The Town of Northam Free Family Fun Day was held in conjunction with the Smoke free Flying 50 on Sunday the 1<sup>st</sup> of April. The festival atmosphere was increased by the Free Fairy Floss which saw a line of at least 15 people deep all day long! The Fly Wall was a big hit with many children struggling to pry themselves free once they had jumped into the wall of Velcro. The Mechanical Bull was very active and the Shrek and Harry Potter Bouncy Castles attracted a large crowd throughout the day.

The Girl Guides manned the Peters and Brownes ice cream van, supplying cool relief and a few treats for the warm day. The Markets held in the Avon Mall were very enticing with plenty of local produce, arts and crafts available for purchase.

Overall, the Free Family Fun Day was very successful and attracted thousands of people from the Avon Valley and surrounding regions. The fun day provided a welcome break for children who were watching the vintage vehicles race around the streets of Northam, and allowed them to keep physically active throughout the day.

## GERMAN CAR DAY

Around 200 fine German engineered cars packed Bernard Park on the 29<sup>th</sup> July 2007. The wet weather provided the German Car Club with an interesting drive from Perth to Northam, where they were met with markets, German Bratwursts and live jazz entertainment by Pete Romano and Paul Felton. The rain certainly did not deter too many people from coming down to wander around the cars in awe and excitement. The German Car Day is a great event year in and year out, which taps into the day trip market that Northam is proud to host.



## **STATE RECORDS ACT 2000 COMPLIANCE**

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

The Records Keeping Plan is reviewed and evaluated at least once every five years for efficiency and effectiveness of the organisation's record keeping systems. The Town 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 Town of Northam induction program addresses employee roles and responsibilities in regard to their compliance with the organisations record keeping plan.

### **RECORD KEEPING**

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

In compliance with the State Records Commission Standard 2: Recordkeeping Plans and Standard 6: Outsourcing, outlining commitments for certain documentation to meet those Requirements, (both of which are created under the provision of the State Records Act 2002) the following comments are made with reference to the Town of Northam's Recordkeeping Plan:-

1. The Town of Northam is currently transferring our Records into a new record keeping system using the Keywords for Council Thesaurus (approved by the State Records Commission). The process of transferring current records into a new system using Keywords for Council Thesaurus will include:-

- (a) The revision and update of the Record Keeping Plan;
- (b) The creation of a new file index;
- (c) The revision and update of the Policy & Procedures Manual;
- (d) The revision and update of the current Staff Induction Manual;
- (e) The update of the Master Archive Index following revision of archival records kept at Council's Depot site;
- (f) The finalisation of the Disaster Management Plan;
- (g) A Training Manual for all staff members within the Administration area of Council that shall include a breakdown of duties and procedures for tasks undertaken by each position; and
- (h) In compliance with SRC Standard 6: An update of the Contracts Listing and review of and update, if required, of the current procedures involved with respect to contract renewals.

2. In compliance with Principle Six under SRS Standard 2 the Staff Induction Manual is being revised. Training of staff with respect to the new Record Keeping System will take place in the New Year, however staff training has been started since the initial transfer began; on a one-to-one basis with some staff members who require daily access to the records.

3. In reference to Principle Four of SRC Standard 2: A draft Disaster Management Plan has been written and is currently under review to ensure that it addresses all issues under Principle Four.

4. In reference to Principle Five of SRC Standard 2: An Information Statement was completed and submitted to the Information Commissioner in June of this year. The Commissioner responded in July and suggested changes that have to date not been implemented. It is anticipated that the Information Statement will be updated and on our website by the New Year. In compliance with Principle Five the Information Statement addresses the identification of restricted access records. The Town Of Northam's Record Keeping Plan currently provides information on the Council's disposal program and procedures involved in archiving our records.

## **PLANNING SERVICES**

Once again the Town of Northam experienced high levels of interest in planning and subdivision related matters. There was a significant increase in the number of subdivisions approved within the Town of Northam. During this period a high number of lots were either approved for construction or being developed in accordance with approved construction plans.

### **SUBDIVISIONS**

During the 2006/2007 financial year a total of 509 residential and 137 non residential lots were approved to be created from subdivision approvals issued by the Western Australian Planning Commission.

A further 703 residential and 138 non-residential were proposed in applications which are yet to be determined.

Figures from the WAPC suggest that 40 new residential and 29 non-residential lots were physically created during this period.

It should also be noted that during this period other subdivisions were under construction which are due for completion in the 2007/2008 financial year, including the Fairways Green and Hancock Heights Subdivisions.

### **DEVELOPMENTS**

A total of 103 development approvals were issued during this year, including home occupations, reduced setbacks, oversized outbuildings and several commercial developments.

### **SCHEME AMENDMENTS**

One scheme amendment was created in this period, proposing the rezoning of a portion of the Country Club land to facilitate residential subdivision.

For further information please contact Council's Manager Planning & Development, Mr Chadd Hunt on (08) 9622 6120 or mgrplanning@northam.wa.gov.au

## **BUILDING SERVICES**

The Town of Northam issued 202 building licenses during the 2006/07 financial year, an increase of 24 licenses over the previous year's number of 196 with a value of work being \$12,736,754.

The projects included 19 swimming pools, 39 new dwellings, 5 commercial buildings, 83 additions, 5 fences and retaining walls and 51 outbuildings.

Under normal circumstances, licenses are issued within ten working days. Some of the large development works included Northam Toyota Redevelopment & New Airport Flight Classrooms

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

## **DISABILITY SERVICES**

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

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

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

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

## **NORTHAM REGION LIBRARY ANNUAL REPORT 2006/2007**

The Northam Region Library had a mixed year in 2006/2007. Mrs Viv Lewis had a little girl Abbie, and Ms Dinah Jackson was employed as a temporary staff member, and all staff had to prepare for amalgamation at the end of the year.

Over 60,000 items were borrowed by 4,156 members. The library catalogue counted 37,421 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 programme with a student experiencing working life in the library and a number of exams were supervised in the library. Library staff anticipates further participation in the future. Library staff also delivered a number of items to housebound members and set up a bulk loan system with Beth Avon.

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.

Library staff look forward to the New Year and the prospect of amalgamation with eager anticipation. New Shire, new ideas – new library?

## **KILLARA ADULT DAY CARE AND RESPITE CENTRE**

Killara's aim is to enhance the independence and quality of life of the frail aged, younger people with disabilities and their carers to prevent premature or inappropriate institutionalization. Killara encourages social interaction and the practice of life skills within a caring environment and provides a community based respite service.

Killara is proudly supported by the Shire of Northam, with funding from the WA Health Department's Home and Community Care program (HACC) and the Commonwealth's Department of Health and Ageing National Respite for Carer's program (NRCP).

In 1994, funding from the Health Department of WA was allocated to build a centre based day care facility, but the need for community based respite has grown to the extent that Killara has extended its services to include early morning, evening, overnight and emergency respite support for carers. A grant from NRCP to assist in providing services for carers who are employed, looking for employment or undertaking training with the aim of employment has enabled Killara to increase the flexibility of its respite services.

Centre Based Day Care, Social Support and Respite services are available 7 days a week to people living in the Shire of Northam, with some services extending to the Shires of Goomalling, Toodyay, Cunderdin and York.

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

Client's involved in Killara's programs have the opportunity to make new friendships, learn new skills, discover new places on outings and experience an interesting and varied activity program in a friendly, caring environment..

Special activities organised through Killara for clients who fit the target group but does not need to be attending the Day Centre include:

- Walkabout Group – outings for the well, mobile, aged people, once a month
- Men's Group – outings for aged men, twice a month
- Train Group – a group for train enthusiasts interested in setting up a model railway, weekly
- Computer Group – an intergenerational project with St Joseph's Primary School, fortnightly.

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

For further information or a copy of the fact sheet contact the Coordinator Chris Martin at Killara on 9622 5765 or email [killara@northam.wa.gov.au](mailto:killara@northam.wa.gov.au)

## **NATIONAL COMPETITION POLICY**

A review of the Town of Northam Local Laws was undertaken. The review identified those local laws which were outdated requiring repeal or have been made redundant by other legislation and those local laws requiring changes to comply with the National Competition Policy (NCP).

As required by the Local Government Act 1995 the Town of Northam Local Laws are to be reviewed every (8) eight years. As part of the ongoing review process the requirements of the NCP will be addressed and changes made to Local Laws where required.

## **RECREATION SERVICES**

The Recreation Services team had a very successful 2006/2007, developing a variety of new programs and events for all sectors of the community. Recreation staff have received several grants to assist to run new activities for both young people and adults in Northam. Staff also continue to manage all booking for Town facilities and assist in the maintenance and cleaning of the halls.

### **JUNIOR PROGRAMS**

Junior programs have continued to be very popular especially Indoor Soccer, Junior Floorball and Circus. Recreation staff have been busy running a number of Floorball workshops within the local primary schools. These workshops have resulted in between 30 and 50 students playing Floorball at the Recreation Centre every week.

A casual position of, After School Coordinator was created, and partly funded by the Department of Sport and Recreation, to assist in the development and delivery of new innovative after school programs. This position has greatly assisted in the development of many new programs and the number of children participating in programs has increased since the coordinator has been employed.

### **SENIOR PROGRAMS**

Senior Programs have continued to grow in popularity at the Northam Recreation Centre. Sports such as Floorball, Netball, Corporate Challenge, Indoor Cricket and Volleyball were well supported throughout the year.

The Town has been involved in the organisation of the Aged Care Games which is held at the Northam Recreation Centre. The games allow people living in aged care facilities and other seniors to interact at a fun and social event.

### **COMMUNITY EVENTS**

The Community Bike Ride was held in March. The riders left the Northam Recreation Centre and rode for 12kms and finished at the Northam Swimming Pool.

The annual youth rock concert in Northam was held in Northam on Saturday 31 March. 'Bring it On' Music Festival was an all age's event which allowed the community to enjoy top Australian bands in their own region. This year's concert saw Little Birdie, Karnivool, Downside, Cowtown and local bands Mr Sandman and Novocaine's play a 7 hour show. Over 800 people attended what was a very successful event.

The Town once again held the Walk Northam Community walk in June. This year saw over 140 people attend the two hour walk around the bridges. All participants were treated to free soup, bread rolls, prizes and giveaways.

## **COMMUNITY SERVICES & NORTHAM VISITOR CENTRE**

With the termination of projects such as the Medical Centre/Office Complex and the Apartments on the corner of Fitzgerald Street and Beavis Place and no subsequent replacement projects that required funding, the Community Services focus was shifted to working more closely with community groups and tourism with the Shire now managing the Northam Visitor Centre. Previously the centre was managed by a contractor through a tender process and much of tourism in the area was volunteer run. This left many gaps which needed to be filled particularly with regard to relationship building and Northam's image within the Avon Valley. Shifting the base for events was a huge advantage with the hub of most events being at Bernard Park and Minson Avenue. Since being at the Centre major improvements in operations, service delivery and staff have been made. The gift/souvenir shop was greatly enhanced through cleaning and display of stock, a much wider range of visitor information was collected and displayed and potential members were provided with a prospectus and for the first time a comprehensive Membership Package. The Visitor Centre commenced its aim of raising the profile of Northam through an increase in tourism activity through the creation of new activities and events and the conduct of existing activities and events.

## **HEALTH SERVICES**

During the 2006/2007 financial year, a number of food premises inspections were undertaken by Council's Environmental Health Officer with issues like food storage, temperature control and overall cleanliness being assessed. The standard throughout the Town overall continues to be high.

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

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

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

Almost 31,000 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.

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 and on Minson Avenue continuing to receive increasing public support. Due to the amalgamation, investigation into 'Kerbside Recycling' has been postponed until 2007/2008 financial year with a view to implement this service soon after.

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

## WORKS & SERVICES ANNUAL REPORT 2006-2007

Once again the Towns road network was the focus of Works and Services with 12 roads resealed totalling 7.49 kilometres along with 430 meters of road side kerbing on Withnell Street and Dutton Street

Burnside Place	10mm seal		170m
Friend Place	20mm Asphalt Seal		140m
West Street	20mm Asphalt Seal	Kerbed	90m
Chidlow St West	10mm seal	Up Grade Drainage	390m
Hunter Place	10mm seal	Up Grade Drainage	240m
Hammond Place	20mm Asphalt Seal		210m
Killick Street	10mm seal		370m
Davey Court	10mm seal		80m
Lewis Way	10mm seal		100m
Collins Street	10mm seal		100m
Withnell St	10mm seal	Kerbed / root barrier installed	410m
Dutton Street	20mm Asphalt Seal	Kerbed	120m
Smith Grove	20mm Asphalt Seal		170mm
Burgoyne Street			93m

The works crews embarked on the task of installing Street lighting the full length of Minson Avenue and the construction of 79 extra off road car parking bays with an Asphalt seal and kerbed, this being part of the CBD upgrade stage 3. Also the construction of 29 off Road car parking bays in Wellington Street opposite the Court Asphalt seal and kerbed to elevate congestion in the area.

The Towns Footpath network is continuously being upgraded with upgrades to sections of Chidlow Street, Peel Terrace and Wellington Street.

Installations of new drainage system on Peel Terrace adjacent Jubilee Oval and upgrade ROW Drainage between Newcastle Road and Perina Way.

Parks & Gardens completed the instillation of new reticulation on Minson avenue levee Bank and planted out the rear of the retaining on Minson Avenue. Parks have also been planting annuals (potted colour) within the Town, which has brightened up the gardens National Tree day was a great success with around 3000 trees planted by volunteers.

**TOWN OF NORTHAM**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

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TOWN OF NORTHAM

FINANCIAL REPORT

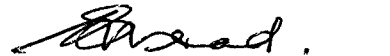
FOR THE YEAR ENDED 30TH JUNE 2007

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Northam being the annual financial report and other information for the financial year ended 30th June 2007 are in my opinion properly drawn up to present fairly the financial position of the Town of Northam at 30 June 2007 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 *14<sup>TH</sup>* day of *DECEMBER* 2007.



Bruce Mead  
Chief Executive Officer

TOWN OF NORTHAM

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	22	2,932,806	2,950,625	2,829,695
Grants and Subsidies	28	1,860,063	1,946,660	1,653,426
Contributions Reimbursements and Donations		367,362	258,055	455,168
Fees and Charges	27	1,273,131	1,296,451	1,252,492
Interest Earnings	2(a)	133,463	120,185	142,262
Other Revenue		123,185	35,700	297,303
		<u>6,690,010</u>	<u>6,607,676</u>	<u>6,630,346</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		(2,539,574)	(2,498,690)	(2,491,317)
Materials and Contracts		(2,677,817)	(2,539,352)	(2,711,219)
Utilities		(291,942)	(255,202)	(273,486)
Depreciation	2(a)	(1,145,667)	(1,122,895)	(1,121,344)
Interest Expenses	2(a)	(176,022)	(176,865)	(187,275)
Insurance		(142,515)	(130,649)	(127,265)
Other Expenditure		(482,994)	(371,023)	(325,584)
		<u>(7,456,531)</u>	<u>(7,094,676)</u>	<u>(7,237,490)</u>
		(766,521)	(487,000)	(607,144)
Grants and Subsidies - non-operating	28	286,853	349,665	402,613
Contributions, Reimbursements and Donations - non-operating		-	-	103,060
Profit on Asset Disposals	20	243,707	122,000	129,256
Loss on Asset Disposals	20	<u>(42,205)</u>	<u>(11,500)</u>	<u>(22,664)</u>
<b>NET RESULT</b>	36	<u>(278,166)</u>	<u>(26,835)</u>	<u>5,121</u>

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

TOWN OF NORTHAM

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		24,591	22,200	25,119
General Purpose Funding		4,107,011	4,043,115	3,993,637
Law, Order, Public Safety		110,748	74,000	80,246
Health		9,723	9,200	3,451
Education and Welfare		883,725	733,771	602,756
Housing		12,710	13,480	7,223
Community Amenities		932,350	867,940	840,186
Recreation and Culture		460,037	440,145	433,164
Transport		224,412	308,460	578,354
Economic Services		439,450	433,530	644,820
Other Property and Services		15,813	133,500	56,320
		<u>7,220,570</u>	<u>7,079,341</u>	<u>7,265,275</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		(458,358)	(438,266)	(367,977)
General Purpose Funding		(356,382)	(207,415)	(223,040)
Law, Order, Public Safety		(173,624)	(224,592)	(197,450)
Health		(114,143)	(120,269)	(120,265)
Education and Welfare		(831,021)	(806,135)	(664,159)
Housing		(9,692)	(11,526)	(9,657)
Community Amenities		(1,183,090)	(1,110,552)	(1,012,582)
Recreation & Culture		(1,644,213)	(1,646,361)	(1,591,791)
Transport		(1,498,092)	(1,435,501)	(1,499,763)
Economic Services		(964,319)	(905,770)	(1,304,860)
Other Property and Services		(89,780)	(22,924)	(81,334)
		<u>(7,322,714)</u>	<u>(6,929,311)</u>	<u>(7,072,878)</u>
<b>BORROWING COSTS EXPENSE</b>				
Governance		(16,997)	(16,850)	(17,948)
Education and Welfare		(851)	(850)	(913)
Community Amenities		(2,792)	(2,800)	(3,004)
Recreation and Culture		(44,494)	(44,500)	(47,442)
Transport		(3,142)	(3,365)	(2,937)
Economic Services		(107,746)	(108,500)	(115,032)
	2(a)	<u>(176,022)</u>	<u>(176,865)</u>	<u>(187,276)</u>
<b>NET RESULT</b>	36	<u>(278,166)</u>	<u>(26,835)</u>	<u>5,121</u>

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

**TOWN OF NORTHAM**  
**BALANCE SHEET**  
**AS AT 30TH JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	838,550	375,143
Trade and Other Receivables	4	285,038	652,002
Inventories	5	95,380	273,527
<b>TOTAL CURRENT ASSETS</b>		<u>1,218,968</u>	<u>1,300,672</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	898,158	922,532
Property, Plant and Equipment	6	8,106,539	8,318,776
Infrastructure	7	23,172,794	23,271,252
<b>TOTAL NON-CURRENT ASSETS</b>		<u>32,177,491</u>	<u>32,512,560</u>
<b>TOTAL ASSETS</b>		<u>33,396,459</u>	<u>33,813,232</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	458,505	281,393
Short Term Borrowings	9(a)	-	53,853
Long Term Borrowings	9(b)	203,310	241,145
Provisions	10	204,827	164,364
<b>TOTAL CURRENT LIABILITIES</b>		<u>866,642</u>	<u>740,755</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9(b)	2,660,203	2,873,050
Provisions	10	63,183	114,831
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,723,386</u>	<u>2,987,881</u>
<b>TOTAL LIABILITIES</b>		<u>3,590,028</u>	<u>3,728,636</u>
<b>NET ASSETS</b>		<u>29,806,431</u>	<u>30,084,597</u>
<b>EQUITY</b>			
Retained Surplus		23,833,497	24,164,604
Reserves - Cash Backed	11	425,476	372,535
Reserves - Asset Revaluation	12	5,547,458	5,547,458
<b>TOTAL EQUITY</b>		<u>29,806,431</u>	<u>30,084,597</u>

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

**TOWN OF NORTHAM**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2006		24,164,604	24,088,200
Net Result		(278,166)	5,121
Transfer from/(to) Reserves		<u>(52,941)</u>	<u>71,283</u>
Balance as at 30 June 2007		<u>23,833,497</u>	<u>24,164,604</u>
 <b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2006		372,535	443,818
Amount Transferred (to)/from Retained Surplus		<u>52,941</u>	<u>(71,283)</u>
Balance as at 30 June 2007	11	<u>425,476</u>	<u>372,535</u>
 <b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2006		5,547,458	5,547,458
Revaluation Increment		-	-
Revaluation Decrement		-	-
Balance as at 30 June 2007	12	<u>5,547,458</u>	<u>5,547,458</u>
<b>TOTAL EQUITY</b>		<u>29,806,431</u>	<u>30,084,597</u>

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

**TOWN OF NORTHAM**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	NOTE	2007 \$	2007 Budget \$	2006 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		2,953,645	2,965,625	2,771,848
Grants and Subsidies - operating		1,860,063	1,946,660	1,653,426
Contributions, Reimbursements & Donations		498,674	247,555	455,168
Fees and Charges		1,444,072	1,279,451	1,252,492
Interest Earnings		133,463	120,185	142,262
Goods and Services Tax		413,333	250,000	434,242
Other		123,185	37,200	297,303
		<u>7,426,435</u>	<u>6,846,676</u>	<u>7,006,741</u>
<b>Payments</b>				
Employee Costs		(2,525,275)	(2,491,190)	(2,491,318)
Materials and Contracts		(2,520,916)	(2,528,852)	(2,711,219)
Utilities (gas, electricity, water, etc)		(291,942)	(249,702)	(273,486)
Insurance		(142,515)	(130,649)	(127,265)
Interest		(177,356)	(171,365)	(187,275)
Goods and Services Tax		(408,562)	(520,000)	(194,586)
Other		(482,994)	(367,273)	(325,838)
		<u>(6,549,560)</u>	<u>(6,459,031)</u>	<u>(6,310,987)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	13(b)	<u>876,875</u>	<u>387,645</u>	<u>695,754</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of				
Land Held for Resale		(5,784)	(25,000)	(268,819)
Payments for Purchase of				
Property, Plant & Equipment		(377,037)	(1,580,000)	(364,698)
Payments for Construction of				
Infrastructure		(644,707)	(943,860)	(1,232,814)
Grants/Contributions for				
the Development of Assets		227,991	349,665	505,674
Proceeds from Sale of				
Plant & Equipment		627,128	612,000	525,685
		<u>627,128</u>	<u>612,000</u>	<u>525,685</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		(172,409)	(1,587,195)	(834,972)
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(250,682)	241,145	(196,708)
Proceeds from Self Supporting Loans		63,476	61,995	61,736
Proceeds from New Debentures		-	1,200,000	139,530
		<u>-</u>	<u>1,200,000</u>	<u>139,530</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		(187,206)	1,503,140	4,558
<b>Net Increase (Decrease) in Cash Held</b>		517,260	303,591	(134,660)
Cash at Beginning of Year		321,290	68,257	455,950
<b>Cash at End of Year</b>	13(a)	<u>838,550</u>	<u>371,848</u>	<u>321,290</u>

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

TOWN OF NORTHAM

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$
<b>REVENUES</b>			
Governance		24,591	22,200
General Purpose Funding		1,174,205	1,092,490
Law, Order, Public Safety		110,748	74,000
Health		9,723	9,200
Education and Welfare		883,725	733,771
Housing		12,710	13,480
Community Amenities		932,350	867,940
Recreation and Culture		460,037	440,145
Transport		224,412	308,460
Economic Services		439,450	433,530
Other Property and Services		15,813	133,500
		<u>4,287,764</u>	<u>4,128,716</u>
<b>EXPENSES</b>			
Governance		(475,355)	(455,116)
General Purpose Funding		(356,382)	(207,415)
Law, Order, Public Safety		(173,624)	(224,592)
Health		(114,143)	(120,269)
Education and Welfare		(831,872)	(806,985)
Housing		(9,692)	(11,526)
Community Amenities		(1,185,882)	(1,113,352)
Recreation & Culture		(1,688,707)	(1,690,861)
Transport		(1,501,234)	(1,438,866)
Economic Services		(1,072,065)	(1,014,270)
Other Property and Services		(89,780)	(22,924)
		<u>(7,498,736)</u>	<u>(7,106,176)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		(201,502)	(110,500)
Movement in Accrued Interest		(1,334)	-
Movement in Accrued Salaries & Wages		(76,392)	-
Movement in Employee Provisions		(11,185)	-
Depreciation on Assets		1,145,667	1,122,895
<b>Capital Expenditure and Revenue</b>			
Purchase Land Held for Resale		(5,784)	(25,000)
Purchase Land and Buildings		(19,600)	(1,240,000)
Purchase Furniture and Equipment		(13,649)	(2,000)
Purchase Plant and Equipment		(368,194)	(338,000)
Purchase Works in Progress		(34,456)	-
Purchase Infrastructure Assets - Roads		(517,106)	(912,860)
Purchase Infrastructure Assets - Footpaths		(89,626)	-
Purchase Infrastructure Assets - Drainage		(35,263)	-
Purchase Infrastructure Assets - Parks & Ovals		(2,712)	(31,000)
Purchase Infrastructure Assets - Streetscapes		-	-
Proceeds from Disposal of Assets		627,128	612,000
Repayment of Debentures		(250,682)	(241,145)
Proceeds from New Debentures		-	1,200,000
Self-Supporting Loan Principal Income		63,476	61,995
Transfers to Reserves (Restricted Assets)		(52,941)	(134,550)
Transfers from Reserves (Restricted Assets)		-	90,000
Transfer from Restricted Assets (Unspent Grants)		289,274	100,000
Transfer from Restricted Assets (Accrued Leave)		144,380	-
Transfer from Restricted Assets (Killara)		63,472	-
		<u>(51,336)</u>	<u>(125,000)</u>
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		323,469	-
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		-	-
<b>Amount Req'd to be Raised from Rates</b>	<b>22</b>	<u><u>(2,932,806)</u></u>	<u><u>(2,950,625)</u></u>

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

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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 applicable Australian Accounting Standards, the Local Government Act 1995 (as amended and accompanying regulations (as amended)). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

**Compliance with IFRSs**

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

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

The principal areas of non-compliance with IFRSs include:

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

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 2007.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the changes may impact upon the way in which some financial information is disclosed.

**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.



TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

(c) **Goods and Services Tax**

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

(d) **Cash and Cash Equivalents**

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

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

(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.

Collectability 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.

**Land Held for Resale**

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

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

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

*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.

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

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) **Investments and Other Financial Assets**

Financial Assets in the scope of AASB 139 '*Financial Instruments: Recognition and Measurement*' are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

(j) **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.

(k) **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.

(l) **Employee Benefits**

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

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

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

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

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

(m) **Interest-bearing Loans and Borrowings**

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

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

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

**Borrowing Costs**

Borrowing costs are recognised as an expense when incurred.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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 Council, 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.

(o) Joint Venture

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

(p) 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.

(q) Superannuation

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

(r) Interest Rate Risk

Information on interest rate risk as it applies to financial instruments is disclosed in Note 35.

(s) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report.

The one major concentration of credit risk within the municipality is in relation to its cash and cash equivalent deposits which are all with the one financial institution.

(t) Liquidity Risk

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

(u) Fair Value

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(v) Rounding Off Figures

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

**TOWN OF NORTHAM**

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

**FOR THE YEAR ENDED 30TH JUNE 2007**

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

**(w) Comparative Figures**

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

Income contributed by the Northam Aero Club was omitted from the 30 June 2006 Financial Report. This income represented the Northam Aero Club's commitment to repaying loan borrowings taken out by Council in 2005/06 for resealing works carried out on the Northam airstrip in 2005/06.

The expenditure relating to the aforementioned resealing works on the Northam airstrip was expensed in 2005/06 instead of being capitalised. The amount that was to be capitalised should have been reduced by one quarter which represents the Shire of Northam's ownership of the Northam airstrip. This reduction in the amount capitalised should have been expensed in the 30 June 2006 Financial Report.

The municipal cash position of Council as at 30 June 2006 was overdrawn in the accounts of Council. This should have been stated as a bank overdraft in the 30 June 2006 Financial Report but was netted against other cash assets of Council instead.

GST Payable was presented in the 30 June 2006 Financial Report as forming part of the Sundry Creditors figure. The GST Payable figure has been netted off against GST Receivable in this financial report. The Sundry Creditors figure comprised a number of liabilities of Council which have been separated in this Financial Report for comparison purposes.

Excess Rates were presented in the 30 June 2006 Financial Report as forming part of the Sundry Creditors figure. The Excess Rates figure has been recognised as revenue in this financial report.

A summary of the adjustments made to the comparative amounts is included at Note 36.

**(x) Post Balance Date Event**

With effect from 1 July 2007 the Town of Northam and the old Shire of Northam amalgamated to form the new Shire of Northam. All of the assets and liabilities of the Town of Northam as at 30 June 2007 were transferred to the new Shire of Northam.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES	2007	2006	
	\$	\$	
<b>(a) Result from Ordinary Activities</b>			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
<b>Amortisation</b>			
Capitalised Leased Assets	-	-	
<b>Auditors Remuneration</b>			
<u>Current:</u>			
Due to a late change in auditors, all work was performed subsequent to year end, and consequently no charges have been made as at 30 June 2007.			
The contracted fee is in the vicinity of \$12,000.			
Other services of less than \$2,000 were also provided by the auditors.			
<u>Previous:</u>			
- Audit	4,200	7,550	
- Other Services	675	4,200	
<b>Depreciation</b>			
Buildings	188,762	188,399	
Furniture and Equipment	70,851	71,866	
Plant and Equipment	142,889	136,732	
Roads	378,733	363,981	
Footpaths	96,327	94,803	
Drainage	112,194	111,040	
Parks & Reserves	65,348	65,221	
Streetscape	90,563	89,302	
	<u>1,145,667</u>	<u>1,121,344</u>	
<b>Interest Expenses</b>			
Debentures (refer Note 21(a))	<u>176,022</u>	<u>187,275</u>	
	<u>176,022</u>	<u>187,275</u>	
<b>Rental Charges</b>			
- Operating Leases	<u>69,918</u>	<u>35,357</u>	
(ii) Crediting as Revenue:			
	2007	2007	2006
	\$	Budget	\$
		\$	
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	22,442	9,750	18,864
- Other Funds	84,369	34,500	91,628
Self Supporting Loans	-	45,935	-
Other Interest Revenue (refer note 26)	26,652	30,000	31,770
	<u>133,463</u>	<u>120,185</u>	<u>142,262</u>

**TOWN OF NORTHAM**

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

**FOR THE YEAR ENDED 30TH JUNE 2007**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**GOVERNANCE**

Members expenses and Governance general.

**GENERAL PURPOSE FUNDING**

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

**LAW, ORDER, PUBLIC SAFETY**

Supervision of local laws, fire prevention and animal control.

**HEALTH**

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

**EDUCATION AND WELFARE**

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

**HOUSING**

Maintenance of rental housing.

**COMMUNITY AMENITIES**

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

**RECREATION AND CULTURE**

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

**TRANSPORT**

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

**ECONOMIC SERVICES**

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

**OTHER PROPERTY & SERVICES**

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

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

	2007	2006
	\$	\$
<b>(c) Conditions Over Contributions</b>		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
MRWA Grant - Peel Terrace Bridge	34,370	34,370
Contribution to Safety Audit	-	5,000
RRG - Woodley Farm Drive	-	16,640
Crematorium	-	30,000
Minson Avenue Redevelopment	200,559	399,418
Break Dancing Program	-	2,500
HACC Staff Leave	20,641	20,641
Killara - Other Untied	38,508	57,379
Killara Lions Club of Northam Grant	4,323	-
NRCP Respite Grant 05/06	17,272	-
Recreation Programs	19,800	-
Roads to Recovery - Supplementary	88,715	-
	<u>424,188</u>	<u>565,948</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
NRCP Respite Grant 05/06	-	26,560
Roads to Recovery - Supplementary	-	88,715
Recreation Programs	-	19,800
Killara Lions Club of Northam Grant	-	16,000
HACC Staff Leave	13,497	-
HACC Asset Replacement	14,808	-
HACC Non-Recurrent Grant 06/07	43,204	-
NRCP Non-Recurrent Grant 06/07	83,487	-
NRCP Staff Leave	23,646	-
Killara - Other Untied	39,528	-
Killara (NRCP) Brokerage Funds	12,320	-
Roads to Recovery - AusInk	101,300	-
Dept of Sport & Recreation - After School Program	9,000	-
Dept of Sport & Recreation - Active Ageing Expo	4,090	-
Office of Crime Prevention	22,018	-



TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. OPERATING REVENUES AND EXPENSES (Continued)

	2007	2006
	\$	\$
<b>(c) Conditions Over Contributions (Continued)</b>		
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Contribution to Safety Audit	-	5,000
RRG - Woodley Farm Drive	-	16,640
Crematorium	-	30,000
Break Dancing Program	-	2,500
Minson Avenue Redevelopment	100,000	198,859
Killara - Other Untied	-	18,871
Killara Lions Club of Northam Grant	-	11,677
NRCP Respite Grant 05/06	17,272	9,288
NRCP Non-Recurrent Grant 06/07	31,583	-
Killara (NRCP) Brokerage Funds	6,916	-
HACC Non-Recurrent Grant 06/07	41,882	-
Killara - Other Untied	26,076	-
MRWA Grant - Peel Terrace Bridge	34,370	-
Roads to Recovery - Auslnk	71,264	-
Dept of Sport & Recreation - Active Ageing Expo	2,219	-
Recreation Programs	16,509	-
Closing balances of unexpended grants	<u>442,995</u>	<u>424,188</u>
Comprises:		
HACC Staff Leave	34,138	20,641
HACC Asset Replacement	14,808	-
HACC Non-Recurrent Grant 06/07	1,322	-
NRCP Respite Grant 05/06	-	17,272
NRCP Non-Recurrent Grant 06/07	51,904	-
NRCP Staff Leave	23,646	-
Killara Lions Club of Northam Grant	4,323	4,323
Killara (NRCP) Brokerage Funds	5,404	-
Killara - Other Untied	51,960	38,508
MRWA Grant - Peel Terrace Bridge	-	34,370
Minson Avenue Redevelopment	100,559	200,559
Roads to Recovery - Supplementary	88,715	88,715
Roads to Recovery - Auslnk	30,036	-
Dept of Sport & Recreation - After School Program	9,000	-
Dept of Sport & Recreation - Active Ageing Expo	1,871	-
Office of Crime Prevention	22,018	-
Recreation Programs	3,291	19,800
	<u>442,995</u>	<u>424,188</u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand - Unrestricted	2,110	2,610
Cash on Hand - Municipal	410,964	-
Restricted - Reserves	<u>425,476</u>	<u>372,533</u>
	<u><b>838,550</b></u>	<u><b>375,143</b></u>
Cash at Bank - Municipal		
Unrestricted Cash (Transferred to Note 9 in 2006)	998,339	-
Restricted Cash (Transferred to Note 9 in 2006)	<u>(587,375)</u>	<u>-</u>
	<u><b>410,964</b></u>	<u><b>-</b></u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Reserves

Plant Replacement Reserve	32,949	2,202
Recreation Reserve	161,829	153,268
Refuse Site Reserve	131,064	123,344
Building/Office Refurbishment Reserve	1,038	976
Computer Reserve	7,921	7,450
Regional Development Reserve	<u>90,675</u>	<u>85,293</u>
	<u><b>425,476</b></u>	<u><b>372,533</b></u>

Conditions Over Contributions

HACC Staff Leave	34,138	20,641
HACC Asset Replacement	14,808	-
HACC Non-Recurrent Grant 06/07	1,322	-
NRCP Respite Grant 05/06	-	17,272
NRCP Non-Recurrent Grant 06/07	51,904	-
NRCP Staff Leave	23,646	-
Killara Lions Club of Northam Grant	4,323	4,323
Killara (NRCP) Brokerage Funds	5,404	-
Killara - Other Untied	51,960	38,508
MRWA Grant - Peel Terrace Bridge	-	34,370
Minson Avenue Redevelopment	100,559	200,559
Roads to Recovery - Supplementary	88,715	88,715
Roads to Recovery - Auslnk	30,036	-
Dept of Sport & Recreation - After School Program	9,000	-
Dept of Sport & Recreation - Active Ageing Expo	1,871	-
Office of Crime Prevention	22,018	-
Recreation Programs	3,291	19,800
Accrued Leave	<u>144,380</u>	<u>144,380</u>
	<u><b>587,375</b></u>	<u><b>568,568</b></u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	129,089	179,033
Emergency Services Levy	4,446	3,333
Sundry Debtors	125,566	300,865
Sundry Debtors - Overpaid	519	400
Prepaid Expenditure	-	-
GST Receivable	31,528	36,299
Property Debtors	197	158
Rubbish Charges	12,397	10,872
Pensioner Rate Rebates	14,721	12,277
Accrued Income	69,560	83,253
Loans - Clubs/Institutions	52,461	67,540
	<u>440,484</u>	<u>694,030</u>
Provision for Doubtful Debts	<u>(155,446)</u>	<u>(42,028)</u>
	<u>285,038</u>	<u>652,002</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	114,612	90,589
Loans - Clubs/Institutions	783,546	831,943
	<u>898,158</u>	<u>922,532</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	769	4,708
Land Held for Resale - Cost		
Cost of Acquisition	79,585	79,000
Development Costs	15,026	189,819
	<u>95,380</u>	<u>273,527</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	9,476,287	9,572,477
Less Accumulated Depreciation	<u>(2,645,508)</u>	<u>(2,456,746)</u>
	6,830,779	7,115,731
Furniture and Equipment - Cost	842,520	828,871
Less Accumulated Depreciation	<u>(574,311)</u>	<u>(503,460)</u>
	268,209	325,411
Plant and Equipment - Cost	1,485,008	1,407,838
Less Accumulated Depreciation	<u>(826,778)</u>	<u>(736,689)</u>
	658,230	671,149
Works in Progress - Cost	349,321	206,485
	<u>349,321</u>	<u>206,485</u>
	<u>8,106,539</u>	<u>8,318,776</u>

The above 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".

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Works In Progress \$	Total \$
Balance as at 1 July 2006	7,115,729	325,413	671,149	206,485	8,318,776
Additions	19,600	13,649	368,194	34,456	435,899
(Disposals)	-	-	(238,224)	-	(238,224)
Depreciation (Expense)	(188,762)	(70,851)	(142,889)	-	(402,502)
Other Movements	(115,788)	(2)	-	108,380	(7,410)
Balance as at 30 June 2007	<u>6,830,779</u>	<u>268,209</u>	<u>658,230</u>	<u>349,321</u>	<u>8,106,539</u>

**TOWN OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007	2006
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads - management valuation 2005	19,143,814	19,143,814
Roads - Cost	2,981,586	2,464,480
Less Accumulated Depreciation	<u>(8,214,693)</u>	<u>(7,835,960)</u>
	<b>13,910,707</b>	<b>13,772,334</b>
Footpaths - Cost	4,918,362	4,828,736
Less Accumulated Depreciation	<u>(2,404,701)</u>	<u>(2,308,374)</u>
	<b>2,513,661</b>	<b>2,520,362</b>
Drainage - Cost	6,681,020	6,645,757
Less Accumulated Depreciation	<u>(3,806,851)</u>	<u>(3,694,657)</u>
	<b>2,874,169</b>	<b>2,951,100</b>
Parks & Reserves - Cost	1,919,395	1,916,683
Less Accumulated Depreciation	<u>(1,261,416)</u>	<u>(1,196,068)</u>
	<b>657,979</b>	<b>720,615</b>
Streetscape - Cost	3,518,371	3,518,371
Less Accumulated Depreciation	<u>(302,093)</u>	<u>(211,530)</u>
	<b>3,216,278</b>	<b>3,306,841</b>
	<u><b>23,172,794</b></u>	<u><b>23,271,252</b></u>

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy accords with the requirements of AASB 116.

Assets listed above not subject to management valuation 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".

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Streetscape \$	Total \$
Balance as at 1 July 2006	13,772,334	2,520,362	2,951,100	720,615	3,306,841	23,271,252
Additions	517,106	89,626	35,263	2,712	-	644,707
Depreciation (Expense)	(378,733)	(96,327)	(112,194)	(65,348)	(90,563)	(743,165)
Balance as at 30 June 2007	<u>13,910,707</u>	<u>2,513,661</u>	<u>2,874,169</u>	<u>657,979</u>	<u>3,216,278</u>	<u>23,172,794</u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	-	19,303
Payroll Creditors	-	4,042
PAYG Payable	137,723	32,809
Other Payables	8,113	7,109
Accrued Interest on Loans	20,910	22,244
Accrued Salaries and Wages	-	76,392
Accrued Expenditure	291,759	119,494
	<u>458,505</u>	<u>281,393</u>
<b>9(a). SHORT-TERM BORROWINGS</b>		
<b>Current</b>		
Unsecured		
Bank Overdraft	-	53,853
Represented by :		
Unrestricted	-	622,421
Restricted Funds held (transferred from Note 3)	-	(568,568)
	<u>-</u>	<u>53,853</u>
<b>9(b). LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	203,310	241,145
Lease Liability	-	-
	<u>203,310</u>	<u>241,145</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	2,660,203	2,873,050
Lease Liability	-	-
	<u>2,660,203</u>	<u>2,873,050</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	118,024	104,645
Provision for Long Service Leave	86,803	59,719
	<u>204,827</u>	<u>164,364</u>
<b>Non-Current</b>		
Provision for Annual Leave	36,244	47,664
Provision for Long Service Leave	26,939	67,167
	<u>63,183</u>	<u>114,831</u>

**TOWN OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007 \$	2007 Budget \$	2006 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Plant Replacement Reserve</b>			
Opening Balance	2,203	2,147	2,088
Amount Set Aside / Transfer to Reserve	30,746	30,600	115
Amount Used / Transfer from Reserve	-	-	-
	<u>32,949</u>	<u>32,747</u>	<u>2,203</u>
<b>(b) Recreation Reserve</b>			
Opening Balance	153,268	147,819	230,107
Amount Set Aside / Transfer to Reserve	8,561	85,000	12,643
Amount Used / Transfer from Reserve	-	(50,000)	(89,482)
	<u>161,829</u>	<u>182,819</u>	<u>153,268</u>
<b>(c) Computer Reserve</b>			
Opening Balance	7,451	7,263	7,063
Amount Set Aside / Transfer to Reserve	470	300	388
Amount Used / Transfer from Reserve	-	-	-
	<u>7,921</u>	<u>7,563</u>	<u>7,451</u>
<b>(d) Refuse Site Reserve</b>			
Opening Balance	123,344	120,089	122,779
Amount Set Aside / Transfer to Reserve	7,720	14,300	6,736
Amount Used / Transfer from Reserve	-	(40,000)	(6,171)
	<u>131,064</u>	<u>94,389</u>	<u>123,344</u>
<b>(e) Building/Office Refurbishment Reserve</b>			
Opening Balance	976	951	925
Amount Set Aside / Transfer to Reserve	62	350	51
Amount Used / Transfer from Reserve	-	-	-
	<u>1,038</u>	<u>1,301</u>	<u>976</u>
<b>(f) Regional Development Reserve</b>			
Opening Balance	85,293	83,149	80,856
Amount Set Aside / Transfer to Reserve	5,382	4,000	4,437
Amount Used / Transfer from Reserve	-	-	-
	<u>90,675</u>	<u>87,149</u>	<u>85,293</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>425,476</u>	<u>405,968</u>	<u>372,535</u>

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



TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

11. RESERVES - CASH BACKED (Continued)

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

**a. Plant Replacement Reserve**

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

**b. Recreation Reserve**

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

**c. Computer Reserve**

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

**d. Refuse Site Reserve**

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

**e. Building/Office Refurbishment Reserve**

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

**f. Regional Development Reserve**

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

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

12. RESERVES - ASSET REVALUATION	2007	2006
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
<b>(a) Land and Buildings</b>		
Balance as at 1 July 2006	3,733,058	3,733,058
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2007	<u>3,733,058</u>	<u>3,733,058</u>
<b>(b) Roads</b>		
Balance as at 1 July 2006	1,814,400	1,814,400
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2007	<u>1,814,400</u>	<u>1,814,400</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>5,547,458</u></u>	<u><u>5,547,458</u></u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2007 \$	2007 Budget \$	2006 \$
Cash and Cash Equivalents	838,550	371,848	375,143
Short Term Borrowings	-	-	(53,853)
	<u>838,550</u>	<u>371,848</u>	<u>321,290</u>

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

Net Result	(278,166)	(26,835)	5,121
Depreciation	1,145,667	1,122,895	1,121,344
(Increase)/Decrease in Receivables	327,863	(53,750)	544,590
(Profit)/Loss on Sale of Asset	(201,502)	(110,500)	(106,592)
(Increase)/Decrease in Inventories	3,939	-	1,280
Increase/(Decrease) in Payables	177,112	(215,000)	(332,251)
Increase/(Decrease) in Employee Provisions	(11,185)	20,500	(32,064)
Grants/Contributions for the Development of Assets	(286,853)	(349,665)	(505,674)
<b>Net Cash from Operating Activities</b>	<u>876,875</u>	<u>387,645</u>	<u>695,754</u>

(c) Undrawn Borrowing Facilities

<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	100,000		300,000
Bank Overdraft at Balance Date	-		-
Credit Card limit	20,000		9,000
Credit Card Balance at Balance Date	(4,263)		(948)
<b>Total Amount of Credit Unused</b>	<u>115,737</u>		<u>308,052</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	203,310		241,145
Loan Facilities - Non-Current	2,660,203		2,873,050
<b>Total Facilities in Use at Balance Date</b>	<u>2,863,513</u>		<u>3,114,195</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>-</u>		<u>-</u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
<b>14. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Finance Lease Commitments</b>		
Nil		
<b>(b) Operating Lease Commitments</b>		
Operating Rental Agreements		
Office/Computer Equipment ex C.I.T		
Security Cameras ex Technology Leasing		
Payable:		
- not later than one year	56,061	65,122
- later than one year but not later than five years	112,122	168,183
- later than five years	-	-
	<u>168,183</u>	<u>233,305</u>
<b>(c) Capital Expenditure Commitments</b>		
Nil		
<b>15. CONTINGENT LIABILITIES</b>		
Nil		
<b>16. JOINT VENTURE</b>		
Nil		
<b>17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>		
Governance	751,784	2,356,951
General Purpose Funding	262,619	-
Law, Order, Public Safety	192,379	128,763
Health	65,582	66,600
Education and Welfare	684,014	462,323
Housing	42,879	44,356
Community Amenities	1,783,064	1,733,460
Recreation and Culture	5,770,219	5,254,506
Transport	21,638,207	21,508,178
Economic Services	2,058,396	2,253,387
Other Property and Services	769	4,708
Unallocated	146,547	-
	<u>33,396,459</u>	<u>33,813,232</u>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006	2005
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	0.310	0.624	0.784
Untied Cash to Trade Creditors Ratio	0.000	0.000	0.000
Debt Ratio	0.107	0.110	0.120
Debt Service Ratio	0.061	0.057	0.063
Gross Debt to Revenue Ratio	0.413	0.470	0.568
Gross Debt to Economically Realisable Assets Ratio	0.280	0.301	0.287
Rate Coverage Ratio	0.411	0.396	0.377
Outstanding Rates Ratio	0.041	0.059	0.084

The above rates are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

19. TRUST FUNDS

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

	Balance 1-Jul-06 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-07 \$
Facility Hire Bonds	1,476	11,050	(10,179)	2,347
Library Deposits & Income	1,391	350	(250)	1,491
POS - Cash In Lieu	29,544	242,574	(23,550)	248,568
Bonds Buildings	17,000	95,710	(10,500)	102,210
Equipment Pool - Bond	-	150	(100)	50
Unclaimed Monies	150	-	-	150
Building Levy Fee	1,798	30,255	(31,844)	209
Footpath and Kerbing Deposits	41,177	38,000	(21,997)	57,180
Retentions	4,993	27,805	-	32,798
Sundry Trust	4,068	-	-	4,068
Friends of the White Swans	444	-	-	444
	<b>102,041</b>	<b>445,894</b>	<b>(98,420)</b>	<b>449,515</b>

20. DISPOSALS OF ASSETS - 2006/07 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	35,657	34,500	33,636	36,500	(2,021)	2,000
MF & CS Vehicle	26,795	27,000	20,463	27,000	(6,332)	-
<b>Health</b>						
EHO Vehicle	23,756	22,500	18,207	21,000	(5,549)	(1,500)
<b>Education &amp; Welfare</b>						
Killara Vehicle - Killara	19,630	21,000	15,073	23,000	(4,557)	2,000
Killara Vehicle - Killara 3	19,854	21,000	15,072	23,000	(4,782)	2,000
<b>Community Amenities</b>						
MP & D Vehicle	26,900	27,000	20,463	27,000	(6,437)	-
<b>Recreation &amp; Culture</b>						
Recreation Coordinator's Utility	-	12,000	-	11,500	-	(500)
<b>Transport</b>						
Works Utility - Operations Coordinator	12,200	25,500	11,591	26,000	(609)	500
Works Utility - P5027	16,215	16,500	13,182	13,000	(3,033)	(3,500)
Parks Utility - P550	7,027	7,500	11,136	11,500	4,109	4,000
Parks Utility - P572	11,781	11,000	11,591	11,500	(190)	500
Parks Utility - P5028	16,216	16,500	12,500	13,000	(3,716)	(3,500)
Works Minor Plant	2,898	-	850	1,000	(2,048)	1,000
<b>Economic Services</b>						
Building Surveyor's Utility	19,295	19,500	16,364	17,000	(2,931)	(2,500)
Mitchell on Avon Housing - 47 James St	80,589	240,000	161,000	350,000	80,411	110,000
22 Mitchell Ave	106,813	-	266,000	-	159,187	-
	<b>425,626</b>	<b>501,500</b>	<b>627,128</b>	<b>612,000</b>	<b>201,502</b>	<b>110,500</b>

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-06 \$		New Loans		Principal Repayments		Principal 30-Jun-07		Interest Repayments	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>General Administration</b>	255,800				16,307	16,310	239,493	239,489	16,997	16,850
Refurbish Admin Office - Loan 215										
<b>Education &amp; Welfare</b>	14,194				1,067	1,070	13,127	13,123	851	850
Avon Youth Services** - Loan 211										
<b>Community Amenities</b>	48,020				3,606	3,610	44,414	44,411	2,792	2,800
River Dredging - Loan 210										
<b>Recreation &amp; Culture</b>	417,327				23,324	23,325	394,003	394,002	24,448	24,450
Northam Country Club** - Loan 206										
Northam Country Club** - Loan 208	56,516				2,544	2,545	53,972	53,971	4,170	4,170
Trotting Club Building** - Loan 213	5,676				3,729	3,730	1,947	1,945	282	285
Turf Club Track Equipment** - Loan 214	3,405				3,405	3,405	-	-	100	100
Northam Bowling Club** - Loan 219	266,284				14,921	14,920	251,363	251,363	15,494	15,495
<b>Transport</b>										
Carpark Construction* - Loan 200	8,873				8,873	2,772	-	6,101	241	533
Carpark Construction* - Loan 201	8,873				8,873	2,773	-	6,100	241	532
Bobcat Changeover - Loan 220	36,470				36,470	36,470	-	-	1,511	1,715
Airstrip Upgrade** - Loan 212	12,995				12,995	13,000	-	(5)	585	585
Airstrip Upgrade** - Loan 221	103,060				(6,510)	-	109,570	103,060	564	-
<b>Economic Services</b>										
Tourist Bureau - Loan 204	51,060				6,097	6,100	44,963	44,960	4,601	4,400
Visitors Centre Café - Loan 205	96,492				12,349	12,350	84,143	84,142	5,903	6,100
CBD Streetscape - Loan 217	1,551,564				92,707	88,360	1,458,857	1,463,205	87,072	88,000
CBD Streetscape - Loan 218	177,586				9,925	10,405	167,661	167,181	10,170	10,000
New Loan - Child Health Clinic Development	-	1,200,000	-	-	-	-	-	1,200,000	-	-
	<b>3,114,195</b>	<b>1,200,000</b>	<b>-</b>	<b>241,145</b>	<b>250,682</b>	<b>241,145</b>	<b>2,863,513</b>	<b>4,073,048</b>	<b>176,022</b>	<b>176,865</b>

Note: \*\*Indicates self - supporting loans

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

All debenture repayments are financed by general purpose income.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2006/07

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
New Loan - Child Health Clinic Development	-	1,200,000	WATC	Debenture	20	1,047,710	7.00%	-	-	-

(c) Unspent Debentures

Nil

(d) Overdraft

Council established an overdraft facility of \$100,000 in 1990 to assist with short term liquidity requirements. A temporary overdraft of \$200,000 was obtained for the period May 06 to 31 July 2006. The balance of the bank overdraft at 1 July 2006 and 30 June 2007 was \$0.



TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

22. RATING INFORMATION - 2006/07 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential &amp; General Rate</b>											
General Rate	11.6919	2,557	17,614,992	2,059,529	6,661	148	2,066,338	2,057,350	10,000	1,000	2,068,350
Differential Rate	12.1390	260	6,710,651	814,606	-	-	814,606	814,600	-	-	814,600
<b>Sub-Totals</b>		2,817	24,325,643	2,874,135	6,661	148	2,880,944	2,871,950	10,000	1,000	2,882,950
<b>Minimum Rates</b>											
General Rate	405.00	361	373,348	146,205	-	-	146,205	141,345	-	-	141,345
Differential Rate	420.00	16	28,440	6,720	-	-	6,720	6,720	-	-	6,720
<b>Sub-Totals</b>		377	401,788	152,925	-	-	152,925	148,065	-	-	148,065
Specified Area Rates (refer note 23)							6,606				6,610
Concessions/Write Offs							3,040,475				3,037,625
Discounts (refer note 25)							(21,518)				(2,000)
Movement in Rates Paid in Advance							(76,240)				(85,000)
<b>Totals</b>							(9,911)				-
							2,932,806				2,950,625

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

23. SPECIFIED AREA RATE - 2006/07 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Specified Area 1 - GRV</b> Commercial	2.3989	GRV	137,696	3,303	3,305	3,303	3,305
<b>Specified Area 2 - GRV</b> Commercial	3.6718	GRV	89,960	3,303	3,305	3,303	3,305
				<b>6,606</b>	<b>6,610</b>	<b>6,606</b>	<b>6,610</b>

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

Interest	884
Principal	<u>5,722</u>
	<b>6,606</b>

1. Specified Area Rate 1 -

- (i) The purpose for the Specified Area Rate is to repay loan number 200 - Construct and seal Carpark.
- (ii) The amount to be applied for this purpose in 2006/07 was \$3,303.
- (iii) Definition of Specified Area - all that land comprising Lot 30 of Northam Lot 25, as shown on Office of Titles Diagram 83304; Lot 3, Lot 2 of Northam Lots 25 and 26 and Lot 1 of Northam Lot 26 as shown on Office of Titles Diagram 7638 and Lots 5 and 6 as shown on Office of Titles Plan 4975.

2. Specified Area Rate 2 -

- (i) The purpose for the Specified Area Rate is to repay loan number 201 - Construct and seal Carpark.
- (ii) The amount to be applied for this purpose in 2006/07 was \$3,303.
- (iii) Definition of Specified Area - all that portion of land comprising Lot 502 of Northam Town Lots 26 and 27, as shown on Office of Titles Diagram 69077.

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

24. SERVICE CHARGES - 2006/07 FINANCIAL YEAR

Nil

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2006/07 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	72,921	81,300
Minimum Rate	Discount	5.00%	3,319	3,700
			76,240	85,000
Sundry Debtors	Write-Off		-	1,000
Differential & General Rates	Write-Off		21,518	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.

26. INTEREST CHARGES AND INSTALMENTS - 2006/07 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	-	13,885	18,000
Interest on Instalments Plan	5.50%	-	12,767	12,000
Charges on Instalment Plan		\$3 p/install	6,473	6,500
			33,125	36,500

Ratepayers had the option of paying rates in four equal instalments, due on 4th September 2006, 6th November 2006, 8th January 2007 and 8th March 2007. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2007 \$	2006 \$
Governance	2,431	15,474
General Purpose Funding	26,313	36,381
Law, Order, Public Safety	23,068	12,582
Health	8,523	6,969
Education & Welfare Services	50,608	44,614
Housing	11,784	62,813
Community Amenities	887,863	726,139
Recreation & Culture	148,938	162,716
Transport	210	1,530
Economic Services	101,001	176,182
Other Property & Services	12,392	7,092
	<u>1,273,131</u>	<u>1,252,492</u>

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

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

28. GRANT REVENUE	2007 \$	2006 \$
<b>By Nature and Type:</b>		
Grants and Subsidies - operating	1,860,063	1,653,426
Grants and Subsidies - non-operating	286,853	402,614
	<u>2,146,916</u>	<u>2,056,040</u>
<b>By Program:</b>		
General Purpose Funding	991,799	970,827
Law, Order, Public Safety	74,180	34,429
Education & Welfare	831,535	556,546
Community Amenities	-	(28,000)
Recreation and Culture	64,279	75,728
Transport	162,558	418,010
Economic Services	22,565	28,500
	<u>2,146,916</u>	<u>2,056,040</u>

29. COUNCILLORS' REMUNERATION	2007 \$	2007 Budget \$	2006 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	27,620	26,000	23,560
Mayor's Allowance	12,126	12,125	11,440
Deputy Mayor's Allowance	1,213	1,213	1,144
Travelling Expenses	920	1,500	409
Telecommunications/IT Allowance	4,648	10,162	8,796
	<u>46,527</u>	<u>51,000</u>	<u>45,349</u>

30. EMPLOYEES' REMUNERATION

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

Salary Range \$	2007	2006
100,000 - 109,999	-	1
110,000 - 119,999	1	-

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>36</u>	<u>37</u>
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32. ECONOMIC DEPENDENCY

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

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

33. MAJOR LAND TRANSACTIONS

Mitchell On Avon Estate

(a) Details

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

	2007	2006
	\$	\$
(b) Current year transactions		
<b>Operating Income</b>		
- Profit on sale	80,411	116,831
<b>Capital Income</b>		
- Sale Proceeds	161,000	337,000
<b>Capital Expenditure</b>		
- Purchase of Land	-	(79,000)
- Development Costs	5,784	(189,819)
	<u>5,784</u>	<u>(268,819)</u>

The effect of the transactions above is reflected in the balance of land held for resale (refer Note 5).

There are no liabilities in relation to this land transaction as at 30 June 2007.

(c) Expected Future Cash Flows

There are no future cash flows expected from the Mitchell on Avon Estate as the last remaining property on this estate was sold in 2006/07.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2006/07 financial year.

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

35. INTEREST RATE RISK

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

Year Ended 30 June 2007	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>FINANCIAL ASSETS</b>								
<b>Floating Rate</b>								
Cash and Cash Equivalents	838,550	-	-	-	-	-	838,550	5.80%
Weighted Average Effective Interest Rate	5.80%							
<b>FINANCIAL LIABILITIES</b>								
<b>Fixed Rate</b>								
Debentures	1,947	-	-	-	-	2,861,566	#####	5.94%
Weighted Average Effective Interest Rate	5.83%					5.94%		
<b>Year Ended 30 June 2006</b>								
	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Effective Interest Rate %
<b>FINANCIAL ASSETS</b>								
<b>Floating Rate</b>								
Cash and Cash Equivalents	375,143	-	-	-	-	-	375,143	5.00%
Weighted Average Effective Interest Rate	5.00%							
<b>FINANCIAL LIABILITIES</b>								
<b>Floating Rate</b>								
Bank Overdraft	53,853	-	-	-	-	-	53,853	10.85%
Weighted Average Effective Interest Rate	10.85%							
<b>Fixed Rate</b>								
Debentures	52,871	5,675	17,748	-	-	3,037,903	#####	5.94%
Weighted Average Effective Interest Rate	6.04%	5.83%	6.50%			5.94%		

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

36. SUMMARY OF ADJUSTMENTS TO COMPARATIVE AMOUNTS

The following adjustments have been made to comparative amounts in the 30 June 2006 Financial Report to bring to account financial activity that was either omitted or incorrectly stated in 2005/06. Details of this activity is listed below:-

- 1 Income contributed by the Northam Aero Club (\$103,060) was omitted from the 30 June 2006 Financial Report. This income represented the Northam Aero Club's commitment to repaying loan borrowings taken out by Council in 2005/06 for resealing works carried out on the Northam airstrip in 2005/06.
- 2 The expenditure (\$115,625) relating to the aforementioned resealing works on the Northam airstrip was expensed in 2005/06 instead of being capitalised.
- 3 The amount that was to be capitalised should have been reduced by one quarter (\$28,906) which represents the Shire of Northam's ownership of the Northam airstrip. This reduction in the amount capitalised should have been expensed in the 30 June 2006 Financial Report.
- 4 The municipal cash position of Council as at 30 June 2006 was overdrawn (\$53,853) in the accounts of Council. This should have been stated as a bank overdraft in the 30 June 2006 Financial Report but was netted against other cash assets of Council instead.
- 5 GST Payable was presented in the 30 June 2006 Financial Report as forming part of the Sundry Creditors figure. The GST Payable figure (\$20,418) has been netted off against GST Receivable in this financial report. The Sundry Creditors figure comprised a number of liabilities of Council which have been separated in this Financial Report for comparison purposes.
- 6 Excess Rates was presented in the 30 June 2006 Financial Report as forming part of the Sundry Creditors figure. The Excess Rates figure (\$57,847) has been recognised as revenue in this financial report.

	Refer Notes Above	Financial Report 2006 \$	Corrected Comparative 2006 \$	Adjustment \$
<b>INCOME STATEMENT BY NATURE OR TYPE</b>				
Rates	6	2,771,848	2,829,695	57,847
Other Expenditure	1,2,3	(309,243)	(325,584)	(16,341)
Contributions, Reimbursements and Donations - non-operating	1	-	103,060	103,060
Net Result	1,2,3,6	(139,445)	5,121	144,566
<b>INCOME STATEMENT BY PROGRAM</b>				
Income from Ordinary Activities - Transport	1	475,294	578,354	103,060
Income from Ordinary Activities - General Purpose Funding	6	3,935,790	3,993,637	57,847
Expenses from Ordinary Activities - Transport	1,2,3	(1,483,422)	(1,499,763)	(16,341)
Net Result	1,2,3,6	(139,445)	5,121	144,566
<b>BALANCE SHEET</b>				
Cash and Cash Equivalents	4	321,290	375,143	53,853
Trade and Other Receivables	5	672,420	652,002	(20,418)
Infrastructure	1,2,3	23,184,533	23,271,252	86,719
Trade and Other Payables	5,6	359,658	281,393	(78,265)
Short Term Borrowings	4	-	53,853	53,853
Retained Surplus	1,2,3,6	24,020,038	24,164,604	144,566

TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

36. SUMMARY OF ADJUSTMENTS TO COMPARATIVE AMOUNTS (Continued)

	Refer Notes Above	Financial Report 2006 \$	Corrected Comparative 2006 \$	Adjustment \$
<b>STATEMENT OF CHANGES IN EQUITY</b>				
Retained Surplus:-				
Net Result	1,2,3,6	(139,445)	5,121	144,566
Balance at 30 June 2006	1,2,3,6	24,020,038	24,164,604	144,566
<b>CASH FLOW STATEMENT</b>				
Cash Flows From Operating Activities:-				
Payments - Other	1,2,3	(309,497)	(325,838)	(16,341)
Cash Flows From Investing Activities:-				
Payments for Construction of Infrastructure	2,3	(1,146,095)	(1,232,814)	(86,719)
Grants/Contributions for the Development of Assets	1	402,614	505,674	103,060
<b>NOTE 3 - CASH AND CASH EQUIVALENTS</b>				
Unrestricted	4	(619,811)	-	} 53,853
Restricted	4	941,101	-	
Cash on Hand - Unrestricted	4	-	2,610	
Restricted - Reserves	4	-	372,533	
<b>NOTE 4 - TRADE AND OTHER RECEIVABLES</b>				
GST Receivable	5	56,717	36,299	(20,418)
<b>NOTE 7 - INFRASTRUCTURE</b>				
Roads - Cost	2,3	2,377,761	2,464,480	86,719
<b>NOTE 7 - INFRASTRUCTURE (Continued)</b>				
<i>Movements in Carrying Amounts</i>				
Balance as at 30 June 2006 - Roads	2,3	13,685,615	} 13,772,334	86,719
Balance as at 1 July 2006 - Roads	2,3			
<b>NOTE 8 - TRADE AND OTHER PAYABLES</b>				
Sundry Creditors	5,6	141,528	19,303	} (78,265)
Payroll Creditors	5,6	-	4,042	
PAYG Payable	5,6	-	32,809	
Other Payables	5,6	-	7,109	
Excess Rates	5,6	-	-	
<b>NOTE 9(a) - SHORT-TERM BORROWINGS</b>				
<b>Current</b>				
Unsecured				
Bank Overdraft	4	-	53,853	53,853
<b>NOTE 13(b) - Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net Result	1,2,3,6	(139,445)	5,121	144,566
Increase/(Decrease) in Payables	6	(274,404)	(332,251)	(57,847)
Grants/Contributions for the Development of Assets	1	(402,614)	(505,674)	(103,060)



TOWN OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

36. SUMMARY OF ADJUSTMENTS TO COMPARATIVE AMOUNTS (Continued)

	Refer Notes Above	Financial Report 2006 \$	Corrected Comparative 2006 \$	Adjustment \$
<b>NOTE 17 - TOTAL ASSETS</b>				
Governance	4,5	2,323,516	2,356,951	33,435
Transport	1,2,3	21,421,459	21,508,178	86,719

**NOTE 18 - FINANCIAL RATIOS**

Restatements 1 to 6 affected the 2006 comparative ratios as follows:

Current Ratio increased from 0.426 to 0.624

Untied Cash to Trade Creditors Ratio increased from (2.375) to 0.000

Debt Ratio decreased from 0.111 to 0.110

Gross Debt to Revenue Ratio increased from 0.465 to 0.470

Gross Debt to Economically Realisable Assets Ratio increased from 0.296 to 0.301

Rate Coverage Ratio decreased from 0.414 to 0.396

Outstanding Rates Ratio decreased from 0.099 to 0.059

**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE TOWN OF NORTHAM**

***Report on the Financial Report***

We have audited the accompanying financial report of the Town of Northam, which comprises the balance sheet as at 30 June 2007 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 controls 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 Town 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 Town's financial position as at 30 June 2007 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).

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**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE TOWN OF NORTHAM (continued)**

**Statutory Compliance**

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

**Review of Budget**

A copy of the budget review was not submitted to the Director General of the Department of Local Government within 30 days of its adoption by Council, as prescribed by Financial Management Regulation 33A(4).

**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 Town.
- b) Except as detailed above, no other 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

Date: 18 December 2007  
Perth, WA