

SHIRE OF NORTHAM
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

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SHIRE OF NORTHAM

STATEMENT OF COMPEREHENSIVE INCOME

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUE				
Rates	8	6,297,883	5,935,131	5,926,236
Operating Grants, Subsidies and Contributions		7,654,559	4,941,467	5,029,417
Fees and Charges	11	2,756,022	3,019,767	2,433,685
Service Charges	10	0	0	0
Interest Earnings	2(a)	388,000	482,361	278,000
Other Revenue		452,614	152,220	363,750
		<u>17,549,078</u>	<u>14,530,946</u>	<u>14,031,088</u>
EXPENSES				
Employee Costs		(5,686,848)	(4,420,787)	(5,255,956)
Materials and Contracts		(5,125,650)	(4,557,895)	(4,938,716)
Utility Charges		(562,286)	(522,168)	(414,220)
Depreciation	2(a)	(2,806,412)	(2,820,471)	(2,764,715)
Interest Expenses	2(a)	(203,824)	(148,908)	(148,908)
Insurance Expenses		(377,266)	(367,156)	(381,395)
Other Expenditure		(420,691)	(393,101)	(323,318)
		<u>(15,182,977)</u>	<u>(13,230,486)</u>	<u>(14,227,228)</u>
		2,366,101	1,300,460	(196,140)
Non-Operating Grants, Subsidies and Contributions		3,016,973	2,949,207	4,603,358
Profit on Asset Disposals	4	199,887	118,101	528,365
Loss on Asset Disposals	4	<u>(52,571)</u>	<u>(77,817)</u>	<u>(179,657)</u>
NET RESULT		5,530,390	4,289,951	4,755,926
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>5,530,390</u>	<u>4,289,951</u>	<u>4,755,926</u>

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF NORTHAM
STATEMENT OF COMPEREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2011

NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)			
Governance	32,154	88,083	28,250
General Purpose Funding	9,654,463	9,740,093	9,725,468
Law, Order, Public Safety	163,754	174,493	147,540
Health	161,200	170,546	116,075
Education and Welfare	3,314,280	1,010,816	975,671
Housing	41,182	42,519	46,802
Community Amenities	1,747,130	1,641,796	1,481,708
Recreation and Culture	1,461,325	371,344	510,114
Transport	381,711	366,493	377,925
Economic Services	532,879	509,597	560,335
Other Property and Services	59,000	415,167	61,200
	<u>17,549,078</u>	<u>14,530,947</u>	<u>14,031,088</u>
EXPENSES EXCLUDING			
FINANCE COSTS (Refer Notes 1,2 & 14)			
Governance	(761,340)	(612,316)	(691,436)
General Purpose Funding	(238,827)	(166,603)	(215,216)
Law, Order, Public Safety	(925,864)	(795,875)	(842,542)
Health	(515,733)	(377,843)	(441,216)
Education and Welfare	(1,068,562)	(965,525)	(999,531)
Housing	(98,924)	(73,716)	(80,900)
Community Amenities	(2,669,268)	(2,282,536)	(2,584,106)
Recreation & Culture	(2,960,564)	(2,311,467)	(2,631,350)
Transport	(3,926,624)	(3,693,122)	(3,895,720)
Economic Services	(1,755,424)	(1,432,574)	(1,645,318)
Other Property and Services	(58,023)	(370,003)	(50,985)
	<u>(14,979,153)</u>	<u>(13,081,580)</u>	<u>(14,078,320)</u>
FINANCE COSTS (Refer Notes 2 & 5)			
Governance	(12,070)	(13,441)	(13,441)
Community Amenities	(1,901)	(2,170)	(2,170)
Recreation & Culture	(107,752)	(41,801)	(41,801)
Transport	(5,326)	(5,840)	(5,840)
Economic Services	(76,775)	(85,656)	(85,656)
	<u>(203,824)</u>	<u>(148,908)</u>	<u>(148,908)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS			
Law, Order, Public Safety	140,000	298,683	295,000
Education and Welfare	32,000	94,728	8,000
Housing	0	0	1,845,000
Recreation & Culture	1,107,750	1,728,743	1,686,256
Transport	1,737,223	827,053	769,102
	<u>3,016,973</u>	<u>2,949,207</u>	<u>4,603,358</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)			
Governance	(9,744)	(7,120)	(23,185)
Law, Order, Public Safety	(8,446)	0	0
Health	7,810	(1,633)	390,150
Education and Welfare	(13,287)	(13,632)	(29,804)
Community Amenities	(2,204)	(11,336)	(21,695)
Recreation & Culture	5,061	0	(8,864)
Transport	164,141	74,006	54,335
Economic Services	3,985	0	(12,229)
	<u>147,316</u>	<u>40,285</u>	<u>348,708</u>
NET RESULT	<u>5,530,390</u>	<u>4,289,951</u>	<u>4,755,926</u>
Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME	<u>5,530,390</u>	<u>4,289,951</u>	<u>4,755,926</u>

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		6,497,883	5,735,131	5,976,236
Operating Grants, Subsidies and Contributions		7,544,559	4,001,467	5,279,417
Fees and Charges		2,346,022	2,799,653	2,433,685
Service Charges		0	0	0
Interest Earnings		368,000	482,361	298,000
Goods and Services Tax		300,000	345,937	300,000
Other		452,614	242,220	513,750
		<u>17,509,078</u>	<u>13,606,769</u>	<u>14,801,088</u>
Payments				
Employee Costs		(4,689,058)	(4,422,787)	(5,005,956)
Materials and Contracts		(4,325,650)	(4,857,895)	(4,788,716)
Utility Charges		(467,286)	(482,168)	(414,220)
Insurance Expenses		(377,266)	(367,156)	(381,395)
Interest Expenses		(213,824)	(148,908)	(139,671)
Goods and Services Tax		(300,000)	(345,937)	(300,000)
Other		(310,691)	(365,101)	(323,318)
		<u>(10,683,775)</u>	<u>(10,989,952)</u>	<u>(11,353,276)</u>
Net Cash Provided By Operating Activities	15(b)	<u>6,825,303</u>	<u>2,616,817</u>	<u>3,447,812</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	(910,000)	0	0
Payments for Purchase of Property, Plant & Equipment	3	(14,284,212)	(2,236,113)	(11,134,743)
Payments for Construction of Infrastructure	3	(3,539,450)	(2,206,779)	(2,318,120)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		3,016,973	2,949,207	4,603,358
Proceeds from Sale of Plant & Equipment	4	446,631	237,991	876,700
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(15,270,058)</u>	<u>(1,255,694)</u>	<u>(7,972,805)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(315,620)	(233,951)	(233,951)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		60,292	48,106	56,859
Proceeds from New Debentures	5	2,400,000	1,000,000	1,295,000
Net Cash Provided By (Used In) Financing Activities		<u>2,144,672</u>	<u>814,155</u>	<u>1,117,908</u>
Net Increase (Decrease) in Cash Held		(6,300,083)	2,175,278	(3,407,085)
Cash at Beginning of Year		11,044,262	8,868,984	8,868,096
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>4,744,179</u></u>	<u><u>11,044,262</u></u>	<u><u>5,461,011</u></u>

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

**SHIRE OF NORTHAM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUES	1,2			
Governance		32,154	88,083	28,250
General Purpose Funding		3,356,580	3,516,272	3,799,232
Law, Order, Public Safety		303,754	473,176	442,540
Health		180,500	170,546	528,826
Education and Welfare		3,346,280	1,105,544	983,671
Housing		41,182	42,519	1,891,802
Community Amenities		1,747,130	1,641,796	1,481,708
Recreation and Culture		2,574,136	2,100,087	2,196,370
Transport		2,290,475	1,311,647	1,262,641
Economic Services		536,864	509,597	560,335
Other Property and Services		59,000	415,167	61,200
		<u>14,468,054</u>	<u>11,374,434</u>	<u>13,236,575</u>
EXPENSES	1,2			
Governance		(783,154)	(632,877)	(728,062)
General Purpose Funding		(238,827)	(166,603)	(215,216)
Law, Order, Public Safety		(934,310)	(795,875)	(842,542)
Health		(527,223)	(379,476)	(463,817)
Education and Welfare		(1,081,849)	(979,157)	(1,029,335)
Housing		(98,924)	(73,716)	(80,900)
Community Amenities		(2,673,373)	(2,296,042)	(2,607,971)
Recreation & Culture		(3,068,316)	(2,353,268)	(2,682,015)
Transport		(3,939,350)	(3,743,057)	(3,962,839)
Economic Services		(1,832,199)	(1,518,230)	(1,743,203)
Other Property and Services		(58,023)	(370,003)	(50,985)
		<u>(15,235,548)</u>	<u>(13,308,304)</u>	<u>(14,406,885)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(147,316)	(40,285)	(348,708)
Depreciation on Assets	2(a)	2,806,412	2,820,471	2,764,715
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	(910,000)	0	0
Purchase Land and Buildings	3	(12,481,197)	(965,896)	(9,462,483)
Purchase Infrastructure Assets - Roads	3	(2,192,969)	(898,013)	(1,083,901)
Infrastructure Assets - Bridges & Culverts	3	(588,000)	(378,000)	(120,000)
Infrastructure Assets - Footpaths	3	(246,560)	(765,217)	(567,704)
Infrastructure - Drainage	3	(157,693)	(127,307)	(245,000)
Infrastructure Assets - Streetscape	3	(101,504)	(2,955)	(2,955)
Purchase Infrastructure Assets - Parks	3	(6,290)	(33,624)	(66,500)
Infrastructure Assets - Aero	3	(181,434)	(1,663)	(140,000)
Purchase Playground Equipment	3	(65,000)	0	(92,060)
Purchase Tools	3	(3,500)	0	0
Purchase Plant and Equipment	3	(1,504,795)	(851,177)	(1,218,460)
Purchase Bushfire Equipment	3	(140,000)	(298,683)	(295,000)
Purchase Furniture and Equipment	3	(154,720)	(120,357)	(158,800)
Proceeds from Disposal of Assets	4	446,631	237,991	876,700
Repayment of Debentures	5	(315,620)	(233,951)	(233,951)
Proceeds from New Debentures	5	2,400,000	1,000,000	1,295,000
Self-Supporting Loan Principal Income		60,292	48,106	56,859
Transfers to Reserves (Restricted Assets)	6	(791,224)	(983,631)	(1,234,610)
Transfers from Reserves (Restricted Assets)	6	1,469,088	701,465	1,335,054
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	7,277,546	4,169,011	4,185,878
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	2,537	7,277,546	0
Amount Required to be Raised from Rates	8	<u>(6,297,883)</u>	<u>(5,935,131)</u>	<u>(5,926,236)</u>

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), other mandatory professional reporting requirements, the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The budget has also been prepared on the accrual basis under the convention of historical cost accounting.

(b) The Local Government Reporting Entity

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

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 16 to this budget document.

(c) 2009/10 Actual Balances

Balances shown in this budget as 2009/10 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) 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.

(f) Goods and Services Tax

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

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits 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 statement of cash flows, 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.

(h) Trade and Other Receivables

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

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

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

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

(j) 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 materially from that determined using fair value at reporting date.

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Land Under Roads (Continued)

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

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

(k) 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. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(m) Estimation of Fair Value

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

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

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

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

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance 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 statement of comprehensive income.

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

At the time of adopting the budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2009.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(o) 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.

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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 date.

Borrowing Costs

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

(r) Provisions

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

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

(s) Superannuation

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

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

(t) Current and Non-Current Classification

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Depreciation			
<u>By Program</u>			
Governance	98,775	100,134	92,700
General Purpose Funding	0		0
Law, Order, Public Safety	257,540	258,537	198,930
Health	10,912	10,805	10,745
Education and Welfare	49,270	48,270	21,320
Housing	14,650	14,727	14,100
Community Amenities	94,875	94,997	79,820
Recreation and Culture	332,570	331,288	289,750
Transport	1,829,400	1,844,151	1,938,560
Economic Services	110,145	110,419	116,400
Other Property and Services	8,275	7,142	2,390
	<u>2,806,412</u>	<u>2,820,471</u>	<u>2,764,715</u>
<u>By Class</u>			
Land and Buildings	325,310	327,309	305,000
Furniture & Equipment	130,000	131,605	118,000
Plant and Equipment	433,102	433,333	395,000
Bushfire Equipment	215,000	219,435	192,000
Roads	1,196,000	1,196,151	1,280,000
Footpaths	126,000	127,230	110,000
Bridges & Culverts	78,000	78,219	77,500
Drainage	116,000	116,297	118,505
Streetscape	110,000	111,978	114,500
Airports	12,000	12,327	3,200
Parks	65,000	66,587	50,500
Playground Equipment	0	0	510
	<u>2,806,412</u>	<u>2,820,471</u>	<u>2,764,715</u>
Borrowing Costs (Interest)			
- Finance Lease Charges	0	0	0
- Debentures (<i>refer note 5(a)</i>)	203,824	148,908	148,908
	<u>203,824</u>	<u>148,908</u>	<u>148,908</u>
Rental Charges			
- Operating Leases	0	7,049	0
	<u>0</u>	<u>7,049</u>	<u>0</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	150,000	189,714	100,000
- Other Funds	160,000	205,546	100,000
Other Interest Revenue (<i>refer note 13</i>)	78,000	87,101	78,000
	<u>388,000</u>	<u>482,361</u>	<u>278,000</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

Assistance to playgroups and other voluntary services

HOUSING

Maintenance of rental housing (including aged accomodation)

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

Maintenance of community halls and facilities, the Wundowie swimming pool, Wundowie library and various reserve, parks and recreation grounds.

TRANSPORT

Construction and maintenance of roads, bridges, drainage works, footpaths, parking facilities, traffic and street cleaning. Licensing transactions on behalf of the Department of Transport.

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011**

3. ACQUISITION OF ASSETS	2010/11 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	
Plant & Equipment	
CEO Vehicle	50,000
Land & Buildings	
Front Reception Refurbishment & Meeting Room	80,000
Automatic Opening Front Doors (Sliding)	10,000
External Door from Regulatory Services Building	2,000
Covered Roof Connection Around Regulatory Services Building	3,000
Furniture & Equipment	
Upgrade/Replace 25% of Administration office PC's (x 12)	25,200
Additional PC's New Position	2,100
Notebook Drive Based Backup Unit With 5 Drives	1,900
Printer/Copier/Scanner - Regulatory Services Building	5,000
Provision for additional Office Furniture	10,000
Law, Order, Public Safety	
Plant & Equipment	
Standpipe Controllers x 4	20,000
Papas 8x4 Trailer with Brakes	2,945
Vehicle Ranger x 2	62,000
- Including Beacon & Hazard Warning	
- Including Tow Bar	
Bushfire Equipment	
Fire Appliance Clackline/Muresk BFB	140,000
Health	
Plant & Equipment	
Meat Inspector Vehicle	25,000
Purchase EMRS Vehicle	36,000
Purchase EHO Vehicle	25,000
Education and Welfare	
Plant & Equipment	
Day Centre Vehicle Killara Station Wagon	34,500
Land & Buildings	
Respite Centre Construction	2,700,000
Woven Mesh Screens - Northam Playgroup Building	3,000
Upgrade to Kitchen - Fluffy Ducks Building	5,000
Infrastructure - Play Equipment	
New Shade Sail - Fluffy Ducks	2,000
Housing	
Community Amenities	
Infrastructure - Drainage	
Drainage - Royalties For Regions	117,693
New Drainage Projects	40,000
Plant & Equipment	
Executive Manager Development Services Vehicle	36,000

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

3. ACQUISITION OF ASSETS (Continued)	2010/11 Budget \$
Recreation and Culture	
Land & Buildings	
Meeting Rooms - Wundowie Hall	216,000
Kitchen Upgrade - Southern Brook Hall	15,000
Sound Shell - Bernard Park - R4R Project	372,000
Bakers Hill Golf Club - Shelter over BBQ Area	3,000
Recreation Centre - Earthworks, Headworks, Professional Fees	220,042
Recreation Centre - Building	7,729,155
Recreation Centre - Outdoor Courts	225,000
Recreation Centre - Oval Extension	170,000
Recreation Centre - Lighting	220,000
Recreation Centre - Car Parking & Access	270,000
Lift - Library	70,000
Replace Roof - Library	62,000
Old Railway Museum - Building Improvements	106,000
Plant & Equipment	
Replacement of Pool Plant Piping - Wundowie Pool	18,000
Refurb Sand Filter Fibro Liner - Wundowie Pool	32,000
Recreation Services Manager Utility - Replace N 646	30,000
Furniture & Equipment	
New Stage Curtains - Town Hall	25,000
Reverse Cycle Airconditioner - Grass Valley Hall	18,000
Cash Register - Northam Pool	750
Office Furniture - Desks & Chairs x 4 - New Rec Centre	2,000
Cash Register - Kiosk - New Rec Centre	750
Replace Carpet - Library	40,000
NetOPAC - Library	4,400
Visitor Chairs - Library	1,500
Bay Ends for New Shelves - Library	3,500
AVAS - 2 Airconditioners Gallery & Office	5,420
Infrastructure - Parks	
Play Equipment - Wundowie Pool	10,000
Play Equipment - Northam Pool	10,000
PlayGround Shade & Play Equipment - Bert Hawke	45,000
Precast Concrete Picnic Table & Chairs - Skate Park	1,430
Precast Concrete Picnic Table & Chairs - Mt Ommanney	1,430
Precast Concrete Picnic Table & Chairs - Pump Station	1,430
Infrastructure - Streetscape	
Car Park Bert Hawke	72,500
Grass Valley Hall Carpark	29,004

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

3. ACQUISITION OF ASSETS (Continued)	2010/11 Budget \$
Transport	
Infrastructure - Roads	
Deproclamation Great Eastern Highway	185,030
Clackline Toodyay Road - 10/11	331,525
Irishtown Road - 10/11	92,120
Meenar North Road - Gravel Resheeting	264,869
Clydesdale Road - Reconstruct & Seal	148,065
Wundabiniring Road - Gravel Resheeting	145,734
Moore Road - Gravel Resheeting	140,667
Dempster Road Grass Valley - Reconstruct & Seal	64,845
Vanzetti Road - Reconstruct & Seal	50,548
Sermon Road - Gravel Resheeting	27,755
Bodeguro Road - Reconstruct & Seal	13,765
Boondine Road - Gravel Resheeting	12,669
Purkiss Drive - Reconstruct & Seal	10,198
Berry Brow Road - Reconstruct & Seal	268,805
Withers Street - Reconstruct & Seal	108,834
Peel Terrace - Upgrade	284,684
Carter Road - Shoulder Reconstruction	16,493
Benruea Road - Drain Line Reconstruction 2.73kms	21,818
Gray & Duke Street - Survey Pick Up	4,545
Infrastructure - Footpaths	
Northam Dual Use Bike Path	36,277
Charles Street Footpath	21,551
Morrell Street Footpath	13,891
Gordon Place Footpath	6,910
Elizabeth Place Footpath	8,200
Esperance Street Footpath	21,550
Fraser Street Footpath	21,551
Fermoy Avenue Footpath	23,283
Lance Street Footpath	24,184
Peel Terrace Footpath	9,163
Footpath Construction	60,000
Infrastructure - Bridges & Culverts	
Frenches Road Bridge # 4124 - Repairs (Restricted Cash 08/09)	4,000
Irishtown Rd Bridge #4109 - Repair Abutment Sheeting & Constru	12,000
Trimmer Rd Bridge #4122 - Replace Stringer Corbels etc	20,000
Old York Rd Bridge #4399 - Preconstruction Activities	52,000
Katrine Rd Bridge #4116A - Piles, Decking (R2R Funds)	500,000
Plant & Equipment	
Isuzu Folcon 2002 - N008	160,000
Slasher Wundowie 2001	9,600
John Deere Z Track Ride on 2008 - P450	45,000
Tilt Tray Utility 2005 Parks & Gardens - P5042	34,700
Loader 2 Cubic Meter Bucket	260,000
6 Wheel Truck Side & End Tipper	210,000
Pig Trailer Side & End Tipper	45,000
12 Tonne Vibrating Steel Drum Roller with Bolt on Pads	187,500
Footpath Sweeper	90,000
Bobcat Trailer	20,000
Brush Cutters x 2	2,000
Petrol Blower	500
Chain Saw	1,000
4 in 1 Bucket for Cat Skid Steer	4,350
3hp Boat Mower (Dingy)	1,200
Canopy for Compact Tractor	1,000

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011**

3. ACQUISITION OF ASSETS (Continued)	2010/11 Budget \$
Infrastructure - Airport	
3 Phase Power Connection	181,434
Economic Services	
Furniture & Equipment	
Digital SLR Camera	1,200
Conference Room Tables Stock Display Tables/Stand	4,000
Replacement Telephone System	4,000
Plant & Equipment	
Christmas Decorations	10,000
Senior Building Surveyor Vehicle	25,000
Building Surveyor's Ute	30,000
Land & Buildings	
Purchase of Victoria Oval	910,000
Other Property and Services	
	<u>18,733,662</u>
<u>By Class</u>	
Land Held for Resale	910,000
Land and Buildings	12,481,197
Infrastructure Assets - Roads	2,192,969
Infrastructure Assets - Bridges & Culverts	588,000
Infrastructure Assets - Footpaths	246,560
Infrastructure - Drainage	157,693
Infrastructure Assets - Streetscape	101,504
Infrastructure Assets - Parks	6,290
Infrastructure Assets - Aero	181,434
Playground Equipment	65,000
Tools	3,500
Plant and Equipment	1,504,795
BushFire Equipment	140,000
Furniture and Equipment	154,720
	<u>18,733,662</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

4. DISPOSALS OF ASSETS

The following assets are budgeted to be disposed of during the year.

<u>By Program</u>		Net Book Value	Sale Proceeds	Profit(Loss)
		2010/11 BUDGET	2010/11 BUDGET	2010/11 BUDGET
		\$	\$	\$
Governance	4			
CEO Vehicle - PN0809 - Asset 9222		34,744	25,000	(9,744)
Law, Order Public Safety	5			
Snr Ranger Vehicle - PN0903 - Asset 9231		28,200	27,000	(1,200)
Ranger Vehicle - PN0901 - Asset 9233		29,246	22,000	(7,246)
Health	7			
Meat Inpectors Ute - PN0816 - Asset 9221		15,621	19,000	3,379
EM Regulatory Services Vehicle - PN0804 - Asset 9203		23,003	20,400	(2,603)
Environmental Health Vehicle - PN0902 - Asset 9232		26,887	18,000	(8,887)
Lot 310 Wandoo Parade, Wundowie - Asset S404		4,079	20,000	15,921
Education & Welfare	8			
Killara Vehicle - Killara - P597 - Asset 9076		23,287	10,000	(13,287)
Communtiy Ammenities	10			
EM Development Services Vehicle - PN0815 - Asset 9209		24,854	22,650	(2,204)
Recreation & Culture	11			
Recreation Manager Ute - PN0811 - Asset 9211		14,939	20,000	5,061
Transport	12			
Isuzu Folcon 2002 - PN008 - Asset S633		22,273	63,338	41,065
Flocon Body - Asset S450		0	0	0
Slasher Wundowie 2001 - P5 - Asset S584		0	1,200	1,200
John Deere Z Track Ride on 2008 - P450 - Asset 9109		12,400	5,000	(7,400)
Tilt Tray Utility 2005 Parks & Gardens - PN5042 - Asset 9062		3,202	11,400	8,198
6 Wheel Truck Side & End Tipper PN595 - Asset 995		50	67,643	67,593
12 Tonne Vibrating Steel Drum Roller PN1709 - Asset S589		2,124	55,000	52,876
Bobcat Trailer - PN393 - Asset 696		1,391	2,000	609
Economic Services	13			
Senior Building Surveyor Ute - PN0801 - Asset 9200		14,251	18,000	3,749
Building Surveyor Vehicle - PN0823 - Asset 9226		18,764	19,000	236
		299,315	446,631	147,316

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2010/11 BUDGET	2010/11 BUDGET	2010/11 BUDGET
	\$	\$	\$
Land & Buildings	4,079	20,000	15,921
Plant & Equipment	295,236	426,631	131,395
	299,315	446,631	147,316

Summary

	2010/11 BUDGET
	\$
Profit on Asset Disposals	199,887
Loss on Asset Disposals	(52,571)
	<u>147,316</u>

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-10	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2010/11 Budget \$	2009/10 Actual \$	2010/11 Budget \$	2009/10 Actual \$	2010/11 Budget \$	2009/10 Actual \$
Governance								
Loan 215 - Admin Office Renovations	183,525		21,282	19,911	162,243	183,525	12,070	13,441
Education & Welfare								
Loan 226 - Respite Centre Construction	0	400,000	0	0	400,000	0	0	0
Community Amenities								
Loan 210 - River Dredging	32,192		4,590	4,322	27,602	32,192	1,901	2,170
Recreation & Culture								
Loan 206 - Northam Country Club **	315,249		29,478	27,802	285,771	315,249	18,294	19,970
Loan 208 - Northam Country Club **	45,119		3,411	3,170	41,709	45,119	3,303	3,544
Loan 219 - Northam Bowling Club **	201,026		18,827	17,764	182,199	201,026	11,587	12,650
Loan 222 - Northam Trotting Club Building **	96,877		8,577	8,123	88,300	96,877	5,184	5,637
Loan 223 - Recreation Facilities	1,000,000		67,200	0	932,800	1,000,000	69,383	0
Loan 224 - Recreation Facilities	0	1,100,000	0	0	1,100,000	0	0	0
Transport								
Loan 221 - Airstrip Upgrade	86,585		8,649	8,135	77,936	86,585	5,326	5,840
Economic Services								
Loan 204 - Visitors Centre/Tourist Bureau	23,122		8,648	7,924	14,474	23,122	1,876	2,599
Loan 205 - Visitor Centre Café	41,949		15,975	14,979	25,975	41,949	2,486	3,482
Loan 217 - CBD Streetscape	1,146,825		116,439	109,990	1,030,386	1,146,825	64,628	71,077
Loan 218 - CBD Streetscape	134,148		12,544	11,831	121,604	134,148	7,785	8,498
Loan 225 - Victoria Oval Purchase	0	900,000	0	0	900,000	0	0	0
	3,306,617	2,400,000	315,620	233,951	5,390,997	3,306,617	203,824	148,908

** Self supporting loans

All other debenture repayments are to be financed by general purpose revenue.

Loan 221 - No longer a self supporting loan to Northam Aero Club now financed by general purpose revenue.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 224 - Recreation Facilities	1,100,000	Unknown	Debenture	20	960,400	7	1,100,000	0
Loan 225 - Victoria Oval Purchase	900,000	Unknown	Debenture	20	785,438	7	900,000	0
Loan 226 - Respite Centre Construction	400,000	Unknown	Debenture	10	162,736	7	400,000	0

(c) Unspent Debentures

Council had \$769,197 in unspent debenture funds as at 30th June 2010, it is not expected to have any unspent debenture funds as at 30th June 2011.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 with the Bank of Western Australia does exist. It is not anticipated that this facility will be required to be utilised during 2010/11.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
6. RESERVES - CASH BACKED			
(a) Aged Accomodation Reserve (S)			
Opening Balance	203,336	189,069	189,049
Interest	5,823	7,267	3,750
Amount Set Aside / Transfer to Reserve	8,399	7,000	7,000
Amount Used / Transfer from Reserve	0	0	(100,000)
	<u>217,558</u>	<u>203,336</u>	<u>99,799</u>
(b) Employee Liability Reserve (S)			
Opening Balance	504,841	484,816	484,764
Interest	14,457	18,635	9,617
Amount Set Aside / Transfer to Reserve	1,746	1,390	1,390
Amount Used / Transfer from Reserve	0	0	0
	<u>521,044</u>	<u>504,841</u>	<u>495,771</u>
(c) Housing Reserve (S)			
Opening Balance	195,200	187,975	187,955
Interest	5,590	7,225	3,729
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(160,000)
	<u>200,790</u>	<u>195,200</u>	<u>31,684</u>
(d) Meat Inspection Reserve (S)			
Opening Balance	114,685	99,052	99,041
Interest	2,946	3,807	1,965
Amount Set Aside / Transfer to Reserve	0	11,826	0
Amount Used / Transfer from Reserve	(16,319)	0	(44,660)
	<u>101,312</u>	<u>114,685</u>	<u>56,346</u>
(e) Office Equipment Reserve			
Opening Balance	97,087	83,864	83,855
Interest	2,780	3,223	1,664
Amount Set Aside / Transfer to Reserve	10,000	10,000	10,000
Amount Used / Transfer from Reserve	0	0	0
	<u>109,867</u>	<u>97,087</u>	<u>95,519</u>
(f) Plant & Equipment Reserve (S)			
Opening Balance	978,466	1,092,428	1,092,311
Interest	28,020	41,993	21,669
Amount Set Aside / Transfer to Reserve	230,000	254,900	254,900
Amount Used / Transfer from Reserve	(866,269)	(410,855)	(454,000)
	<u>370,217</u>	<u>978,466</u>	<u>914,880</u>
(g) Recreation Reserve (S)			
Opening Balance	291,764	341,413	341,377
Interest	8,355	12,961	6,772
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(216,000)	(62,610)	(270,000)
	<u>84,119</u>	<u>291,764</u>	<u>78,149</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
6. RESERVES - CASH BACKED (Continued)			
(h) Refuse Reserve (S)			
Opening Balance	209,188	201,275	205,849
Interest	6,122	7,913	4,084
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>215,310</u>	<u>209,188</u>	<u>209,933</u>
(i) Road & Bridgeworks Reserve (S)			
Opening Balance	581,982	772,635	772,552
Interest	16,666	29,697	15,326
Amount Set Aside / Transfer to Reserve	7,650	7,650	7,650
Amount Used / Transfer from Reserve	0	(228,000)	0
	<u>606,298</u>	<u>581,982</u>	<u>795,528</u>
(j) Recreation Reserve (T)			
Opening Balance	189,814	182,787	182,768
Interest	5,436	7,027	3,626
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve (combined with Office Equip Res)	(195,250)	0	(186,394)
	<u>0</u>	<u>189,814</u>	<u>0</u>
(k) Refuse Site Reserve (T)			
Opening Balance	203,700	177,071	172,456
Interest	5,702	6,629	3,421
Amount Set Aside / Transfer to Reserve	20,000	20,000	20,000
Amount Used / Transfer from Reserve (combined with Plant & Equipment Res)	0	0	0
	<u>229,402</u>	<u>203,700</u>	<u>195,877</u>
(l) Regional Development Reserve (T)			
Opening Balance	131,502	112,190	112,178
Interest	3,766	4,312	2,225
Amount Set Aside / Transfer to Reserve	15,000	15,000	15,000
Amount Used / Transfer from Reserve	0	0	0
	<u>150,268</u>	<u>131,502</u>	<u>129,403</u>
(m) Speedway Reserve (S)			
Opening Balance	108,516	104,499	104,488
Interest	3,107	4,017	2,073
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>111,623</u>	<u>108,516</u>	<u>106,561</u>
(n) Community Bus Replacement Reserve			
Opening Balance	27,089	16,456	16,454
Interest	776	633	326
Amount Set Aside / Transfer to Reserve	10,000	10,000	10,000
Amount Used / Transfer from Reserve (combined with Office Equip Res)	0	0	0
	<u>37,865</u>	<u>27,089</u>	<u>26,780</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
6. RESERVES - CASH BACKED (Continued)			
(o) Septage Pond Reserve			
Opening Balance	62,711	41,130	41,126
Interest	1,796	1,581	816
Amount Set Aside / Transfer to Reserve	20,000	20,000	20,000
Amount Used / Transfer from Reserve	0	0	0
	<u>84,507</u>	<u>62,711</u>	<u>61,942</u>
(p) Killara Reserve			
Opening Balance	258,002	177,095	190,587
Interest	5,668	7,326	3,781
Amount Set Aside / Transfer to Reserve	0	73,581	0
Amount Used / Transfer from Reserve	(24,500)	0	0
	<u>239,170</u>	<u>258,002</u>	<u>194,368</u>
(q) Minson Ave/Bernard Park Reserve			
Opening Balance	28,218	27,174	27,171
Interest	808	1,044	539
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>29,026</u>	<u>28,218</u>	<u>27,710</u>
(r) Stormwater Drainage Projects Reserve			
Opening Balance	134,139	100,284	100,273
Interest	3,841	3,855	1,989
Amount Set Aside / Transfer to Reserve	30,000	30,000	30,000
Amount Used / Transfer from Reserve	0	0	0
	<u>167,980</u>	<u>134,139</u>	<u>132,262</u>
(s) Recreation and Community Facilities Reserve			
Opening Balance	470,750	340,884	340,848
Interest	13,481	13,102	6,762
Amount Set Aside / Transfer to Reserve	125,086	116,764	116,764
Amount Used / Transfer from Reserve	(150,750)	0	(120,000)
	<u>458,567</u>	<u>470,750</u>	<u>344,374</u>
(t) Administration Office Reserve			
Opening Balance	369,013	295,740	295,709
Interest	10,566	11,367	5,866
Amount Set Aside / Transfer to Reserve	13,343	61,906	511,906
Amount Used / Transfer from Reserve	0	0	0
	<u>392,922</u>	<u>369,013</u>	<u>813,481</u>
(u) Council Buildings & Amenities Reserve			
Opening Balance	100,000	0	0
Interest	2,863	0	0
Amount Set Aside / Transfer to Reserve	100,000	100,000	100,000
Amount Used / Transfer from Reserve	0	0	0
	<u>202,863</u>	<u>100,000</u>	<u>100,000</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
6. RESERVES - CASH BACKED (Continued)			
(v) River Town Pool Dredging Reserve			
Opening Balance	50,000	0	0
Interest	1,431	0	0
Amount Set Aside / Transfer to Reserve	50,000	50,000	30,000
Amount Used / Transfer from Reserve		0	0
	<u>101,431</u>	<u>50,000</u>	<u>30,000</u>
Total Cash Backed Reserves	<u>4,632,139</u>	<u>5,310,003</u>	<u>4,940,367</u>
Total Interest	150,000	193,614	100,000

All of the above reserve accounts are to be supported by money held in financial institutions.

(S) indicates Old Shire of Northam Reserve Fund

(T) Indicates Old Town of Northam Reserve Fund

NB: As part of the Merger of the Shire and Town of Northam all reserve funds raised in the old districts are to be spent in those old districts for a period of four (4) years.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
6. RESERVES - CASH BACKED (Continued)			
Summary Transfers to Reserves			
Aged Accommodation Reserve (S)	14,222	14,267	10,750
Employee Liability Reserve (S)	16,203	20,025	11,007
Housing Reserve (S)	5,590	7,225	3,729
Meat Inspection Reserve (S)	2,946	15,633	1,965
Office Equipment Reserve	12,780	13,223	11,664
Plant & Equipment Reserve (S)	258,020	296,893	276,569
Recreation Reserve (S)	8,355	12,961	6,772
Refuse Reserve (S)	6,122	7,913	4,084
Road & Bridgeworks Reserve (S)	24,316	37,347	22,976
Recreation Reserve (T)	5,436	7,027	3,626
Refuse Site Reserve (T)	25,702	26,629	23,421
Regional Development Reserve (T)	18,766	19,312	17,225
Speedway Reserve (S)	3,107	4,017	2,073
Community Bus Replacement Reserve	10,776	10,633	10,326
Septage Pond Reserve	21,796	21,581	20,816
Killara Reserve	5,668	80,907	3,781
Minson Ave/Bernard Park Reserve	808	1,044	539
Stormwater Drainage Projects Reserve	33,841	33,855	31,989
Recreation & Community Facilities Reserve	138,567	129,866	123,526
Administration Office Reserve	23,909	73,273	517,772
Council Buildings & Amenities Reserve	102,863	100,000	100,000
River Town Pool Dredging Reserve	51,431	50,000	30,000
	<u>791,224</u>	<u>983,631</u>	<u>1,234,610</u>
Summary Transfers from Reserves			
Aged Accommodation Reserve (S)	-	-	(100,000)
Employee Liability Reserve (S)	-	-	-
Housing Reserve (S)	-	-	(160,000)
Meat Inspection Reserve (S)	(16,319)	-	(44,660)
Office Equipment Reserve	-	-	-
Plant & Equipment Reserve (S)	(866,269)	(410,855)	(454,000)
Recreation Reserve (S)	(216,000)	(62,610)	(270,000)
Refuse Reserve (S)	-	-	-
Road & Bridgeworks Reserve (S)	-	(228,000)	-
Recreation Reserve (T)	(195,250)	-	(186,394)
Refuse Site Reserve (T)	-	-	-
Regional Development Reserve (T)	-	-	-
Speedway Reserve (S)	-	-	-
Community Bus Replacement Reserve	-	-	-
Septage Pond Reserve	-	-	-
Killara Reserve	(24,500)	-	-
Minson Ave/Bernard Park Reserve	-	-	-
Stormwater Drainage Projects Reserve	-	-	-
Recreation and Community Facilities Reserve	(150,750)	-	(120,000)
Administration Office Reserve	-	-	-
Council Buildings & Amenities Reserve	-	-	-
River Town Pool Dredging Reserve	0	0	0
	<u>(1,469,088)</u>	<u>(701,465)</u>	<u>(1,335,054)</u>
Total Transfer to/(from) Reserves	<u>(677,864)</u>	<u>282,166</u>	<u>(100,444)</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

6. 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:

Aged Accommodation Reserve (S)

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

Employee Liability Reserve (S)

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

Housing Reserve (S)

Reserve established for future construction of Community Housing in Wundowie.

Meat Inspection Reserve (S)

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

Office Equipment Reserve (S)

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

Plant & Equipment Reserve (S)

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

Recreation Reserve (S)

Development and improvement of recreation and sporting facilities within the Shire of Northam.

Refuse Reserve (S)

Provision of future waste management strategy within the Shire of Northam. No date has been specified for the use of this Reserve.

Road & Bridgeworks Reserve (S)

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

Recreation Reserve (T)

Purpose - Development and improvement of Council's Recreation and Sporting facilities, equipment and infrastructure. It is proposed this reserve will be fully utilised in 2010/11.

Refuse Site Reserve (T)

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

6. RESERVES - CASH BACKED (Continued)

Regional Development Reserve (T)

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

Speedway Reserve

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

Community Bus Replacement Reserve

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

Septage Pond Reserve

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

Killara Reserve

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

Minson Ave/Bernard Park Reserve

Purpose - To provide funds for amenities within Bernard Park. No date has been specified for the use of this Reserve.

Stormwater Drainage Projects Reserve

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

Recreation and Community Facilities Reserve

Purpose - To provide fund for Recreation and Public Facilities within the New Shire of Northam that are not quarantined for 4 years merger agreement. No date has been specified for the use of this Reserve. 2% of net rates levied each year set aside for the provision of recreation and sport facilities.

Administration Office Reserve

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

Council Buildings & Amenities Reserve

Purpose - Provision for maintenance and upgrading of Council buildings and amenities. Funds not expected to be used in a set period as further transfer to the reserve account are anticipated.

River Town Pool Dredging Reserve

Purpose - Provision for dredging and maintenance of the River Town Pool. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$
7. NET CURRENT ASSETS		
Composition of Estimated Net Current Asset Position		
CURRENT ASSETS		
Cash - Unrestricted	115,633	5,819,666
Cash - Restricted	4,632,139	5,310,003
Receivables	460,000	2,301,382
Inventories	35,000	105,812
	<u>5,242,772</u>	<u>13,536,863</u>
LESS: CURRENT LIABILITIES		
Payables and Provisions	<u>(608,096)</u>	<u>(949,314)</u>
NET CURRENT ASSET POSITION	4,634,676	12,587,549
Less: Cash - Restricted	<u>(4,632,139)</u>	<u>(5,310,003)</u>
ESTIMATED SURPLUS C/FWD	<u><u>2,537</u></u>	<u><u>7,277,546</u></u>

The estimated surplus c/fwd in the 2009/10 actual column represents the surplus brought forward as at 1 July 2010.

The estimated surplus c/fwd in the 2010/11 budget column represents the surplus carried forward as at 30 June 2011.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

8. RATING INFORMATION - 2010/11 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2010/11 Budgeted Rate Revenue \$	2010/11 Budgeted Interim Rates \$	2010/11 Budgeted Back Rates \$	2010/11 Budgeted Total Revenue \$	2009/10 Actual \$
Differential General Rate								
00 Non-Rateable	0.0000	629	505,683	0	0	0	0	0
01 GRV-Northam Town Gen	11.2659	2,693	22,106,022	2,490,443	16,500	500	2,507,443	2,372,729
02 GRV-Northam Town Diff	11.9686	251	8,521,838	1,019,945	500	100	1,020,545	947,123
03 GRV-Old Shire	11.2659	286	2,657,444	299,385	2,000	100	301,485	301,438
05 Agricultural Local	0.3580	468	199,497,000	714,199	5,000	100	719,299	763,233
06 Agricultural Regional	0.3100	216	126,671,000	392,680	5,000	100	397,780	374,280
07 Rural Small Holdings	0.4545	556	103,797,000	471,759	1,000	100	472,859	464,595
08 Springhill (Landuse)	0.4549	1	283,000	1,287	0		1,287	1,262
09 Princes (Landuse)	2.2100	1	145,000	3,204	0		3,204	3,141
10 Solfame (Landuse)	0.6505	1	567,000	3,688	0		3,688	3,615
11 Bennie (Landuse)	0.7533	1	191,000	1,439	0		1,439	1,410
12 CSR (Landuse)	1.2350	1	308,000	3,804	0		3,804	3,729
Sub-Totals		5,104	465,249,987	5,401,833	30,000	1,000	5,432,833	5,236,555
Minimum Rates	Minimum \$							
01 GRV-Northam Town Gen	650	645	2,897,037	419,250	0	0	419,250	352,800
02 GRV-Northam Town Diff	650	48	154,186	31,200	0	0	31,200	29,400
03 GRV-Old Shire	650	232	1,133,133	150,800	0	0	150,800	120,000
05 Agricultural Local	650	207	26,423,305	134,550	0	0	134,550	83,400
06 Agricultural Regional	650	180	22,711,400	117,000	0	0	117,000	102,000
07 Rural Small Holdings	650	5	569,500	3,250	0	0	3,250	2,400
Sub-Totals		1,317	53,888,561	856,050	0	0	856,050	690,000
Ex-Gratia Rates							6,288,883	5,926,555
Specified Area Rates (Note 9)							9,000	8,576
							0	0
Discounts							6,297,883	5,935,131
Totals							0	0
							6,297,883	5,935,131

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

8. RATING INFORMATION - 2010/11 FINANCIAL YEAR (Continued)

All land except exempt land in the Shire of Northam is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2010/11 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

At the time of printing for Council Adoption it is not intended that the differential rates or minimum payments will differ from those advertised.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

9. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

It is not anticipated any specified area rates will be raised in 2010/11.

10. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

It is not anticipated any service charges will be raised in 2010/11.

11. FEES & CHARGES REVENUE	2010/11 Budget \$	2009/10 Actual \$
Governance	300	6
General Purpose Funding	67,000	63,536
Law, Order, Public Safety	32,431	37,499
Health	141,100	164,878
Education and Welfare	124,500	160,668
Housing	40,352	41,950
Community Amenities	1,685,530	1,581,807
Recreation & Culture	234,800	231,600
Transport	52,000	84,975
Economic Services	347,009	278,500
Other Property & Services	31,000	374,348
	<u>2,756,022</u>	<u>3,019,767</u>

12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR

Discount on Rates

Council is not offering a discount on rates payments in 2010/11.

Concessions

The Shire of Northam has not included an allowance for rates concessions due to valuation appeals which may be upheld by the Valuer General during 2010/11.

Write Offs

The Shire of Northam has included a provision of \$1,000 for the write off of small sundry debtor balances in 2010/11.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

13. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

A penalty interest rate of 11% will be charged on all rate payments, where the ratepayer has not selected the instalment option and payment has not been received within 35 days of the rate notice being issued or where an instalment remains unpaid, if the instalment method has been chosen. It is estimated this will generate revenue of \$60,000. Three separate options will be available to ratepayers for payment of their rates.

Option 1 (Full Payment)

To pay the total amount of rates and charges including arrears on the rate notice in full by the due date Monday 13 September 2010, which is 35 days after the date of service. Failure to pay such costs will attract penalty charges.

Option 2 (2 Instalments)

To pay by two (2) instalments. Details of these dates and amounts are included on the rate notice. First instalment to be received within 35 days after the date of service appearing on the rate notice, including all arrears. The second instalment to be made at a two monthly interval thereafter. Failure to pay such costs by the due dates will attract penalty charges. This option can only be selected where the first instalment including all arrears (if any) are paid by the due date.

Dates are:

1. Monday 13 September 2010
2. Friday 12 November 2010

Option 3 (4 Instalments)

To pay by four (4) instalments in accordance with section 6.50 (3). Details of these dates and amounts are included on the rate notice. First instalment to be received within 35 days after the date of service appearing on the rate notice, including all arrears. The second, third and fourth instalments to be made at two monthly intervals thereafter. Failure to pay such costs by the due dates will attract penalty charges. This option can only be selected where the first instalment including all arrears (if any) are paid by the due date.

Dates are:

1. Monday 13 September 2010
2. Friday 12 November 2010
3. Tuesday 11 January 2011
4. Monday 14 March 2011

The cost of the instalment plans will comprise of simple interest of 5.5% pa calculated from the date the first instalment is due, together with an administration fee of \$9.00 for each instalment notice.

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Interest on Unpaid Rates	65,000	65,058	60,000
Interest on Instalment Plan	18,000	16,043	18,000
Charges on Instalment Plan	25,000	21,072	29,000
	<u>108,000</u>	<u>102,173</u>	<u>107,000</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

14. COUNCILLORS' REMUNERATION	2010/11 Budget \$	2009/10 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.		
Meeting Fees	77,000	77,000
President's Allowance	16,000	16,000
Deputy President's Allowance	4,000	4,000
Travelling Expenses	10,000	9,643
IT Expenses	10,000	10,000
Telecommunications Allowance	15,000	10,000
	<u>132,000</u>	<u>126,643</u>

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Cash - Unrestricted	115,633	5,737,852	179,644
Cash - Restricted	4,628,546	5,306,410	5,281,367
	<u>4,744,179</u>	<u>11,044,262</u>	<u>5,461,011</u>

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

Aged Accommodation Reserve (S)	217,558	203,336	199,799
Employee Liability Reserve (S)	521,044	504,841	495,771
Housing Reserve (S)	200,790	195,200	191,684
Meat Inspection Reserve (S)	102,290	115,663	56,346
Office Equipment Reserve	109,867	97,087	95,519
Plant & Equipment Reserve (S)	370,217	978,466	914,880
Recreation Reserve (S)	84,119	291,764	118,149
Refuse Reserve (S)	215,310	209,188	209,933
Road & Bridgeworks Reserve (S)	606,298	581,982	795,528
Recreation Reserve (T)	0	189,814	0
Refuse Site Reserve (T)	229,402	203,700	195,877
Regional Development Reserve (T)	150,268	131,502	129,403
Speedway Reserve (S)	111,623	108,516	106,561
Community Bus Replacement Reserve	37,865	27,089	26,780
Septage Pond Reserve	84,507	62,711	61,942
Killara Reserve	234,599	253,431	194,368
Minson Ave/Bernard Park Reserve	29,026	28,218	27,710
Stormwater Drainage Projects Reserve	167,980	134,139	143,262
Recreation & Community Facilities Reserve	458,567	470,750	344,374
Administration Office Reserve	392,922	369,013	823,481
Council Buildings & Amenities Reserve	202,863	100,000	100,000
River Town Pool Dredging Reserve	101,431	50,000	50,000
	<u>4,628,546</u>	<u>5,306,410</u>	<u>5,281,367</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

15. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	5,530,390	4,289,951	4,755,926
Depreciation	2,806,412	2,820,471	2,764,715
(Profit)/Loss on Sale of Asset	(147,316)	(40,284)	(348,708)
(Increase)/Decrease in Receivables	916,000	(1,450,205)	475,000
(Increase)/Decrease in Inventories	27,000	(9,920)	10,000
Increase/(Decrease) in Payables	649,790	(163,784)	344,237
Increase/(Decrease) in Employee Provisions	60,000	119,795	50,000
Grants/Contributions for the Development of Assets	(3,016,973)	(2,949,207)	(4,603,358)
Net Cash from Operating Activities	<u>6,825,303</u>	<u>2,616,817</u>	<u>3,447,812</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	100,000	100,000	100,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	15,000	15,000	15,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>
Loan Facilities			
Loan Facilities in use at Balance Date	<u>5,390,997</u>	<u>3,306,617</u>	<u>3,406,619</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>769,197</u>	<u>0</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

16. TRUST FUNDS

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

Detail	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Facilities - Bonds	1,557	3,000	(3,557)	1,000
Town Hall Bond	1,092	4,000	(4,092)	1,000
Unclaimed Monies	0	0	0	0
Builders Reg Board Levy	0	18,000	(18,000)	0
Footpath/Kerbing Deposit Retentions	26,503	3,000	(18,503)	11,000
Sundry Trust	370,311			370,311
Friends of White Swans	1,560	0	0	1,560
Building & Construction	444	0	0	444
Industry Training Fund	0	70,000	(70,000)	0
Standpipe Key	5,150	100	(4,250)	1,000
Resited Dwellings	44,200	10,000	(20,200)	34,000
Extractive Industries	112,037	4,000	0	116,037
Other	203,454	4,000	(50,000)	157,454
Other - Rental Bond	800	0	0	800
Nomination Deposits	0	0	0	0
Library Deposits & Income	1,591	0	(1,091)	500
POS - Cash in Lieu	579,654	0	(300,000)	279,654
Bonds - Building	117,600	50,000	(107,600)	60,000
Equipment Pool - Bond	0	100	(100)	0
Crossovers - Bond	22,550	5,000	(18,550)	9,000
Traffic Licencing	0	4,340,025	(4,340,025)	0
	<u>1,488,503</u>			<u>1,043,760</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2010/11.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2010/11.