



## **2012/2013 ANNUAL REPORT**

## COUNCILLORS



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Elected: 2013 Retires: 2017

## **COUNCIL & COMMITTEE MEETINGS**

### **COUNCIL MEETINGS**

Council Meetings are held on the third Friday of each month. All Council meetings are held in the Northampton Council Chambers except for the February, June and October meetings which are held in the Allen Centre, Kalbarri.

The Council and Committee meetings are open to the public and there is public question time at the beginning of both Council and Committee meetings at which time the general public may ask questions on any Local Government matter.

Meeting dates and times are subject to change and if this does occur notice of such change is advertised as per the requirements of the Local Government Act 1995.

### **COMMITTEE MEETINGS**

Council has no operational standing committees however the following standing committees have been retained and meet on an as needs basis. The members listed are those as at 30 June 2013.

None of the following committees have delegated power which requires all committee recommendations having to be put before full Council for final determination.

#### Audit Committee

Cr's Wilson, Cripps, Gliddon, Stock Standen & Carson.

#### Disability Services Committee

Members - Cr's Gliddon, Booth, Simkin and Building Surveyor/Environmental Health Officer.

#### Staff Occupational, Health & Safety Committee

Cr's Wilson, Cripps, & Gliddon

#### Senior Staff Employment Performance Review Committee

Cr's G Wilson, Cripps, Gliddon, Booth & CEO



## **PRESIDENTS REPORT**

It is with pleasure as President of the Northampton Shire Council, I present my 2012/13 Annual Report.

Council presided over a consolidating budget and perhaps a quieter year with the number of major capital projects, it is still a responsible budget with projects and infrastructure servicing electors and the public well.

The latter part of the year saw the resignations of Lou Parker and Stephanie Penn who contributed well on Council in its decision making. The replacement for those vacated positions became difficult to fill resulting in Council sourcing participants, and appointing Cr Des Pike and Cr Mal Scott in January 2013.

The Great Bike Hike visited Northampton in August 2012 and the Shire saw fit to recognise the achievements of these disabled athletes and the ability of these individuals to work as a team to raise funds for a common goal.

October 2012 was the beginning of preparation for our celebration of 150 years of the Northampton town. A committee was formed to progress those celebrations to an opening event on the 19th February 2014 and community concert to be held 2 March 2014. I thank the committee for their contribution.

The Australian Safari race held their inaugural event in 2012/13 and have again run the event in September 2013. All indications are that event will continue in 2014.

March 2013 saw the celebration of 100 years of rail from Northampton to Alana. A dedicated group of volunteers from Friends of the Railway, led by Bob Taylor, put together a programme and display that was very memorable.

I make special mention of farmers in the Ogilvie region of the shire in the construction and sealing of the Ogilvie East Road. Work on the three year project was done in partnership with the Northampton outside work staff and is continuing with all works to be completed in 2013/14.

In 2013 Council adopted a Corporate Business Plan and Community Strategic Plan incorporating Asset Management Plans. These plans are a blueprint for the shire into the future. The plan can be reviewed and is a very important document for Council in determining the future needs and requirements for the future development of the shire.

Amalgamation is still on the minds of many in Local Government, and the Northampton Shire is not immune to this ongoing debate and process. This Council will continue to work towards a suitable outcome for the interests of its ratepayers and electors, both locally and with State Government.

Council continues to support the funding of scholarships for both academic and sporting achievers within our shire. The academic scholarships are awarded through the Geraldton University Centre and sporting scholarships are awarded to individuals deemed high achievers who meet set criteria.

I end my report with thanking the people I work with in decision-making for the betterment of the Shire.

I thank the Senior Management of the Shire and all staff for their dedication to the management of the Shire.

I make a special mention to my fellow Councillors for the work and time they contribute to the community and directing this Shire forward.

**CR GORDON WILSON**  
**SHIRE PRESIDENT**





## **CHIEF EXECUTIVE OFFICERS REPORT**

It is with pleasure to present my annual report on the 2012/2013 year of operations of the Shire of Northampton.

### **MANAGEMENT STAFF**

The Chief Executive Officer is responsible for the overall management of the Shire and I am pleased to report that the following Management Staff are a blend of dedicated and professional staff which has resulted in benefits for the Shire.

Chief Executive Officer	Garry Keeffe
Deputy Chief Executive Officer	Grant Middleton
Environmental Health Officer & Building Surveyor	Glenn Bangay
Principal Planner	Hayley Williams/Kathryn Jackson
Manager of Works and Technical Services	Neil Broadhurst

Within the year there was one change to the senior staff levels being the resignation of the previous Deputy CEO in Jamie Criddle with Grant Middleton being his replacement.

All staff members are there to serve you and should you have a query on any issue please do not hesitate to contact them or myself.

In accordance with provisions Regulation 19B of the *Local Government (Administration Regulations) Act 1995*, Regulation 19B it is reported that the one staff members annual salary is within the band \$140,000 to \$150,000 and one staff members annual salary is within the band \$120,000 to \$130,000.

### **BUDGETING**

The Shires budgeting process commences in February/March of each year with the preparation of a draft budget based on previously adopted works and capital expenditure programs and issues identified to elected members and staff by residents of the Shire.

Residents are encouraged to provide budgetary requests either to their elected members or to the management staff. The draft budget is presented at a special meeting of Council, normally held within the last two weeks of July of each year, where it is refined until a suitable balance between required works and an acceptable rate level is achieved.

## Finance

The Shire has an estimated surplus cash position at 30 June 2013 of \$2,420,653. This surplus cash position includes restricted cash of \$449,077 associated with Ogilvie East Road and \$1,747,554 of other items restricted through the budgetary process.

Council was able to continue to supply new infrastructure and services, undertake other road projects that were a priority of Council, and continue to provide existing services at an acceptable level.

Although the growth of our various communities has slowed as compared to previous years the demand on services by residents continues to grow and the task to provide the communities with existing and new facilities and infrastructure is an ongoing challenge for the Council.

### General Purpose Grant

Whilst the demand for works and services throughout the Shire is increasing the levels of Government funding, particularly the General Purpose Grant and Roadworks funds have been slowly increasing in recent years as compared to a static and reduction of funds in previous years as the following table shows.

2006/2007	\$1,028,418	2007/2008	\$ 993,213
2008/2009	\$1,052,350	2009/2010	\$1,072,083
2010/2011	\$1,148,048	2011/2012	\$1,238,720
2012/2013	\$1,287,165		

Initially Council was advised that our 2012/13 grant was to be \$1,344,304 however the Grants Commission, after all local governments had adopted their budgets, re-assessed the grant and regrettably the allocation for 2012/2013 was decreased by \$57,139 which resulted in a number of projects having to be deleted from the 2012/13 budget.

### Major Sources of Income

Apart from the General Purpose Grant the other major sources of income required to match the expenditure of Council are:

Rates	\$3,419,041
Specified Area Rates	\$ 37,820
Road Grants	\$1,181,273
Refuse Charges	\$ 867,232
Other Government Grants	\$ 781,702
Royalties for Regions Grant	\$ 878,730
Fees/Charges, reimbursements	\$ 700,437
Interest on Investments	\$ 85,762
Sale of Land	\$ 147,635
Emergency Services Levy	\$ 97,610
Use of Reserve Funds	\$ 46,666
Loan Funds	\$ 390,000
Trust Fund Reimbursements	\$ 77,186

## **Major/Capital Expenditure**

Some major projects and purchases made during the 2012/2013 year that have not been reported in other sectors of the Annual Report include:

- Commencement of Northampton Light Industrial Area subdivision.
- Construction of new shed for Horrocks Fire Brigade and relocate their existing shed to Binnu for the Ajana/Binnu Fire Brigade.
- Commencement of the northern Kalbarri Boat ramp and trailer parking facilities
- Upgrade Guide Park, Northampton.
- Restoration works to Mary Street Railway buildings.
- Installation of a disabled fishing platform at Kalbarri.
- Commencement of Kalbarri Skate Park.

In comparison to previous years the major capital projects undertaken have reduced and is primarily due to the Council being able to deliver major projects in previous years with grant funding.

## **PLAN FOR THE FUTURE**

As from the 1 July 2013 each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The plans for the future require a Community Strategic Plan and Corporate Business Plan which Council adopted in May 2013.

### **Community Strategic Plan**

Council already had in place a Strategic Plan 2012-2022 however during the process of adopting the Community Strategic Plan this was amended which involved community consultation. The plan is for a ten year period and is to be reviewed strategically every two years with a full community consultation review every four years.

### **Corporate Business Plan**

The Corporate Business Plan is made up of a number of informing strategies for a four year period with Asset Management Plans are for a period of ten years and is the basis of formulating future budgets. Each plan is reviewed annually.

- The plan is for a minimum of 4 years.
- The plan identifies and prioritises the principal strategies and activities Council will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.
- The plan states the services, operations and projects that a local government will deliver over the period of the plan, method for delivering these and the associated cost.
- The plan references resourcing considerations such as asset management plans, finances and workforce plans.
- Council must adopt the plan by an absolute majority.
- Notice must be given to the public when the plan is adopted or modified.
- The plan is to be reviewed annually.

The Corporate Business Plan also has the following supporting documents:

*Long Term Financial Plan (LTFP)* – This plan is made up of a written section and supporting documents outlining the long term direction of the Council.

*Asset Management Plans (AMP)* – AMP's have been developed for buildings, recreation infrastructure, transportation infrastructure and plant /equipment.

*Workforce Plan (WFP)* – This plan has been prepared and is presented in draft format.

The Corporate Business Plan will link all of the informing strategies relating to the next 4 years and provide detail on how Council will deliver and resource the projects set out.

### **Reporting Requirements**

The operations of the Strategic Community Plan and Corporate Business Plan are to be reported on and this commences as from 1 July 2013. Reporting required is to include an overview, what major initiatives are to continue into the next financial year, any modifications made to the Strategic Community Plan and any significant modifications made to the Corporate Business Plan.

### **STATE RECORDS ACT 2000 – STANDARD 2/PRINCIPAL 6**

In accordance with the requirements of Standard 2, Principal 6 of the State Records Act, I hereby report on how the Shire of Northampton employees are complying with the Shire's Records Keeping Plan:

#### Item 6.1 - Staff Training, Information Sessions, Publications.

Activities to ensure staff awareness and compliance are under process of being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

In addition training has been undertaken and continues to be reviewed to ensure Council's electronic filing system and hard copy system is utilised fully and correctly. The electronic system and hard copy filing system work in conjunction with each other ensuring correct record keeping procedures.

#### Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Northampton's record keeping system:-

A register is to be maintained by the Administration staff responsible for filing all records of:-

- Records that cannot be located
- Files that are missing and unable to be located

With the administration centre being relatively small the issue of missing files has not been encountered with the exception of files that were archived some years prior and these too have been very minimal.

### Item 6.3 – Agency Evaluation

The Shire of Northampton's record keeping system will be continually reviewed and improved where possible in order to pursue best practice for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

### **CONCLUSION**

Each year the Council is faced with many challenges and requests from residents for major infrastructure and some of these have been achieved over the years. We cannot accommodate every request however the Council and staff do work towards long term planning in an endeavour to continue to provide services that are needed and to maintain existing. Some of the projects achieved in 2012/2013 have been planned for many years and there are more on the planning board for the future to make this Shire not only a great place to visit but a great place to live.

In conclusion my special thanks go to the staff and Councillors for their assistance, guidance and co-operation during the period of this report.

I also take this opportunity to thank the many residents who have assisted Council in some form in achieving its goals and objectives throughout 2012/2013.

**GARRY L KEEFFE**  
**CHIEF EXECUTIVE OFFICER**



**Ogilvie East Road**



## **WORKS & TECHNICAL SERVICES**

**NEIL BROADHURST**  
**MANAGER FOR WORKS & TECHNICAL SERVICES**

### **OVERVIEW OF WORKS**

Major projects undertaken have been the continuation of Councils program to upgrade the rural road network in particular the continuation (Stage 1 and 2 constructed to primer seal) of a 3 year program to construct and seal approximately 10.5 kilometres of Ogilvie East Road, reseal of Horrocks Road (2011/2012) widening works, Resealing of approximately 5 kms of the Ajana to Kalbarri Road west of the North West Coastal Highway, Completion of the drainage and widening works on Bateman Street at Northampton, commencement of the reconstruction of Porter Street in Kalbarri between Walker Street and Nanda Drive.

Various improvements and maintenance works to the town sites of Northampton, Kalbarri, Port Gregory and Horrocks were undertaken continually enhance these areas.

Dual Use Pathway works continued with the construction of a new section on Walker Street from Porter to Hackney Streets, replacement of the paved dual use pathway at the Kalbarri CBD area from the Butchers to the Information sign and replacement of various sections of the aging Malaleuca coastal pathway.

Continuing from previous years, farmers busy bees have been carried out with positive results. Similar to previous Binu East and Binu West Road type projects, the Ogilvie East Road construction project was conditional on the supply and cartage of gravel by adjoining landowners. It is extremely pleasing that continuing support is forthcoming from landowners and acknowledges the need for assistance in such projects to deliver a road network that meets the growing need of the area.

Both the landowners and the Shire employees have been able to work well together and the efforts of the two parties involved should be commended during the 2012/2013 year. The practice should continue to be encouraged with such projects in the future.

### **OPERATIONS**

#### Major Capital Works (Grant works)

##### **Regional Road Group Projects**

Ajana to Kalbarri Road – Reseal, North West Coastal Highway west (Approx 5.0 km's).

Horrocks Road. – Reseal 2011/2012 widening works (cha 2.50 to 4.70).

### **Roads to Recovery**

Kalbarri – Porter Street – Reconstruct, drainage and slurry seal.

Northampton – Bateman Street – Install storm water system.

### **Royalties for Regions**

Ogilvie East Road – Stage 1- Construction to primer seal.

Ogilvie East Road – Stage 2- Construction to primer seal.

### **Municipal Fund Construction**

#### **Northampton**

Hampton Gardens Car Park – Reseal.

Stephen Street – Reseal NOCCA carpark.

Stephen Street – Reseal golf course access.

#### **Kalbarri**

Clotworthy/Smith Street – Install drainage.

Penn Street – Reseal using slurry and replace kerb.

#### **Rural**

Binnu West Road – Reseal floodway. (Pavement Repair area)

Yallabatharra Road – Reseal 2011/2012 floodway area.

#### **Coastal**

Stokes and Horan Street, Horrocks – Reseal

#### **Kalbarri**

Walker Street – Porter to Hackney.

CBD area – Butchers to Information board

Malaleuca Pathway – Various repair works.

### **Minor/Specific/Other Works**

Harvey Road - Gravel sheeting approx 2.0 km.

Ogilvie West Road - Gravel sheeting approx 3.5km.

Binnu East Road - Gravel sheeting approx 1.5km.

Roadside slashing – Various Roads using specialised heavy duty slasher.

## CONCLUSION

From a management perspective it is believed the Construction and Maintenance arm of the Council have had a very successful year with all major projects planned for 2012/2013 being completed in a timely manner and within budget provisions.

Works staff have to the whole performed well undertaking many varying tasks throughout the Shire and continue to work well with contractors and farmers when involved with gravel sheeting and construction works.



Guide Park playground upgrade



## **ENVIRONMENTAL HEALTH & BUILDING SERVICES**

**GLENN BANGAY**

**ENVIRONMENTAL HEALTH OFFICER/BUILDING SURVEYOR**

**ENVIRONMENTAL HEALTH OFFICER - THOMAS LACHLAN**

Principal Environmental Health Officer/Building Surveyor – Mr. Glenn Bangay Environmental Health Officer – Mr. Thomas Lachlan

Areas of responsibility include:

### **ENVIRONMENTAL HEALTH**

Inspection of Food Premises, including stall holders and mobile food vendors;  
Surveillance of Food Standards;  
Ensuring currency of Legislation;  
Attendance as required on recall of food product;  
Hairdressing establishments;  
Body piercing establishments;  
Chiropractic and physiotherapy establishments;  
Caravan Parks and Camping Grounds;  
Other public and private accommodation;  
Public buildings;  
Public swimming pools (eg at motels);  
Approval and inspection of effluent disposal systems;  
Waste Management – recycling, refuse and rubbish;  
Follow-up of Notifiable Disease Notifications;  
Sampling of water supplies, public swimming pools, reuse treated sewage (golf course) and ground water at the Kalbarri Refuse Site, Port Gregory and other significant ground water sites;  
Noise, dust and other health related complaints;  
General advice to the public on matters relating to environmental health;  
And any other relevant health matter required to be attended to by Council.

## BUILDING

Assessment of Building Applications for compliance with the Building Code of Australia and relevant Australian Standards;  
Issue of Certificate of Design Compliance for Class 1 & 10 buildings;  
Issue of Building Permits;  
Issue of Demolition Permits;  
Inspection of building works during the course of construction and on completion, including site works, concrete footings and slabs, timber floor, wall and roof framing, masonry work, anchorage and tie down details, practical completion;  
Initial and periodic compliance inspections of private swimming pools;  
Disability Access and Inclusion Issues;  
Inspection and maintenance of Council controlled and owned buildings;  
Maintain close liaison with builders, architects/draftsmen and owner builders to ensure a high standard of building construction and compliance is maintained;  
And any other relevant building matter required to be attended to by Council.

A positive achievement for Councils' Building Services has been the ability to maintain an efficient turnaround time in receiving and processing building permit applications.

## RESOURCE SHARING

The Shire of Northampton provide Environmental Health Services to the Shire of Chapman Valley and Environmental Health and Building Services to the Shire of Shark Bay, both are our neighbouring Shires with the main workload being with the Shire of Shark Bay, which involves carrying out food premises inspections and reporting; caravan park inspections and issuing annual licences with conditions as required; swimming pool water sampling and potable water sampling from areas that are not supplied by a town water supply; septic tank application processing and inspection of the installed systems and issuing of the relevant licences, handling any and all other general environmental health issues and complaints that may arise; and all the aspects of building permit applications and approvals (including Issuing Certificate of Design Compliance for Class 1 & 10 buildings), inspections of buildings under construction, customer advice and assistance, planning and supervising the maintenance of all of Councils building assets, including a five year maintenance programme.

The following activities are covered by the Shire of Northampton Health and Building Department, in the three Local Authorities, are but not limited to:

• Water sampling and inspection of Public Swimming Pools (Monthly)	24
• Water sampling of potable water in premises with own water supply, including roadhouses and caravan parks (Quarterly)	14
• Private swimming pool inspections (Minimum every four years)	150
• Food premises inspections (Monthly or more regularly as required)	91
• B & B, hostels, short term accommodation (Annually)	21
• Public buildings (Annually)	33
• Effluent sampling (Kalbarri Golf Course) (Monthly)	2
• Landfill water sampling (Kalbarri Refuse Site) (Every six months)	2
• Caravan Parks (Every six months or more regularly as required)	19
• Building permit applications and processing for two Local Authorities (Shire of Northampton and the Shire of Shark Bay), including implementing the new Building Act and Regulations and all the subsequent changes and revisions	

- Building inspections for two Local Authorities, both have significant high wind issues, one in a cyclone wind rated region (The Shire of Shark Bay)
- Building queries that are attended to and answered for two Local Authorities, both in person and over the telephone
- Handling general day to day complaints from noise and dust to any other issues that the public want the Local Authority to deal with
- Disability awareness programmes and implementation
- Council building asset maintenance and management, including building maintenance and health department budget management for two Local Authorities
- Preparing and implementing Health and Building Department budgets for two Local Authorities
- Management and review of three Local Authority Waste Management programmes
- Management of 7 landfill sites, including dealing with all the requirements of DEC licencing, inspections and annual reporting etc, these can be quite specific and time consuming
- Management of two waste water disposal sites (Northampton and Denham)
- Advise on, and dealing with dangerous materials issues, asbestos containing products and lead
- Management and maintenance of the Kalbarri Age Persons Units and the Denham Aged Persons Units, including building maintenance and repairs, dealing with the daily request for assistance and maintenance from leaking taps, blocked gutters, damaged fly screens, changing light bulbs, and numerous other incidental items that are important to the individual tenants.

## **DISABLED ACCESS**

The Shire has a responsibility under the State Disability Services Act to continuously hold under review the provision of suitable access to its services and buildings for people with disabilities.

In line with this requirement under the Shire of Northampton Disability Access and Inclusion Plan Council's EHO/Building Surveyor will undertake a complete review of disability services within the Shire of Northampton and make recommendations as to future works and projects to enhance disability access to all areas.

## **WASTE MANAGEMENT**

During the year the Council has sought to continue improvement in its waste management practices and an improved level of compliance with Department of Environment requirements.

As of the 1<sup>st</sup> July 2009 all putrescible waste collected by Councils refuse collection contractor, Veolia Environmental Services, has been transported direct to the Meru site in Geraldton. The compaction unit that was installed in 2011 will no longer be used as the practicality of the exercise and the constant maintenance requirements of the unit made the process inefficient and too costly.

Capping, sealing and the rehabilitation of the putrescible dumping site has been completed at the Kalbarri refuse site.

The Northampton refuse site/transfer station has been downgraded from a putrescible site to inert and green waste site, with no hazardous materials accepted. The Kalbarri refuse site/transfer station is no longer used as a putrescible site but still maintains the licence as a putrescible site. This provides the Shire with the potential to reopen this site as a putrescible refuse site if required.

No septage waste is received at the Kalbarri liquid waste site and the site will be rehabilitated. The Northampton septage pit has been downgraded to accept no more than 100,000 litres of waste per year, locally sourced only, and the dumping fees have been altered to be in line with the current fees at adjoining Local Authorities.

Council is researching the possibility of purchasing land adjoining the current Binnu Refuse Site to extend the life and availability of efficient refuse disposal in the area or turning the site into a transfer station with front loader bulk bins.

#### **PUBLIC SWIMMING POOLS**

Inspections and water sampling of 15 Public Swimming Pools is conducted on a monthly basis, within the Shire of Northampton, as per the requirements of the new regulations.

The Department of Health had issued "Closure Notices" on 7 public pools in Kalbarri until the required works had been carried out and applications to reopen were received by the Department. The Department of Health has now approved 6 of these pools and they have been added to the regular monthly sampling list, fees apply for this service. Currently there is only one pool that is still the subject of a closure notice, and requires certain works to be carried out to bring the pool into legislative compliance.

#### **RECYCLED WASTE WATER SAMPLING**

Reticulated waste water sampling will be continued on a regular basis from the Kalbarri Golf Club ponds, all samples taken complied with the water quality parameters as required by the Health Department licence conditions over the last year.

#### **DRINKING WATER SAMPLING**

Kalbarri Spring Water has closed and no longer requires water sampling. Sampling is still carried out on all food premises, caravan parks or townsites that are supplied with non scheme water i.e. bore, rainwater or other source of water supply.

#### **KALBARRI REFUSE SITE MONITORING BORE**

As per the conditions of the licence issued by the Department of Environment and Conservation, bi-annual water samples are taken from the ground water monitoring bore at the Kalbarri refuse Site to ensure that there is no ground water contamination from the old putrescible waste dumping site. These results are monitored by Councils Environmental Health Officers and the Department of Environment and Conservation.

## **FOOD PREMISES**

All the Food Premises were inspected throughout the year at regular intervals on a risk assessment basis and, where required, work requests were issued for premises to be brought into compliance with the new Food Standards Code. All food premises are now registered under the new Food Act.

A noticeable improvement in the overall standard of the premises, food handling, storage and preparation of food in the food premises has been observed and pressure will continue to keep the standard improving.

The new Minimum Requirements for Temporary Food Stall requirements have been implemented and other than the initial murmurings they have been accepted very well and the most recent temporary food stalls complied with the requirements

Follow up inspections will be carried out with a more regular programme to ensure premises continue with the required works and maintain a high standard of cleanliness, hygiene and work practices.

## **NOISE COMPLAINTS**

There were several noise complaints received in Northampton. These related to truck start ups and movements in areas adjoining residences and music from stereos and car radios. These are currently under investigation and the relevant action being taken, where necessary.

## **BUILDING CONTROL**

84 Building Licences and 3 demolition licences were issued during the year at a total value of \$8,147,675.00.

General Statistics, for the 2012/2013 financial year and of previous years are provided in the tables at the end of this report.

## **COUNCIL'S BUILDINGS**

Regular inspections of all Council's building assets are undertaken and maintenance undertaken where necessary, subject to budget parameters and financial allocations. The general standard of Councils' building assets has improved due to regular maintenance and this work will be continued to further enhance the maintenance of the assets.

A five year maintenance programme will be implemented to enable a more efficient and cost effective maintenance programme to be carried out and to assist with setting annual budgets.

## **CARAVAN PARKS AND CAMPING GROUNDS.**

Inspections of these facilities are undertaken at regular intervals. Notices with regard to the upgrading of facilities and caravans according to the requirements of the Caravan and Camping Grounds Act and Regulations were issued where required and further follow up inspections have been carried out. Most caravan parks have completed their RCD and hard wired smoke alarm upgrade and other requirements, while some may require further incentive to comply.

The old Red Bluff Caravan Park site has changed ownership and the new owners are preparing plans and specifications for a development application to redevelop the site as a caravan park, tourist accommodation including a restaurant, café and small general store. Murchison Caravan Park has developed the land to the east of the existing caravan park and the area has been provided with a new ablution block and is in use. Northampton Caravan Park has undergone a significant clean up and upgrade. The Horrocks Beach Caravan Park has also undergone a significant revamp and clean up. Anchorage Caravan Park has constructed a new ablution block. Tudor Caravan Park has upgraded the chalet/cabins and installed a covered bouncy kids entertaining area and is currently upgrading all the ablution blocks.



Disabled Fishing Platform – Kalbarri

KALBARRI	2004/2005		2005/2006		2006/2007		2007/2008	
	No	Value	No	Value	No	Value	No	Value
Houses	18	\$4,603,811	22	\$ 4,159,908	38	\$9,558,244	28	8,521,334
Additions/Alterations	7	\$ 98,500	16	\$ 162,855	31	\$511,142	31	531,515
Outbuildings	44	\$ 746,518	50	\$ 427,594	48	\$930,783	36	741,719
Comm./Ind./Public	2	\$ 46,500	3	\$ 173,440	3	\$10,006,500	7	4,107,236
Demolitions	1		3		3		5	500
TOTALS	72	\$5,495,329	94	\$ 4,923,797	123	\$21,006,669	107	13,902,304

KALBARRI	2008/2009		2009/2010		2010/2011		2011/2012	
	No	Value	No	Value	No	Value	No	Value
Houses	17	\$4,078,110	14	\$4,521,260	9	\$ 2,084,072	5	\$ 2,063,706
Additions/Alterations	22	\$1,122,629	30	\$ 866,961	22	\$ 1,022,462	21	\$ 646,660
Outbuildings	28	\$400,466	25	\$ 457,878	17	\$ 192,995	16	\$ 503,030
Comm./Ind./Public	2	\$7,000	11	\$3,198,392	2	\$ 82,500	1	\$ 200,000
Demolitions	1		1		1		3	
TOTALS	72	\$5,658,205	81	\$9,044,491	51	\$ 3,382,029	46	\$ 3,413,396

KALBARRI	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	8	\$2,665,384						
Additions/Alterations	13	\$376,174						
Outbuildings	19	\$312,038						
Comm./Ind./Public	1	\$1,347,896						
Demolitions	3	\$22,000						
TOTALS	44	\$4,723,492						

NORTHAMPTON	2004/2005		2005/2006		2006/2007		2007/2008	
	No	Value	No	Value	No	Value	No	Value
Houses	11	\$1,292,092	11	\$ 934,259	12	1,800,018	5	1,142,855
Additions/Alterations	7	\$ 94,071	8	\$ 61,073	17	133,517	21	148,845
Outbuildings	20	\$ 210,137	19	\$ 244,595	30	307,502	15	240,065
Comm./Ind./Public	2	\$ 408,066			1	40,000	1	824421
Demolitions							1	100
TOTALS	40	\$2,004,366	38	\$ 1,239,927	60	2,291,037	43	2,356,286

NORTHAMPTON	2008/2009		2009/2010		2010/2011		2011/2012	
	No	Value	No	Value	No	Value	No	Value
Houses	5	\$1,009,442	9	\$ 2,213,204	5	\$ 965,251	3	\$ 380,000
Additions/Alterations	5	\$85,500	15	\$ 515,104	6	\$ 42,261	7	\$ 189,636
Outbuildings	21	\$250,676	15	\$ 332,027	16	\$ 262,096	16	\$ 469,933
Comm./Ind./Public	3	\$401,516	4	\$ 3,357,350	2	\$1,808,000		
Demolitions	0		0					
TOTALS	34	\$1,747,134	43	\$ 6,417,766	29	\$ 3,077,608	26	\$ 1,030,569

NORTHAMPTON	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	2	\$390,000						
Additions/Alterations	9	\$178,668						
Outbuildings	8	\$254,829						
Comm./Ind./Public	1	\$50,000						
Demolitions								
TOTALS	20	\$873,497						

HORROCKS	2004/2005		2005/2006		2006/2007		2007/2008	
	No	Value	No	Value	No	Value	No	Value
Houses	2	\$ 90,000	3	\$ 315,000	1	400,000	1	280,000
Additions/Alterations	2	\$ 9,000	4	\$ 26,558	5	48,425	7	73,700
Outbuildings	3	\$ 16,000	7	\$ 31,644	12	174,397	7	81,500
Comm./Ind./Public								
Demolitions							1	100
TOTALS	7	\$ 115,000	14	\$ 373,202	18	622,822	16	435,300

HORROCKS	2008/2009		2009/2010		2010/2011		2011/2012	
	No	Value	No	Value	No	Value	No	Value
Houses	4	\$1,268,407	3	\$ 873,981	2	\$ 794,897	3	\$ 1,140,056
Additions/Alterations	4	72,000\$	5	\$ 42,500	7	\$ 355,100	5	\$ 56,800
Outbuildings	10	\$162,800	3	\$ 77,659	5	\$ 288,500	7	\$ 108,365
Comm./Ind./Public	1	\$160,000	0					
Demolitions	0		0					
TOTALS	19	\$1,663,207	11	\$ 994,140	14	\$1,388,497	15	\$ 1,305,221

HORROCKS	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	3	\$913,000						
Additions/Alterations	3	\$94,436						
Outbuildings	3	\$39,500						
Comm./Ind./Public	1	\$200,000						
Demolitions								
TOTALS	10	\$1,246,936						

OTHER LOCALITIES	2004/2005		2005/2006		2006/2007		2007/2008	
	No	Value	No	Value	No	Value	No	Value
Houses	3	\$116,682	3	\$394,628	2	\$330,000	6	\$1,101,539
Additions/Alterations	4	\$22,569	4	\$61,249	8	\$61,200	10	\$89,893
Outbuildings	12	\$252,603	12	\$280,680	8	\$94,806	11	\$247,040
Comm./Ind./Public			2	\$44,000	1	\$319,000	2	\$52,200
Demolitions	19	\$391,854	1				2	\$200
TOTALS	38	\$783,708	22	\$780,557	19	\$805,006	31	\$1,490,872

OTHER LOCALITIES	2008/2009		2009/2010		2010/2011		2011/2012	
	No	Value	No	Value	No	Value	No	Value
Houses			2	\$ 317,864	3	\$ 405,036	2	\$ 235,000
Additions/Alterations			3	\$ 32,500			7	\$ 184,700
Outbuildings	2	\$93,160	9	\$ 533,392	10	\$ 287,800	7	\$ 623,306
Comm./Ind./Public			2	\$ 745,000				
Demolitions							2	
TOTALS	2	\$93,160	16	\$ 1,628,756	13	\$ 692,836	18	\$ 1,043,006

OTHER LOCALITIES	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	1	\$160,000						
Additions/Alterations	2	\$32,000						
Outbuildings	4	\$130,600						
Comm./Ind./Public	6	\$1,050,000						
Demolitions								
TOTALS	13	\$1,372,600						

WHOLE OF SHIRE	2000/2001		2001/2002		2002/2003		2003/2004	
	No	Value	No	Value	No	Value	No	Value
<b>TOTALS</b>	120	\$4,037,570	144	\$8,940,374	170	\$9,039,707	176	\$7,848,049

WHOLE OF SHIRE	2004/2005		2005/2006		2006/2007		2007/2008	
	No	Value	No	Value	No	Value	No	Value
<b>TOTALS</b>	138	\$8,006,549	168	\$7,317,483	220	\$24,725,534	197	\$18,184,762

WHOLE OF SHIRE	2008/2009		2009/2010		2010/2011		2011/2012	
	No	Value	No	Value	No	Value	No	Value
<b>TOTALS</b>	125	\$9,161,706	151	\$18,085,153	107	\$8,540,970	105	\$6,801,192

WHOLE OF SHIRE	2012/2013							
	No	Value	No	Value	No	Value	No	Value
<b>TOTALS</b>	87	\$8,216,525						



**HAYLEY WILLIAMS - PRINCIPAL PLANNER**

## **PLANNING**



**KATHRYN JACKSON – ACTING PLANNER**

The following summarises the major planning activities undertaken or initiated within the 2012/13 financial year.

### **Kalbarri Foreshore and Coastal Management Strategy**

Council has been successful in obtaining funding to undertake a review of the Kalbarri Foreshore and Coastal Management Strategy (2003).

Kalbarri is experiencing management pressures from an expanding number and range of tourism operations and an increasing population, particularly those looking for a "seachange" lifestyle. Kalbarri has also experienced pressures due to native title claims on unallocated crown land and pastoral lease land along the Murchison River conflicting with this growing tourism industry.

The new Coastal Management Plan is also required to ensure that the planning directions can be achieved, and protected through a strategic planning mechanism.

Planning work will commence during the 2013/14 Financial Year.

### **Horrocks Coastal Plan**

Council has been successful in obtaining funding to undertake a review of the Horrocks Coastal Plan (1993).

The current Horrocks Beach Coastal Plan was completed in 1993 and Council has identified that the Plan's contents is outdated and requires significant adjustments for it to be a useful guiding document for Council planning. Given the extent of changes required, it is considered more practical for Council to prepare and adopt a new Coastal Plan for Horrocks Beach (that encompasses the coastline area between Little Bay and Bowes River mouth) rather than seek to amend the current plan.

Horrocks Beach has a growing tourism industry and significant changes, including the foreshore redevelopment and provision of the Little Bay camping area, have been completed since the 1993 Coastal Plan. It has been identified in the Status of Coastal Planning In Western Australia 2012 that a review of the 1993 plan is outstanding, and is "required to ensure consistency with Shire's land use planning objectives". Of particular note is the progression of the Draft Horrocks Beach Local Planning Strategy which examines the potential for increased residential and rural lifestyle development in the expansion area to the south of the existing townsite and east of the escarpment.

Planning work will commence during the 2013/14 Financial Year.

### **Kalbarri Townsite Strategy**

The Kalbarri Townsite Strategy was granted final endorsement based upon the requested modifications by the Western Australian Planning Commission on 13 February, 2012.

This document has now been fully adopted and is being used to guide Council decision making on a range of strategic and statutory town planning matters. This will now lead to a full scale review of *Town Planning Scheme No. 9 – Kalbarri Townsite* during the 2012/2013 financial year.

### **Horrocks Beach Expansion Strategy**

At the Ordinary Meeting of Council held on 19 March, 2013 Council resolved to adopt the final draft of the Horrocks Beach Expansion Strategy, under the format of a local planning strategy and this was forwarded to the Western Australian Planning Commission for consent to advertise.

Once consent to advertise has been received Council will undertake advertising in accordance with the statutory requirements.

### **Draft Shire of Northampton Local Planning Scheme No. 11 - Kalbarri**

A review of Town Planning Scheme No. 9 – Kalbarri Townsite is presently underway. The document is being drafted alongside input from Government agencies. The formulation of Draft Local Planning Scheme No. 11 is based upon the recommendations contained within the Kalbarri Townsite Strategy.

### **Subdivision Applications and Subdivision Clearances**

Subdivision activity in the Shire has again had another slow period during the 2012/13 financial year. Subdivision referrals during the financial year have generally been on a smaller scale with the largest subdivision application proposing 10 lots adjacent to Capital Hill.

<b>Year</b>	<b>Subdivision Referrals</b>	<b>Clearances</b>	<b>Total</b>
2012/13	6	3	9
2011/12	8	1	9
2010/11	8	4	12
2009/10	11	9	19
2009/10	11	13	24
2007/08	12	12	24
2006/07	16	6	22
2005/06	17	5	22
2004/05	10	3	13
2003/04	11	5	16

## Applications for Planning Approval

Applications for planning approval within the Shire have increased slightly during the 2012/13 financial year, although still substantially down from the 2009/10 financial year. Applications have been generally smaller in nature and have included extensions to dwellings, construction of outbuildings and tourism operations.

Year	Council Items	Delegated Approvals	Total
2012/13	21 (28%)	53 (72%)	74
2011/12	15 (25%)	46 (75%)	61
2010/11	17 (25%)	51 (75%)	68
2009/10	21 (14 %)	124 (86 %)	145
2009/10	28 (24 %)	89 (76%)	117
2007/08	39 (50%)	40 (50%)	79
2006/07	40 (40%)	59 (60%)	99
2005/06	33 (49%)	34 (51%)	67
2004/05	26 (35%)	49 (65%)	75
2003/04	19 (54%)	16 (46%)	35

## Scheme Amendments

The following Scheme Amendment were adopted by Council during 2012/13:

- LOCAL PLANNING SCHEME NO. 10 (NORTHAMPTON & HORROCKS) – REZONING FROM 'GENERAL RURAL' TO 'SPECIAL USE – TRANSPORT DEPOT' – LOT 6888 NORMANS WELL ROAD, BOWES;

## Conclusion

In summary, the above illustrates the steady planning activity taking place within the Shire of Northampton during the 2012/13 financial year. The aforementioned also illustrates the increasing role of the Local Authority in terms of strategic planning. Whilst matters are relatively quiet on the statutory planning front it is an opportune time to undertake strategic projects and consolidate other policies and processes.



## **NATIONAL COMPETITION POLICY - CLAUSE 7**

In accordance with the National Competition Policy - Clause 7 Statement the following relevant details are reported.

### **Principle CN.10**

Details of the application and implementation of competitive neutrality principles to the activities and functions of the Shire of Northampton.

None of Council's business activities received in excess of \$200,000 revenue per annum, therefore Council has not applied the competitive neutrality principle on National Competition Policy during the year under review.

### **Principle SR.4**

The application and implementation of structural reform principles regarding Public Monopolies to the activities and principles of the Shire of Northampton.

Council does not consider any of its activities being monopolistic and will continually review all its activities and functions to ensure the following:

- Efficient and effective utilisation of Council's resources, (ie financial, human, plant and equipment, etc) to the benefits of its electors.
- Ensure that the social ramification or alteration to any specific activity or function, are clearly identified.

Council does outsource some of its activities and has adopted the concept of resource sharing.

### **Principle LR.8**

The application and implementation of a legislative review of its Local Laws.

Council Management undertook a review in 2012/13 and there were no changes identified or recommended to Council.

## SHIRE INFORMATION

### Contact Details

Northampton Administration Centre	Phone: (08) 99341202 Fax: (08) 99341072 Address: PO Box 61 Northampton 6535 Email <a href="mailto:council@northampton.wa.gov.au">council@northampton.wa.gov.au</a> Web – <a href="http://www.northampton.wa.gov.au">www.northampton.wa.gov.au</a>
Kalbarri Administration Centre	Phone: (08) 99371097 Fax: (08) 99371466

All initial enquiries are to be directed to the relevant officer at the Northampton Office.

### Council Statistics

Distance from Perth	475km
Area	12,499 sqkm
Length of Sealed Roads	358 km
Length of Unsealed Roads	935 km
Population (permanent)	3,202 (2006 Census)
Number of Employees	39 (FTE)

### Suburbs & Localities

Northampton, Kalbarri, Horrocks Beach, Port Gregory, Binu, Ajana, Isseka.

### Boundaries

Shires of Chapman Valley, Shark Bay, City of Greater Geraldton and Murchison.

### Significant Local Events

Northampton Agricultural Show, Kalbarri Blessing of the Fleet, Northampton - Airing of the Quilts, Kalbarri Canoe & Cray Festival incorporating the Zest Fest, Purple Bra Day.

### History

Recorded history of this area dates back to 1629 with the wrecked Dutch ship Batavia and two men being marooned at the mouth of the Murchison River.

Copper was first discovered in WA at Wannernaaka in 1842, with lead then being discovered in 1848.

A convict hiring station was established at Port Gregory from 1853-1856. The first railway commenced in 1874 and was completed in 1879 running from Geraldton to Northampton, later being extended to Ajana in 1913.

With the railway came the expansion of the district's mining and agriculture, more lead and copper mines were opened up, cereal crops (mainly wheat) were increasing and sheep numbers also increased.

Local Government commenced in 1871, the district then named "Mines Road District". Its boundaries being described from the north by running a line running eastward from the mouth of the Murchison River, west by the Indian Ocean, south by a line running eastward from the mouth of the Buller river, with no eastern boundary.

The first local government administration centre/office was built in 1898 in Northampton, new offices were built in 1957 and were extensively extended and modified in 1984. The Kalbarri administration centre, being the "Allen Centre", was opened in 1992.

### **Council Agenda**

The agenda for an Ordinary Meeting of the Council is available for inspection by members of the public from the commencement of business on the day having been served on the Members, at the Northampton and Kalbarri offices of the Council. The agenda is usually available on the Monday prior to Council meetings.

Persons wishing for a matter to be considered by Council are required to have their request lodged to the relevant Senior Officer on the Tuesday the week before the Council meeting.

### **Fire Control**

Don't forget all owners and occupiers need to install firebreaks on their properties before 1 October and maintain them up until the 15 February of each year.

Firebreaks in the townsites of Horrocks and Kalbarri must be to a width of at least 3 metres and lots are not to have bush pushed up then burnt at a later date. All material must be removed or slashed.

All remaining areas need to have firebreaks not less than 2 metres wide immediately inside all external boundaries of the property and also immediately surrounding all buildings on the property. Other requirements are stated on the Fire Break Notice which is issued with the rate assessments.

They can be installed by raking, scraping, ploughing, cultivating, scarifying, or chemical spraying. If any of these methods are impracticable please contact the Bush Fire Control Officer, Mr Stephen Williams on (08) 99341202, your local Fire Control Officer or the Shire Office.

Burning permits are required for the period 17 September to 14 October and 16 February to 15 April of each year and burning is prohibited for the period 15 October to 15 February of each year, with the exception of small heaps of rubbish on the ground between 6pm and 11pm within a low, moderate or high fire weather warning.

All burning periods are reviewed annually and are subject to change.

### **Citizenship Ceremonies**

The Shire of Northampton conducts Citizenship ceremonies to approved applicants when required and is normally held during an ordinary meeting of Council. Application forms for citizenship are available from Post Offices and the Ministry of Immigration and Multicultural Affairs.

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**SHIRE OF NORTHAMPTON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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**Grant Middleton – Deputy CEO**

SHIRE OF NORTHAMPTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2013

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Northampton being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northampton at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation for issue on the 13 day of December 2013



Garry Keefe  
Chief Executive Officer

**SHIRE OF NORTHAMPTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

|  | NOTE | 2013<br>\$              | 2013<br>Budget<br>\$  | 2012<br>\$              |
|--|------|-------------------------|-----------------------|-------------------------|
| <b>Revenue</b>   |      |                         |                       |                         |
| Rates  | 21   | 3,391,104               | 3,413,970             | 3,096,958               |
| Operating Grants, Subsidies and Contributions            | 27   | 2,515,683               | 1,082,576             | 2,121,894               |
| Fees and Charges   | 26   | 1,180,382               | 1,133,732             | 1,255,911               |
| Service Charges  | 23   | 0                       | 0                     | 0                       |
| Interest Earnings  | 2(a) | 129,561                 | 217,007               | 184,245                 |
| Other Revenue  |      | <u>2,290,337</u>        | <u>0</u>              | <u>2,514</u>            |
|  |      | <u>9,507,067</u>        | <u>5,847,285</u>      | <u>6,661,522</u>        |
| <b>Expenses</b>  |      |                         |                       |                         |
| Employee Costs   |      | (2,197,222)             | (2,094,886)           | (2,206,930)             |
| Materials and Contracts                                  |      | (2,165,460)             | (2,609,588)           | (2,415,463)             |
| Utility Charges  |      | (366,193)               | (331,840)             | (306,071)               |
| Depreciation on Non-Current Assets                       | 2(a) | (1,783,387)             | (1,600,715)           | (1,554,508)             |
| Interest Expenses  | 2(a) | (76,339)                | (52,065)              | (69,560)                |
| Insurance Expenses                                       |      | (266,957)               | (241,662)             | (229,154)               |
| Other Expenditure  |      | <u>(897,586)</u>        | <u>(434,075)</u>      | <u>(563,393)</u>        |
|  |      | <u>(7,753,144)</u>      | <u>(7,364,831)</u>    | <u>(7,345,079)</u>      |
|  |      | <u>1,753,923</u>        | <u>(1,517,546)</u>    | <u>(683,557)</u>        |
| <b>Non-Operating Grants, Subsidies and Contributions</b> | 27   | 2,176,188               | 2,381,730             | 3,197,496               |
| Profit on Asset Disposals                                | 19   | 2,180                   | 4,000                 | 91,433                  |
| Loss on Asset Disposal                                   | 19   | <u>(64,292)</u>         | <u>0</u>              | <u>(71,207)</u>         |
| <b>Net Result</b>  |      | <b>3,867,999</b>        | <b>868,184</b>        | <b>2,534,165</b>        |
| <b>Other Comprehensive Income</b>                        |      | <b>0</b>                | <b>0</b>              | <b>0</b>                |
| <b>Total Comprehensive Income</b>                        |      | <u><u>3,867,999</u></u> | <u><u>868,184</u></u> | <u><u>2,534,165</u></u> |

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

**SHIRE OF NORTHAMPTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

|  | NOTE | 2013<br>\$              | 2013<br>Budget<br>\$  | 2012<br>\$              |
|--|------|-------------------------|-----------------------|-------------------------|
| <b>Revenue</b>   |      |                         |                       |                         |
| Governance   |      | 462,375                 | 12,600                | 29,786                  |
| General Purpose Funding                                  |      | 4,855,578               | 4,293,133             | 4,889,208               |
| Law, Order, Public Safety                                |      | 128,638                 | 102,610               | 104,346                 |
| Health   |      | 56,544                  | 62,729                | 87,703                  |
| Education and Welfare                                    |      | 51,926                  | 55,500                | 39,905                  |
| Housing  |      | 25,022                  | 20,280                | 17,923                  |
| Community Amenities                                      |      | 936,557                 | 894,300               | 913,030                 |
| Recreation and Culture                                   |      | 2,424,664               | 91,884                | 130,442                 |
| Transport  |      | 123,638                 | 127,828               | 171,611                 |
| Economic Services  |      | 143,634                 | 105,306               | 89,843                  |
| Other Property and Services                              |      | 296,308                 | 81,115                | 187,725                 |
|  | 2(a) | <u>9,504,884</u>        | <u>5,847,285</u>      | <u>6,661,522</u>        |
| <b>Expenses</b>  |      |                         |                       |                         |
| Governance   |      | (414,002)               | (414,730)             | (380,372)               |
| General Purpose Funding                                  |      | (265,510)               | (249,673)             | (218,700)               |
| Law, Order, Public Safety                                |      | (326,273)               | (256,786)             | (271,096)               |
| Health   |      | (240,404)               | (209,359)             | (245,950)               |
| Education and Welfare                                    |      | (109,097)               | (78,365)              | (101,928)               |
| Housing  |      | (119,889)               | (108,568)             | (128,330)               |
| Community Amenities                                      |      | (1,102,851)             | (1,545,977)           | (1,561,299)             |
| Recreation and Culture                                   |      | (1,402,920)             | (1,335,273)           | (1,469,453)             |
| Transport  |      | (3,113,487)             | (2,774,097)           | (2,567,637)             |
| Economic Services  |      | (234,292)               | (272,812)             | (154,268)               |
| Other Property and Services                              |      | (345,896)               | (67,126)              | (176,486)               |
|  | 2(a) | <u>(7,674,621)</u>      | <u>(7,312,766)</u>    | <u>(7,275,519)</u>      |
| <b>Finance Costs</b>                                     |      |                         |                       |                         |
| Recreation and Culture                                   |      | (11,960)                | (8,873)               | (11,194)                |
| Transport  |      | (42,136)                | (29,978)              | (37,801)                |
| Other Property and Services                              |      | (22,243)                | (13,214)              | (20,565)                |
|  | 2(a) | <u>(76,339)</u>         | <u>(52,065)</u>       | <u>(69,560)</u>         |
| <b>Non-Operating Grants, Subsidies and Contributions</b> |      |                         |                       |                         |
| Law, Order, Public Safety                                |      | 83,859                  | 0                     | 67,320                  |
| Education and Welfare                                    |      | 0                       | 0                     | (852)                   |
| Recreation and Culture                                   |      | 524,134                 | 681,535               | 1,643,816               |
| Transport  |      | 1,268,195               | 1,035,195             | 1,487,212               |
| Other Property and Services                              |      | 300,000                 | 665,000               |                         |
|  |      | <u>2,176,188</u>        | <u>2,381,730</u>      | <u>3,197,496</u>        |
| <b>Profit/(Loss) on Disposal of Assets</b>               |      |                         |                       |                         |
| Governance   |      |                         |                       | 12,521                  |
| Law, Order, Public Safety                                |      | (17,810)                | 0                     | 0                       |
| Housing  |      | (561)                   | 0                     |                         |
| Community Amenities                                      |      | 0                       | 0                     | (8,044)                 |
| Recreation and Culture                                   |      | (7,520)                 | 2,500                 |                         |
| Transport  |      | (38,402)                | 1,500                 | 13,033                  |
| Economic Services  |      | 0                       | 0                     | 13,263                  |
| Other Property and Services                              |      | 2,180                   | 0                     | (10,547)                |
|  |      | <u>(62,113)</u>         | <u>4,000</u>          | <u>20,226</u>           |
| <b>Not Result</b>  |      | <u>3,867,999</u>        | <u>868,184</u>        | <u>2,534,165</u>        |
| <b>Other Comprehensive Income</b>                        |      | <u>0</u>                | <u>0</u>              | <u>0</u>                |
| <b>Total Comprehensive Income</b>                        |      | <u><u>3,867,999</u></u> | <u><u>868,184</u></u> | <u><u>2,534,165</u></u> |

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

**SHIRE OF NORTHAMPTON  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2013**

|                                      | NOTE | 2013<br>\$        | 2012<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                |      |                   |                   |
| Cash and Cash Equivalents            | 3    | 3,614,001         | 1,711,469         |
| Trade and Other Receivables          | 4    | 342,405           | 669,882           |
| Inventories                          | 5    | 329,469           | 473,322           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <u>4,285,875</u>  | <u>2,854,673</u>  |
| <b>NON-CURRENT ASSETS</b>            |      |                   |                   |
| Other Receivables                    | 4    | 473,204           | 481,890           |
| Property, Plant and Equipment        | 6    | 17,066,220        | 15,645,872        |
| Infrastructure                       | 7    | 60,719,023        | 60,103,440        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <u>78,258,447</u> | <u>76,231,202</u> |
| <b>TOTAL ASSETS</b>                  |      | <u>82,544,322</u> | <u>79,085,875</u> |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |
| Trade and Other Payables             | 8    | 426,216           | 1,075,017         |
| Long Term Borrowings                 | 9    | 194,432           | 155,199           |
| Provisions                           | 10   | 450,603           | 443,836           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <u>1,071,250</u>  | <u>1,674,052</u>  |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |
| Long Term Borrowings                 | 9    | 1,142,078         | 959,970           |
| Provisions                           | 10   | 49,686            | 38,545            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <u>1,191,764</u>  | <u>998,515</u>    |
| <b>TOTAL LIABILITIES</b>             |      | <u>2,263,014</u>  | <u>2,672,567</u>  |
| <b>NET ASSETS</b>                    |      | <u>80,281,307</u> | <u>76,413,308</u> |
| <b>EQUITY</b>                        |      |                   |                   |
| Retained Surplus                     |      | 79,072,925        | 75,105,822        |
| Reserves - Cash/Investments Backed   | 11   | 1,208,382         | 1,307,486         |
| <b>TOTAL EQUITY</b>                  |      | <u>80,281,307</u> | <u>76,413,308</u> |

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

**SHIRE OF NORTHAMPTON**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

|  | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVES<br>CASH/<br>INVESTMENT<br>BACKED<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|--|------|---------------------------|---|------------------------------|-----------------------|
| Balance as at 1 July 2011                    |      | 72,712,844                | 1,166,299                                       | 0                            | 73,879,143            |
| Comprehensive Income                         |      |                           |   |                              |                       |
| Net Result                                   |      | 2,534,165                 | 0   | 0                            | 2,534,165             |
| Changes on Revaluation of Non-Current Assets |      | 0                         | 0   | 0                            | 0                     |
| Total Comprehensive Income                   |      | <u>2,534,165</u>          | <u>0</u>  | <u>0</u>                     | <u>2,534,165</u>      |
| Reserve Transfers                            |      | (141,187)                 | 141,187   | 0                            | 0                     |
| <b>Balance as at 30 June 2012</b>            |      | <b>75,105,822</b>         | <b>1,307,486</b>                                | <b>0</b>                     | <b>76,413,308</b>     |
| Comprehensive Income                         |      |                           |   |                              |                       |
| Net Result                                   |      | 3,867,999                 | 0   | 0                            | 3,867,999             |
| Changes on Revaluation of Non-Current Assets |      | 0                         | 0   | 0                            | 0                     |
| Total Other Comprehensive Income             |      | <u>3,867,999</u>          | <u>0</u>  | <u>0</u>                     | <u>3,867,999</u>      |
| Reserve Transfers                            |      | 99,104                    | (99,104)  | 0                            | 0                     |
| <b>Balance as at 30 June 2013</b>            |      | <b>79,072,925</b>         | <b>1,208,382</b>                                | <b>0</b>                     | <b>80,281,307</b>     |

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

**SHIRE OF NORTHAMPTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2013**

|  | NOTE  | 2013<br>\$              | 2013<br>Budget<br>\$    | 2012<br>\$              |
|--|-------|-------------------------|-------------------------|-------------------------|
| <b>Cash Flows From Operating Activities</b>                |       |                         |                         |                         |
| <b>Receipts</b>  |       |                         |                         |                         |
| Rates  |       | 3,419,425               | 3,513,970               | 3,166,340               |
| Operating Grants, Subsidies and Contributions              |       | 2,535,333               | 1,207,767               | 2,732,129               |
| Fees and Charges   |       | 1,443,511               | 1,229,732               | 1,249,176               |
| Interest Earnings  |       | 135,666                 | 221,007                 | 190,980                 |
| Goods and Services Tax                                     |       | 0                       | 350,000                 | 336,509                 |
| Other Revenue  |       | 27,160                  | 0                       | 2,514                   |
|  |       | <u>7,561,095</u>        | <u>6,522,476</u>        | <u>7,677,648</u>        |
| <b>Payments</b>  |       |                         |                         |                         |
| Employee Costs   |       | (2,176,008)             | (2,094,886)             | (2,074,747)             |
| Materials and Contracts                                    |       | (2,498,664)             | (2,567,238)             | (2,908,637)             |
| Utility Charges  |       | (366,193)               | (331,840)               | (306,071)               |
| Insurance Expenses   |       | (266,957)               | (241,662)               | (229,154)               |
| Interest Expenses  |       | (63,729)                | (52,065)                | (72,290)                |
| Goods and Services Tax                                     |       | (335,183)               | (350,000)               | (265,527)               |
| Other Expenditure  |       | (408,416)               | (434,075)               | (444,109)               |
|  |       | <u>(6,115,150)</u>      | <u>(6,071,766)</u>      | <u>(6,300,535)</u>      |
| <b>Net Cash Provided By (Used In) Operating Activities</b> | 12(b) | <u>1,445,945</u>        | <u>450,710</u>          | <u>1,377,113</u>        |
| <b>Cash Flows from Investing Activities</b>                |       |                         |                         |                         |
| Payments for Development of Land Held for Resale           |       | 0                       | 0                       | (215,107)               |
| Payments for Purchase of Property, Plant & Equipment       |       | (586,361)               | (1,661,632)             | (2,690,288)             |
| Payments for Construction of Infrastructure                |       | (1,507,346)             | (1,780,019)             | (1,663,942)             |
| Advances to Community Groups                               |       |                         |                         |                         |
| Non-Operating Grants, Subsidies and Contributions          |       | 2,176,188               | 2,381,730               | 3,197,496               |
| Proceeds from Sale of Plant & Equipment                    |       | 0                       | 4,000                   | 272,645                 |
| Proceeds from Advances                                     |       | 0                       | 0                       | 0                       |
| Proceeds from Sale of Developed Land                       |       | 147,635                 |                         | 72,727                  |
| <b>Net Cash Provided By (Used In) Investing Activities</b> |       | <u>230,116</u>          | <u>(1,055,921)</u>      | <u>(1,026,469)</u>      |
| <b>Cash Flows from Financing Activities</b>                |       |                         |                         |                         |
| Repayment of Debentures                                    |       | (155,469)               | (155,199)               | (175,649)               |
| Repayment of Finance Leases                                |       | 0                       |                         | 0                       |
| Proceeds from Self Supporting Loans                        |       | 5,130                   | 11,315                  | (417,239)               |
| Loan adjustment  |       | (13,190)                | 0                       | 0                       |
| Proceeds from New Debentures                               |       | 390,000                 | 390,000                 | 422,067                 |
| <b>Net Cash Provided By (Used In) Financing Activities</b> |       | <u>226,471</u>          | <u>246,116</u>          | <u>(170,821)</u>        |
| <b>Net Increase (Decrease) in Cash Held</b>                |       | <u>1,902,532</u>        | <u>(359,095)</u>        | <u>179,823</u>          |
| <b>Cash at Beginning of Year</b>                           |       | <u>1,711,469</u>        | <u>1,715,508</u>        | <u>1,531,646</u>        |
| <b>Cash and Cash Equivalents at the End of the Year</b>    | 12(a) | <u><u>3,614,001</u></u> | <u><u>1,356,413</u></u> | <u><u>1,711,469</u></u> |

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

**SHIRE OF NORTHAMPTON  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2013**

|   | NOTE     | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|---|----------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |          |                      |                      |                      |
| Governance  |          | 462,375              | 12,600               | 42,307               |
| General Purpose Funding                                     |          | 1,502,296            | 916,863              | 1,792,251            |
| Law, Order, Public Safety                                   |          | 212,497              | 102,610              | 171,666              |
| Health  |          | 56,544               | 62,729               | 73,129               |
| Education and Welfare                                       |          | 51,926               | 55,500               | 53,627               |
| Housing   |          | 25,022               | 20,280               | 17,923               |
| Community Amenities   |          | 936,557              | 894,300              | 913,030              |
| Recreation and Culture                                      |          | 2,948,795            | 775,919              | 1,774,258            |
| Transport   |          | 1,391,833            | 1,164,523            | 1,653,265            |
| Economic Services   |          | 143,634              | 105,306              | 103,106              |
| Other Property and Services                                 |          | 618,138              | 746,115              | 187,725              |
|   |          | <u>8,349,617</u>     | <u>4,856,745</u>     | <u>6,782,287</u>     |
| <b>Expenses</b>   |          |                      |                      |                      |
| Governance  |          | (431,811)            | (414,730)            | (380,373)            |
| General Purpose Funding                                     |          | (265,510)            | (249,673)            | (218,699)            |
| Law, Order, Public Safety                                   |          | (326,835)            | (256,786)            | (271,096)            |
| Health  |          | (240,404)            | (209,359)            | (245,951)            |
| Education and Welfare                                       |          | (109,097)            | (78,365)             | (101,928)            |
| Housing   |          | (119,889)            | (108,568)            | (128,330)            |
| Community Amenities   |          | (1,102,851)          | (1,545,977)          | (1,569,343)          |
| Recreation and Culture                                      |          | (1,422,400)          | (1,344,146)          | (1,480,647)          |
| Transport   |          | (3,194,025)          | (2,804,075)          | (2,586,847)          |
| Economic Services   |          | (234,292)            | (272,812)            | (154,268)            |
| Other Property and Services                                 |          | (368,139)            | (80,340)             | (207,598)            |
|   |          | <u>(7,815,253)</u>   | <u>(7,364,831)</u>   | <u>(7,345,080)</u>   |
| <b>Not Result Excluding Ratios</b>                          |          | 534,364              | (2,508,086)          | (562,793)            |
| <b>Adjustments for Cash Budget Requirements:</b>            |          |                      |                      |                      |
| <b>Non-Cash Expenditure and Revenue</b>                     |          |                      |                      |                      |
| Initial Recognition of Assets due to changes to regulations | 2(a)(ii) | (2,263,177)          | 0                    | 0                    |
| Revaluation losses recognised through expenditure           | 6        | 473,274              | 0                    | 0                    |
| (Profit)/Loss on Asset Disposals                            | 19       | 62,112               | (4,000)              | (20,226)             |
| Loss on revaluation of Land held for re-sale                |          | 0                    | 0                    | 119,285              |
| Movement in Deferred Pensioner Rates (Non-Current)          |          | (4,778)              | 0                    | (6,061)              |
| Movement in Employee Benefit Provisions (Non-Current)       |          | 17,908               | 0                    | 122,636              |
| Depreciation and Amortisation on Assets                     | 2(a)     | 1,783,387            | 1,600,715            | 1,554,508            |
| <b>Capital Expenditure and Revenue</b>                      |          |                      |                      |                      |
| Purchase Land Held for Resale                               |          | 0                    | 0                    | (215,107)            |
| Purchase Land and Buildings                                 |          | (465,239)            | (1,553,180)          | (1,445,463)          |
| Purchase Infrastructure Assets - Roads                      |          | (1,313,282)          | (1,500,056)          | (1,490,005)          |
| Purchase Infrastructure Assets - Footpaths                  |          | (29,896)             | (25,213)             | (142,902)            |
| Purchase Infrastructure Assets - Parks                      |          | (164,168)            | (254,750)            | (31,035)             |
| Purchase Plant and Equipment                                |          | (121,122)            | (56,150)             | (1,127,852)          |
| Purchase Furniture and Equipment                            |          | 0                    | (52,302)             | (116,973)            |
| Proceeds from Disposal of Assets                            | 19       | 147,635              | 4,000                | 345,372              |
| Repayment of Debentures                                     | 20       | (155,469)            | (155,199)            | (175,649)            |
| Proceeds from New Debentures                                | 20       | 390,000              | 390,000              | 422,067              |
| Loan adjustments  | 20       | (13,190)             | 0                    | 0                    |
| Self-Supporting Loan Principal Income                       |          | 5,130                | 11,315               | (417,239)            |
| Transfers to Reserves (Restricted Assets)                   | 11       | (224,423)            | (120,227)            | (437,637)            |
| Transfers from Reserves (Restricted Assets)                 | 11       | 323,527              | 366,233              | 296,450              |
| <b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd         | 21(b)    | (2,781)              | 480,630              | 228,885              |
| <b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd       | 21(b)    | 2,333,095            | 0                    | (2,781)              |
| <b>Total Amount Raised from General Rate</b>                | 21(a)    | <u>(3,353,283)</u>   | <u>(3,376,270)</u>   | <u>(3,096,958)</u>   |

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

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

**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 which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

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

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

**(c) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments with original maturities 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 and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

**(e) Trade and Other Receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectibility of trade and other 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 measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

***Land Held for Resale***

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013

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

**(g) Fixed Assets**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

***Mandatory Requirement to Revalue Non-Current Assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

***Land Under Control***

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***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 by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

***Revaluation***

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013

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

**(g) Fixed Assets (Continued)**

***Transitional Arrangement***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

***Land under Roads***

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

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

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

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

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

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets***

All non-current assets having a limited useful life (excluding freehold land) 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 to 100 years |
| Furniture and Equipment  | 5 to 20 years   |
| Plant and Equipment      | 5 to 15 years   |
| Sealed roads and streets |                 |
| formation                | not depreciated |
| pavement                 | 50 years        |
| seal                     |                 |
| - 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        |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(h) Intangible Assets**

***Easements***

Duo to legislative changes, Easements are required to be recognised as assets.

They are initially recognised at cost and have an indefinite useful life.

SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

*Initial Recognition and Measurement*

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

*Classification and Subsequent Measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

*(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. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(i) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

***(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 and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

***(iii) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

***(iv) Available-for-sale financial assets***

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

***(v) Financial liabilities***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(i) Financial Instruments (Continued)**

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

**(k) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**(l) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(m) 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.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(o) 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 at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**(p) Investments in Associates**

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(q) Joint Venture**

The Council'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 appropriate line items of the financial statement. Information about the joint venture is set out in Note 15.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

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

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

**(s) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**(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 the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

**(u) Rounding Off Figures**

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

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(v) Comparative Figures**

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

**(w) Budget Comparative Figures**

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

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(x) New Accounting Standards and Interpretations for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

| <b>Title and Topic</b>  | <b>Issued</b>  | <b>Applicable (*)</b>                | <b>Impact</b>  |
|---|----------------|--------------------------------------|--|
| (i) AASB 9 – Financial Instruments  | December 2009  | 01 January 2013                      | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect. |
| AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures | September 2012 | Deferred AASB 9 until 1 January 2015 |  |
| (ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9                                       | December 2009  | 01 January 2013                      | Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).  |
| [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]   |                |                                      |  |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

| <b>Title and Topic</b>  | <b>Issued</b> | <b>Applicable (*)</b> | <b>Impact</b>  |
|---|---------------|-----------------------|--|
| <p>(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</p> <p>[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</p>  | December 2010 | 01 January 2013       | Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).  |
| <p>(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards</p> <p>[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Interpretations 5, 9, 16 &amp; 17]</p> | August 2011   | 01 January 2013       | Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council. |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

| <b>Title and Topic</b>  | <b>Issued</b>  | <b>Applicable (*)</b> | <b>Impact</b>  |
|---|----------------|-----------------------|--|
| (v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income<br>[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] | September 2011 | 01 July 2013          | The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.<br><br>It effects presentation only and is not expected to significantly impact the Council.   |
| (vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]   | September 2011 | 01 January 2013       | The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.   |
| (vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]                                     | June 2012      | 01 January 2013       | Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.<br><br>This Standard is not expected to significantly impact on the Council's financial statements. |

SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

| Title and Topic  | Issued        | Applicable (*)  | Impact   |
|--|---------------|-----------------|--|
| (viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]   | June 2012     | 01 January 2014 | This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. |
| (ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]   | June 2012     | 01 January 2013 | This Standard is not expected to significantly impact on the Council's financial statements.<br><br>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements. |
| (x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12] | December 2012 | 01 January 2013 | Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.  |

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

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(y) Adoption of New and Revised Accounting Standards**

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2010 - 8  
AASB 2011 - 3  
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

| <b>2. REVENUE AND EXPENSES</b>   | <b>2013</b>      | <b>2012</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>(a) Net Result</b>  |                  |                  |
| The Net Result includes:   |                  |                  |
| (i) Charging as an Expense:  |                  |                  |
| <b>Significant Expenses:</b>   |                  |                  |
| Transport  | 473,274          | 0                |
| The significant expense relates to the reduction in the fair value of the Shires plant and equipment |                  |                  |
| <b>Amortisation</b>  |                  |                  |
| Capitalised Leased Assets  | 0                | 0                |
| <b>Auditors Remuneration</b>   |                  |                  |
| - Audit of the financial report  | 17,526           | 16,627           |
| - Financial Management Review  | 6,500            |                  |
| - Assistance with the finalisation of the annual financial report                                    | 19,054           | 13,575           |
| <b>Depreciation</b>  |                  |                  |
| Buildings  | 393,283          | 330,794          |
| Furniture and Equipment  | 25,035           | 4,653            |
| Plant and Equipment  | 400,275          | 319,169          |
| Roads  | 816,270          | 771,794          |
| Footpaths  | 35,803           | 32,642           |
| Drainage   | 22,281           | 23,091           |
| Airports   | 22,858           | 22,858           |
| Parks and Ovals  | 67,582           | 49,507           |
|  | <u>1,783,387</u> | <u>1,554,508</u> |
| <b>Interest Expenses (Finance Costs)</b>   |                  |                  |
| Debentures (refer Note 20(a))  | 76,339           | 69,560           |
|  | <u>76,339</u>    | <u>69,560</u>    |
| <b>Rental Charges</b>  |                  |                  |
| - Operating Leases   | 29,426           | 32,101           |
|  | <u>29,426</u>    | <u>32,101</u>    |
| (ii) Crediting as Revenue:   |                  |                  |
| <b>Significant Revenue</b>   |                  |                  |
| Recreation and Culture   | 2,263,177        | 0                |
|  | <u>2,263,177</u> | <u>0</u>         |

The significant revenue relates to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations. They have been classified as Other Revenue by Nature or Type.

|  | <b>2013</b>    | <b>2013</b>    | <b>2012</b>    |
|--|----------------|----------------|----------------|
|  | <b>\$</b>      | <b>Budget</b>  | <b>\$</b>      |
|  |                | <b>\$</b>      |                |
| <b>Interest Earnings</b>               |                |                |                |
| Investments                            |                |                |                |
| - Reserve Funds                        | 52,636         | 88,507         | 115,463        |
| - Other Funds                          | 33,126         | 100,000        | 15,214         |
| Other Interest Revenue (refer note 25) | 43,799         | 28,500         | 53,568         |
|  | <u>129,561</u> | <u>217,007</u> | <u>184,245</u> |

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(b) Statement of Objective**

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

**GOVERNANCE**

The delivery of Councillor services to residents, and all expenses related to such activities.  
The management and coordination of the delivery of all services to residents.

**GENERAL PURPOSE FUNDING**

Administration of general rate revenue and all expenses related to the raising and collection of rates. Administration of general purpose grants received from the Grants Commission.

**LAW, ORDER, PUBLIC SAFETY**

Supervision and enforcement of various local laws relating to bushfire control & the Bushfires Act.  
Supervision of various local laws relating to dogs and ranger services for the care & control of animals. Administration of various local laws relating to camping & other public areas under Council control.

**HEALTH**

Provision of health inspections, food quality and control, immunisation services, administration of Health local laws and maintenance of Doctors Surgery.

**EDUCATION AND WELFARE**

Maintenance of Day Care Centres  
Facilitation and administration of live in care units for the aged.

**HOUSING**

Administration and maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

Rubbish collection services, operation of refuse sites, noise control, administration of Town Planning Schemes, maintenance of cemeteries and public conveniences, and storm water drainage maintenance.

**RECREATION AND CULTURE**

Maintenance of public halls and civic centres, beaches and foreshores, recreation centres and sports ovals, recreational parks and reserves, self help television retransmission services; operation of library services; maintenance of heritage sites and Municipal inventory.

**TRANSPORT**

Construction and maintenance of streets, roads, bridges, drainage and depots; cleaning and lighting of streets; street and directional signage; maintenance of airstrip.

**ECONOMIC SERVICES**

Weed, pest and vermin control. The regulation and provision of tourism, area promotion, building control, standpipes; operation of caravan park.

**OTHER PROPERTY & SERVICES**

Private works and plant hire; plant repairs and operation costs; maintenance of coastal cliffs under Council control.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

| (c) Conditions Over Grants/Contributions |                       | Opening<br>Balance (")<br>01-Jul-11<br>\$ | Received (+)<br>2011/12<br>\$ | Expended (#)<br>2011/12<br>\$ | Closing<br>Balance (")<br>30-Jun-12<br>\$ | Received (+)<br>2012/13<br>\$ | Expended (#)<br>2012/13<br>\$ | Closing<br>Balance<br>30-Jun-13<br>\$ |
|--|-----------------------|---|-------------------------------|-------------------------------|---|-------------------------------|-------------------------------|---------------------------------------|
| Grant/Contribution                       | Function/<br>Activity |   |                               |                               |   |                               |                               |                                       |
| Royalties for Regions                    | Transport             | 0   | 123,270                       | 0                             | 123,270                                   | 800,000                       | (474,193)                     | 449,077                               |
| Roads to Recovery                        | Transport             | 0   | 104,722                       | 0                             | 104,722                                   | 320,676                       | (425,398)                     | 0                                     |
| <b>Total</b>                             |                       | <b>0</b>                                  | <b>227,992</b>                | <b>0</b>                      | <b>227,992</b>                            | <b>1,120,676</b>              | <b>(899,591)</b>              | <b>449,077</b>                        |

**Notes:**

- (\*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+/-) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

|   | 2013<br>\$       | 2012<br>\$       |
|---|------------------|------------------|
| <b>3. CASH AND CASH EQUIVALENTS</b>   |                  |                  |
| Cash on hand - Unrestricted   | 1,350            | 1,350            |
| Cash at Bank - Municipal  | 2,404,269        | 402,633          |
| Restricted Reserves   | 1,208,382        | 1,307,486        |
|   | <u>3,614,001</u> | <u>1,711,469</u> |
| Cash at Bank - Municipal  |                  |                  |
| Unrestricted Cash   | 1,955,192        | 174,641          |
| Restricted Cash - Unspent Grants (refer to note 2(c))   | 449,077          | 227,992          |
|   | <u>2,404,269</u> | <u>402,633</u>   |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |                  |                  |
| Leave Reserve   | 100,143          | 94,180           |
| Roadwork's Reserve (combined with Bridge Reserve)   | 49,920           | 1,808            |
| Kalbarri Airport Reserve  | 20,533           | 19,310           |
| Computer & Office Equipment Reserve   | 27,081           | 25,470           |
| Plant Reserve   | 5,988            | 5,632            |
| House & Building Reserve  | 54,539           | 51,292           |
| Kalbarri Aged Persons Accommodation Reserve   | 186,104          | 175,023          |
| Bridge Reconstruction Reserve - tfr to Roadworks  | 0                | 45,139           |
| Northampton Aged Persons Reserve  | 106,657          | 100,307          |
| Town Planning Scheme Reserve  | 23,282           | 21,896           |
| Townscape Car park Reserve  | 5,385            | 5,065            |
| Refuse Management Reserve   | 0                | 352              |
| Sport & Recreation Reserve  | 5,585            | 5,253            |
| Coastal Management Reserve  | 94,627           | 88,992           |
| Kalbarri Youth Activities Reserve   | 0                | 775              |
| Specified Area Rate Reserve   | 2,201            | 12,452           |
| Footpath Reserve  | 0                | 440              |
| Northampton Industrial Unit Reserve   | 0                | 304,907          |
| Northampton 150th Anniversary Reserve   | 21,048           | 10,000           |
| Land Development Reserve  | 505,289          | 339,193          |
|   | <u>1,208,382</u> | <u>1,307,486</u> |

**4. TRADE AND OTHER RECEIVABLES**

**Current**

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Rates Outstanding                | 244,184        | 293,041        |
| Refuse Charge Debtors            | 36,643         | 48,495         |
| Sundry Debtors                   | 17,648         | 275,030        |
| Loans - Clubs/Institutions       | 0              | 4,860          |
| Loans - CEO Self Supporting Loan | 0              | 6,455          |
| Emergency Services Levy          | 48,660         | 32,903         |
| Provision for Doubtful Debts     | (4,730)        | (4,730)        |
| Accrued Income                   | 0              | 13,828         |
|                                  | <u>342,405</u> | <u>669,882</u> |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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|   | 2013           | 2012           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>4. TRADE AND OTHER RECEIVABLES (Continued)</b> |                |                |
| <b>Non-Current</b>                                |                |                |
| Rates Outstanding - Pensioners                    | 35,974         | 31,196         |
| Loans - CEO Self Supporting Loan                  | 402,418        | 415,612        |
| Loans - Clubs/Institutions                        | 34,812         | 35,082         |
|   | <u>473,204</u> | <u>481,890</u> |
| <b>5. INVENTORIES</b>                             |                |                |
| <b>Current</b>                                    |                |                |
| Fuel and Materials                                | 11,287         | 9,686          |
| Land Held for Resale - Cost                       |                |                |
| Cost of Acquisition                               | 0              | 0              |
| Development Costs                                 | 318,182        | 463,636        |
|   | <u>329,469</u> | <u>473,322</u> |
| <b>Non-Current</b>                                |                |                |
| Land Held for Resale - Cost                       |                |                |
| Cost of Acquisition                               |                |                |
| Development Costs                                 | <u>0</u>       | <u>0</u>       |

**SHIRE OF NORTHAMPTON**  
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|   | 2013<br>\$         | 2012<br>\$         |
|---|--------------------|--------------------|
| <b>6. PROPERTY, PLANT AND EQUIPMENT</b>             |                    |                    |
| Land Vested in and Under Control of Council - Cost  | 2,263,177          | 0                  |
| Freehold Land - Cost                                | <u>1,553,446</u>   | <u>1,553,446</u>   |
| Total Land  | 3,816,623          | 1,553,446          |
| Buildings - Cost                                    | 17,180,070         | 16,700,039         |
| Less Accumulated Depreciation                       | <u>(6,253,453)</u> | <u>(5,857,213)</u> |
| Total Land and Buildings                            | 14,743,240         | 12,396,272         |
| <br>  |                    |                    |
| Furniture and Equipment - Management Valuation 2013 | 75,505             | 0                  |
| Furniture and Equipment - Cost                      | 0                  | 486,196            |
| Less Accumulated Depreciation                       | <u>0</u>           | <u>(300,789)</u>   |
|   | 75,505             | 185,407            |
| <br>  |                    |                    |
| Plant and Equipment - Independent Valuation 2013    | 1,711,600          | 0                  |
| Plant and Equipment - Management Valuation 2013     | 535,875            | 0                  |
| Plant and Equipment - Cost                          | 0                  | 5,684,761          |
| Less Accumulated Depreciation                       | <u>0</u>           | <u>(2,620,568)</u> |
|   | 2,247,475          | 3,064,193          |
|   | <u>17,066,220</u>  | <u>15,645,872</u>  |

**Reserves Vested in and Under the Control of Council - at Cost**

In accordance with Local government (Financial Management) Regulation 16(a) and 16(b) the Council is required to recognise as an asset:

- a) Crown land operated by a local government as a golf course, showground, racecourse, or other sporting or recreational facility of State or regional significance; and
- b) any structures or other improvements on the land referred to in paragraph (a)

**2013**  
**\$**

Under this regulation the following land has been recognised as at 30 June 2013:

|  |                  |
|--|------------------|
| Horrocks Golf Course - Part of (Crown Reserve) | 51,174           |
| Northampton Golf Course (Crown Reserve)        | 776,105          |
| Kalbarri Golf Course (Crown Reserve)           | <u>1,435,898</u> |
|  | <u>2,263,177</u> |

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**Plant and Equipment**

The Shire's major items of Plant and Equipment was revalued at 30 June 2013 by independent valuers. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy) and by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

The minor items of Plant and Equipment that could not be valued on the basis of open market values have been revalued by management valuation, having regard for their current replacement cost, condition assessment, residual values and remaining estimated useful life (Level 3 inputs in the fair value hierarchy.)

These level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in an overall decrease of \$473,274 in the net value of the Shire's plant and equipment. All of this decrease is recognised in the net result in the Statement of Comprehensive Income as other expenditure in Transport.

**Furniture and Equipment**

The Shire's Furniture and Equipment were revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

Given the significance of the level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

These level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in neither an increase or a decrease in the net value of the Shire's Furniture and Equipment. Consequently no adjustment was recognised in either the net result or other comprehensive income in the Statement of Comprehensive Income.

SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Movements in Carrying Amounts**

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<br>and<br>Buildings<br>\$ | Plant<br>and<br>Equipment<br>(Level 2)<br>\$ | Plant<br>and<br>Equipment<br>(Level 3)<br>\$ | Total<br>Plant<br>and<br>Equipment<br>\$ | Furniture<br>and<br>Equipment<br>(Level 3)<br>\$ | Total<br>\$       |
|--|--------------------------------|--|--|--|--|-------------------|
| Balance as at the beginning<br>of the year                     | 12,396,272                     | 3,014,292                                    | 49,902                                       | 3,064,194                                | 185,406  | 15,645,872        |
| Additions  | 465,239                        | 121,122                                      | 0  | 121,122                                  | 0  | 586,361           |
| (Disposals)  | 0                              | (64,292)                                     | 0  | (64,292)                                 | 0  | (64,292)          |
| Revaluation - Increments<br>- (Decrements)                     | 0                              | (455,933)                                    | (17,341)                                     | (473,274)                                | 0  | (473,274)         |
| Impairment - (Losses)<br>- Reversals                           | 0                              | 0  | 0  | 0  | 0  | 0                 |
| Initial Recognition of assets<br>Due to Changes to Regulations | 2,263,177                      | 0  | 0  | 0  | 0  | 2,263,177         |
| Depreciation (Expense)   | (393,283)                      | (373,340)                                    | (26,935)                                     | (400,275)                                | (25,035)   | (818,593)         |
| Classification Adjustment                                      | 11,835                         | 0  | 0  | 0  | (84,866)   | (73,031)          |
| Carrying amount at the<br>end of year                          | <u>14,743,240</u>              | <u>2,241,849</u>                             | <u>5,626</u>                                 | <u>2,247,475</u>                         | <u>75,505</u>                                    | <u>17,066,220</u> |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

|                               | 2013<br>\$          | 2012<br>\$          |
|-------------------------------|---------------------|---------------------|
| <b>7. INFRASTRUCTURE</b>      |                     |                     |
| Roads - Cost                  | 70,654,300          | 69,341,018          |
| Less Accumulated Depreciation | <u>(14,231,541)</u> | <u>(13,415,271)</u> |
|                               | 56,422,759          | 55,925,747          |
| <br>Footpaths - Cost          | <br>1,879,227       | <br>1,849,331       |
| Less Accumulated Depreciation | <u>(317,390)</u>    | <u>(281,587)</u>    |
|                               | 1,561,837           | 1,567,744           |
| <br>Drainage - Cost           | <br>557,857         | <br>557,857         |
| Less Accumulated Depreciation | <u>(213,523)</u>    | <u>(191,242)</u>    |
|                               | 344,334             | 366,615             |
| <br>Airport - Cost            | <br>1,142,914       | <br>1,142,913       |
| Less Accumulated Depreciation | <u>(233,746)</u>    | <u>(210,887)</u>    |
|                               | 909,168             | 932,026             |
| <br>Parks & Ovals - Cost      | <br>1,871,360       | <br>1,623,370       |
| Less Accumulated Depreciation | <u>(390,435)</u>    | <u>(312,062)</u>    |
|                               | 1,480,925           | 1,311,308           |
|                               | <u>60,719,023</u>   | <u>60,103,440</u>   |

SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

|   | Roads<br>\$       | Footpaths<br>\$  | Drainage<br>\$ | Airports<br>\$ | Parks<br>and<br>Ovals<br>\$ | Total<br>\$       |
|---|-------------------|------------------|----------------|----------------|-----------------------------|-------------------|
| Balance at the beginning<br>of the year       | 55,925,747        | 1,567,744        | 366,615        | 932,026        | 1,311,308                   | 60,103,440        |
| Additions                                     | 1,313,282         | 29,896           | 0              | 0              | 164,168                     | 1,507,346         |
| (Disposals)                                   | 0                 | 0                | 0              | 0              | 0                           | 0                 |
| Revaluation - Increments<br>- (Decrements)    | 0                 | 0                | 0              | 0              | 0                           | 0                 |
| Impairment - (Losses)<br>- Reversals          | 0                 | 0                | 0              | 0              | 0                           | 0                 |
| Depreciation (Expense)                        | (816,270)         | (35,803)         | (22,281)       | (22,858)       | (67,582)                    | (964,794)         |
| Classification Adjustment                     | 0                 | 0                | 0              | 0              | 73,031                      | 73,031            |
| <b>Carrying amount at the<br/>end of year</b> | <b>56,422,759</b> | <b>1,561,837</b> | <b>344,334</b> | <b>909,168</b> | <b>1,480,925</b>            | <b>60,719,023</b> |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

|  | 2013<br>\$       | 2012<br>\$       |
|--|------------------|------------------|
| <b>8. TRADE AND OTHER PAYABLES</b>       |                  |                  |
| <b>Current</b>                           |                  |                  |
| Sundry Creditors                         | 253,724          | 585,328          |
| Accrued Interest on Debentures           | 20,271           | 7,661            |
| GST Payable                              | 90,180           | 425,363          |
| Payments in Advance                      | 2,067            | 0                |
| Accrued Salaries and Wages               | 59,974           | 56,665           |
|  | <u>426,216</u>   | <u>1,075,017</u> |
| <b>9. LONG-TERM BORROWINGS</b>           |                  |                  |
| <b>Current</b>                           |                  |                  |
| Secured by Floating Charge<br>Debentures | <u>194,432</u>   | <u>155,199</u>   |
|  | <u>194,432</u>   | <u>155,199</u>   |
| <b>Non-Current</b>                       |                  |                  |
| Secured by Floating Charge<br>Debentures | <u>1,142,078</u> | <u>959,970</u>   |
|  | <u>1,142,078</u> | <u>959,970</u>   |

Additional detail on borrowings is provided in Note 21.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

| <b>10. PROVISIONS</b>             | <b>2013</b>                                      | <b>2012</b>  |
|-----------------------------------|--|--|
|                                   | <b>\$</b>  | <b>\$</b>  |
| Analysis of Total Provisions      |  |  |
| Current                           | 450,603  | 443,836  |
| Non-Current                       | 49,686   | 38,545   |
|                                   | <u>500,289</u>                                   | <u>482,381</u>   |
|                                   | <b>Provision for<br/>Annual<br/>Leave<br/>\$</b> | <b>Provision for<br/>Long Service<br/>Leave<br/>\$</b> |
|                                   |  | <b>Total<br/>\$</b>                                    |
| Opening balance as at 1 July 2012 | 249,536  | 232,845  |
| Net Movement                      | (35,553)   | 53,461   |
| Balance at 30 June 2013           | <u>213,983</u>                                   | <u>286,306</u>   |
|                                   |  | <u>500,289</u>   |

**SHIRE OF NORTHAMPTON**  
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**FOR THE YEAR ENDED 30TH JUNE 2013**

|  | 2013<br>\$     | 2013<br>Budget<br>\$ | 2012<br>\$     |
|--|----------------|----------------------|----------------|
| <b>11. RESERVES - CASH BACKED</b>                      |                |                      |                |
| <b>(a) Leave Reserve</b>                               |                |                      |                |
| Opening Balance  | 94,180         | 89,113               | 83,481         |
| Amount Set Aside / Transfer to Reserve                 | 5,963          | 10,600               | 10,699         |
|  | <u>100,143</u> | <u>99,713</u>        | <u>94,180</u>  |
| <b>(b) Roadwork's Reserve</b>                          |                |                      |                |
| Opening Balance  | 46,948         | 46,947               | 1,694          |
| Amount Set Aside / Transfer to Reserve                 | 2,972          | 2,500                | 114            |
| Amount Used / Transfer from Reserve                    | 0              | (17,333)             | 0              |
|  | <u>49,920</u>  | <u>32,114</u>        | <u>1,808</u>   |
| <b>(c) Kalbarri Airport Reserve</b>                    |                |                      |                |
| Opening Balance  | 19,311         | 19,310               | 18,090         |
| Amount Set Aside / Transfer to Reserve                 | 1,223          | 1,200                | 1,220          |
| Amount Used / Transfer from Reserve                    | 0              | (11,500)             | 0              |
|  | <u>20,533</u>  | <u>9,010</u>         | <u>19,310</u>  |
| <b>(d) Computer and Office Equipment Reserve</b>       |                |                      |                |
| Opening Balance  | 25,469         | 25,470               | 23,860         |
| Amount Set Aside / Transfer to Reserve                 | 1,612          | 1,600                | 1,610          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|  | <u>27,081</u>  | <u>27,070</u>        | <u>25,470</u>  |
| <b>(e) Plant Reserve</b>                               |                |                      |                |
| Opening Balance  | 5,632          | 5,632                | 83,480         |
| Amount Set Aside / Transfer to Reserve                 | 357            | 300                  | 5,632          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | (83,480)       |
|  | <u>5,988</u>   | <u>5,932</u>         | <u>5,632</u>   |
| <b>(f) House and Building Reserve</b>                  |                |                      |                |
| Opening Balance  | 51,291         | 51,292               | 48,050         |
| Amount Set Aside / Transfer to Reserve                 | 3,248          | 3,000                | 3,242          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|  | <u>54,539</u>  | <u>54,292</u>        | <u>51,292</u>  |
| <b>(g) Kalbarri Aged Persons Accommodation Reserve</b> |                |                      |                |
| Opening Balance  | 175,023        | 175,023              | 151,002        |
| Amount Set Aside / Transfer to Reserve                 | 11,081         | 26,720               | 24,021         |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|  | <u>186,104</u> | <u>201,743</u>       | <u>175,023</u> |

**SHIRE OF NORTHAMPTON**  
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| <b>11. RESERVES - CASH BACKED</b>                   | <b>2013<br/>YTD<br/>\$</b> | <b>2013<br/>Budget<br/>\$</b> | <b>2012<br/>Actual<br/>\$</b> |
|---|----------------------------|-------------------------------|-------------------------------|
| <b>Bridge Reconstruction Reserve (combined with</b> |                            |                               |                               |
| <b>(h) Roadworks Reserve)</b>                       |                            |                               |                               |
| Opening Balance                                     | 0                          | 0                             | 45,823                        |
| Amount Set Aside / Transfer to Reserve              | 0                          | 0                             | 3,091                         |
| Amount Used / Transfer from Reserve                 | 0                          | 0                             | (3,775)                       |
|   | <u>0</u>                   | <u>0</u>                      | <u>45,139</u>                 |
| <b>(i) Northampton Aged Persons Reserve</b>         |                            |                               |                               |
| Opening Balance                                     | 100,307                    | 100,307                       | 93,968                        |
| Amount Set Aside / Transfer to Reserve              | 6,351                      | 6,000                         | 6,339                         |
| Amount Used / Transfer from Reserve                 | 0                          | 0                             | 0                             |
|   | <u>106,657</u>             | <u>106,307</u>                | <u>100,307</u>                |
| <b>(j) Town Planning Scheme Reserve</b>             |                            |                               |                               |
| Opening Balance                                     | 21,896                     | 21,896                        | 33,627                        |
| Amount Set Aside / Transfer to Reserve              | 1,386                      | 504                           | 2,269                         |
| Amount Used / Transfer from Reserve                 | 0                          | (22,400)                      | (14,000)                      |
|   | <u>23,282</u>              | <u>0</u>                      | <u>21,896</u>                 |
| <b>(k) Community Bus Reserve</b>                    |                            |                               |                               |
| Opening Balance                                     | 0                          | 0                             | 13,797                        |
| Amount Set Aside / Transfer to Reserve              | 0                          | 0                             | 931                           |
| Amount Used / Transfer from Reserve                 | 0                          | 0                             | (14,728)                      |
|   | <u>0</u>                   | <u>0</u>                      | <u>0</u>                      |
| <b>(l) Townscape Car Park Reserve</b>               |                            |                               |                               |
| Opening Balance                                     | 5,065                      | 5,065                         | 4,745                         |
| Amount Set Aside / Transfer to Reserve              | 321                        | 300                           | 320                           |
| Amount Used / Transfer from Reserve                 | 0                          | 0                             | 0                             |
|   | <u>5,385</u>               | <u>5,365</u>                  | <u>5,065</u>                  |
| <b>(m) Refuse Management Reserve</b>                |                            |                               |                               |
| Opening Balance                                     | 353                        | 352                           | 330                           |
| Amount Set Aside / Transfer to Reserve              | 7                          | 20                            | 22                            |
| Amount Used / Transfer from Reserve                 | (360)                      | 0                             | 0                             |
|   | <u>0</u>                   | <u>372</u>                    | <u>352</u>                    |
| <b>(n) Sport and Recreation Reserve</b>             |                            |                               |                               |
| Opening Balance                                     | 5,252                      | 5,253                         | 14,289                        |
| Amount Set Aside / Transfer to Reserve              | 333                        | 300                           | 964                           |
| Amount Used / Transfer from Reserve                 | 0                          | 0                             | (10,000)                      |
|   | <u>5,585</u>               | <u>5,553</u>                  | <u>5,253</u>                  |
| <b>(o) Coastal Management Reserve</b>               |                            |                               |                               |
| Opening Balance                                     | 88,992                     | 88,992                        | 83,368                        |
| Amount Set Aside / Transfer to Reserve              | 6,634                      | 5,500                         | 5,624                         |
| Amount Used / Transfer from Reserve                 | 0                          | 0                             | 0                             |
|   | <u>94,627</u>              | <u>94,492</u>                 | <u>88,992</u>                 |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

| <b>11. RESERVES - CASH BACKED</b>                | <b>2013<br/>YTD<br/>\$</b> | <b>2013<br/>Budget<br/>\$</b> | <b>2012<br/>Actual<br/>\$</b> |
|--|----------------------------|-------------------------------|-------------------------------|
| <b>(p) Kalbarri Youth Activities Reserve</b>     |                            |                               |                               |
| Opening Balance                                  | 775                        | 775                           | 726                           |
| Amount Set Aside / Transfer to Reserve           | 16                         | 50                            | 49                            |
| Amount Used / Transfer from Reserve              | (791)                      | 0                             | 0                             |
|  | <u>0</u>                   | <u>825</u>                    | <u>775</u>                    |
| <b>(q) Specified Area Rate Reserve</b>           |                            |                               |                               |
| Opening Balance                                  | 12,452                     | 12,452                        | 11,665                        |
| Amount Set Aside / Transfer to Reserve           | 349                        | 700                           | 787                           |
| Amount Used / Transfer from Reserve              | (10,600)                   | 0                             | 0                             |
|  | <u>2,201</u>               | <u>13,152</u>                 | <u>12,452</u>                 |
| <b>(r) Footpath Reserve</b>                      |                            |                               |                               |
| Opening Balance                                  | 440                        | 440                           | 412                           |
| Amount Set Aside / Transfer to Reserve           | 9                          | 20                            | 28                            |
| Amount Used / Transfer from Reserve              | (450)                      | 0                             | 0                             |
|  | <u>0</u>                   | <u>460</u>                    | <u>440</u>                    |
| <b>(s) POS Reservo</b>                           |                            |                               |                               |
| Opening Balance                                  | 0                          | 0                             | 135,467                       |
| Amount Set Aside / Transfer to Reserve           | 0                          | 0                             | 0                             |
| Amount Used / Transfer from Reserve              | 0                          | 0                             | (135,467)                     |
|  | <u>0</u>                   | <u>0</u>                      | <u>0</u>                      |
| <b>(t) Northampton Industrial Units Reserve</b>  |                            |                               |                               |
| Opening Balance                                  | 304,907                    | 304,907                       | 318,425                       |
| Amount Set Aside / Transfer to Reserve           | 6,419                      | 10,093                        | 21,482                        |
| Amount Used / Transfer from Reserve              | (311,326)                  | (315,000)                     | (35,000)                      |
|  | <u>0</u>                   | <u>0</u>                      | <u>304,907</u>                |
| <b>(u) Northampton 150th Anniversary Reserve</b> |                            |                               |                               |
| Opening Balance                                  | 10,000                     | 10,000                        | 0                             |
| Amount Set Aside / Transfer to Reserve           | 11,048                     | 10,820                        | 10,000                        |
| Amount Used / Transfer from Reserve              | 0                          | 0                             | 0                             |
|  | <u>21,048</u>              | <u>20,820</u>                 | <u>10,000</u>                 |
| <b>(v) Land Development Reserve</b>              |                            |                               |                               |
| Opening Balance                                  | 339,193                    | 339,193                       | 0                             |
| Amount Set Aside / Transfer to Reserve           | 166,096                    | 40,000                        | 339,193                       |
| Amount Used / Transfer from Reserve              | 0                          | 0                             | 0                             |
|  | <u>505,289</u>             | <u>379,193</u>                | <u>339,193</u>                |
| <b>TOTAL CASH BACKED RESERVES</b>                | <u>1,208,382</u>           | <u>1,056,413</u>              | <u>1,307,486</u>              |

All of the reserve accounts are supported by money held in the National Bank and match the amounts shown as restricted cash in this financial report.

**SHIRE OF NORTHAMPTON  
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FOR THE YEAR ENDED 30TH JUNE 2013**

**11. RESERVES - CASH BACKED**

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

**Leave Reserve**

- to be used to fund annual and long service leave requirements

**Roadwork's Reserve**

- to be used to fund major reseals of bitumen roads and other major road construction works including footpath construction and

**Kalbarri Airport Reserve**

- to be used for the maintenance and construction of the Kalbarri Airport.

**Computer and Office Equipment Reserve**

- to be used to for the purchase and upgrade of office equipment and computers

**Plant Reserve**

- to be used for the purchase of major plant

**House and Building Reserve**

- to be used for the construction of new housing and upgrades to buildings under Council control

**Kalbarri Aged Persons Accommodation Reserve**

- to be used for the construction of live in aged care facilities in Kalbarri

**Bridge Reconstruction Reserve (Combined with Roadwork's Reserve)**

As the Shire no longer has responsibility for Bridges this reserve has been combined with the Roadworks Reserve.

**Northampton Aged Persons Reserve**

- to be used for the construction of live in aged care facilities in Northampton

**Town Planning Scheme Reserve**

- to be used for the review of Council's town planning schemes

**Community Bus Reserve**

- to be used for future major repairs and upgrade of the community bus.

**Townscape Car Park Reserve**

- to be used for the construction of the car park area in the CBD area adjacent to Porter Street, Kalbarri, this is a Kalbarri Townscape project.

**Refuse Management Reserve**

- to be used for the upgrade and capital works to refuse sites within the district.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. RESERVES - CASH BACKED**

**Sport and Recreation Reserve**

- to be used for the upgrade and capital works to sporting and recreation facilities within the district.

**Coastal Management Reserve**

- to be used for the construction of capital works along the foreshore management reserves within the district.

**Kalbarri Youth Activities Reserve**

- to be used for the Kalbarri Youth Space Project Infrastructure.

**Specified Area Rate Reserve**

- to be used for unspent Specified Area Rate monies allocated and not expended.

**Footpath Reserve**

- to be used for the construction of Footpaths within the Shire of Northampton.

**POS Reserve**

- to be utilised for the Development of Public Open Space areas in Kalbarri.

**Northampton Industrial Units Reserve**

- to be utilised for the construction of the Northampton Industrial Area located at Seventh Avenue, Northampton.

**Northampton 150th Anniversary Reserve**

- to be used for conducting community events and the purchase of a monument to recognise the 150th anniversary of the Northampton Townsite

**Land Development Reserve**

- for the development of Council land for sale on the open market.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**12. 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. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

|                           | 2013<br>\$       | 2013<br>Budget<br>\$ | 2012<br>\$       |
|---------------------------|------------------|----------------------|------------------|
| Cash and Cash Equivalents | <u>3,614,001</u> | <u>1,356,413</u>     | <u>1,711,469</u> |

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

|  |                  |                |                  |
|--|------------------|----------------|------------------|
| Net Result   | 3,867,999        | 868,184        | 2,534,165        |
| Depreciation   | 1,783,387        | 1,600,715      | 1,554,508        |
| (Profit)/Loss on Sale of Asset                               | 62,112           | (4,000)        | (20,226)         |
| Movement in Fair Value of Investments                        | 0                | 0              | 119,285          |
| (Increase)/Decrease in Receivables                           | 329,815          | 325,191        | 679,617          |
| (Increase)/Decrease in Inventories                           | (1,601)          | 686            | (3,608)          |
| Increase/(Decrease) in Payables                              | (650,891)        | 41,664         | (421,315)        |
| Increase/(Decrease) in Employee Provisions                   | 21,215           | 0              | 132,183          |
| Grants/Contributions for the Development of Assets           | (2,176,188)      | (2,381,730)    | (3,197,496)      |
| Revaluation losses recognised through expenditure            | 473,274          | 0              | 0                |
| Initial Recognition of Assets Due to changes to Legislations | (2,263,177)      | 0              | 0                |
| Net Cash from Operating Activities                           | <u>1,445,945</u> | <u>450,710</u> | <u>1,377,113</u> |

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

|                                      |              |                |
|--------------------------------------|--------------|----------------|
| Bank Overdraft limit                 | 0            | 500,000        |
| Credit Card limit                    | 5,000        | 5,000          |
| Credit Card Balance at Balance Date  | (1,278)      | (1,011)        |
| <b>Total Amount of Credit Unused</b> | <u>3,722</u> | <u>503,989</u> |

**Loan Facilities**

|  |                  |                  |
|--|------------------|------------------|
| Loan Facilities - Current                      | 194,432          | 155,199          |
| Loan Facilities - Non-Current                  | 1,142,078        | 959,970          |
| <b>Total Facilities in Use at Balance Date</b> | <u>1,336,510</u> | <u>1,115,169</u> |

|   |          |          |
|---|----------|----------|
| <b>Unused Loan Facilities at Balance Date</b> | <u>0</u> | <u>0</u> |
|---|----------|----------|

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**13. CONTINGENT LIABILITIES**

The Shire of Northampton had no contingent liabilities as at the reporting date.

|  |             |             |
|--|-------------|-------------|
| <b>14. CAPITAL AND LEASING COMMITMENTS</b> | <b>2013</b> | <b>2012</b> |
|  | <b>\$</b>   | <b>\$</b>   |

**(a) Finance Lease Commitments**

The Shire had no finance lease commitments during the 2012/2013 year.

**(b) Operating Lease Commitments**

Non-cancellable operating leases  
contracted for but not capitalised in  
the accounts.

Payable:

|   |               |               |
|---|---------------|---------------|
| - not later than one year                           | 17,876        | 22,893        |
| - later than one year but not later than five years | 0             | 0             |
| - later than five years                             | 0             | 0             |
|   | <u>17,876</u> | <u>22,893</u> |

Lease payments associated with equipment leased from McQuarie ceased on 30/11/2013.

**(c) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**15. JOINT VENTURE**

- (a) The Shire together with the Ministry of Housing have a joint venture arrangement with regard to the provision of aged care units in Kalbarri. The assets involved are currently:
- Four two bedroom units constructed in 1998, Council's equity in these units \$40,000.
  - Council contributed \$50,000 in 2001/2002 towards the construction of a further four two bedroom units which have been constructed on the same site as the initial four units.
  - Council in 2006/2007 contributed \$54,545 towards the construction of an additional three two bedroom units bringing the Council's equity to eleven units.

|                                | 2013<br>\$      | 2012<br>\$      |
|--------------------------------|-----------------|-----------------|
| <b>Non-Current Assets</b>      |                 |                 |
| Building                       | 144,545         | 144,545         |
| Less: Accumulated Depreciation | <u>(31,680)</u> | <u>(28,789)</u> |
|                                | <u>112,866</u>  | <u>115,756</u>  |

- (b) The Shire together with the City of Geraldton/Greenough have a joint venture arrangement with regard to the ownership and management of the Kalbarri Airport. Council has a 50% equity in the venture and this entitles it to up to 50% share of the income as well as 50% of the responsibility for all expenses. The assets involved centre on the Kalbarri Airport Facility. Council's 50% equity in the venture is shown in Airport Infrastructure and Land in Note 7 as follows:

|                                | 2013<br>\$       | 2012<br>\$       |
|--------------------------------|------------------|------------------|
| <b>Airport Infrastructure</b>  |                  |                  |
| Airport                        | 1,142,913        | 1,142,913        |
| Less: Accumulated Depreciation | <u>(233,746)</u> | <u>(210,887)</u> |
|                                | <u>909,167</u>   | <u>932,026</u>   |
| <br><b>Land</b>                |                  |                  |
|                                | <u>51,468</u>    | <u>51,468</u>    |
|                                | <u>51,468</u>    | <u>51,468</u>    |

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

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Governance                  | 503,261           | 566,032           |
| General Purpose Funding     | 476,026           | 421,401           |
| Law, Order, Public Safety   | 538,749           | 327,480           |
| Health                      | 604,927           | 606,800           |
| Education and Welfare       | 167,250           | 176,864           |
| Housing                     | 1,160,233         | 1,199,369         |
| Community Amenities         | 867,837           | 1,062,619         |
| Recreation and Culture      | 9,172,256         | 9,591,682         |
| Transport                   | 61,682,750        | 62,879,328        |
| Economic Services           | 49,684            | 92,129            |
| Other Property and Services | 2,562,270         | 935,665           |
| Unallocated                 | <u>4,759,079</u>  | <u>1,226,506</u>  |
|                             | <u>82,544,322</u> | <u>79,085,875</u> |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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|                                   | 2013  | 2012   | 2011   |
|-----------------------------------|-------|--------|--------|
| <b>17. FINANCIAL RATIOS</b>       |       |        |        |
| Current Ratio                     | 2.71  | 0.84   | 1.14   |
| Asset Sustainability Ratio        | 0.93  | 2.80   | 2.90   |
| Debt Service Cover Ratio          | 15.32 | 3.92   | (0.12) |
| Operating Surplus Ratio           | 0.36  | (0.14) | (0.14) |
| Own Source Revenue Coverage Ratio | 0.61  | 0.62   | 0.71   |

The above ratios are calculated as follows:

|                                   |  |
|-----------------------------------|--|
| Current Ratio                     | $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Asset Sustainability Ratio        | $\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$   |
| Debt Service Cover Ratio          | $\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$                               |
| Operating Surplus Ratio           | $\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$   |
| Own Source Revenue Coverage Ratio | $\frac{\text{own source operating revenue}}{\text{operating expense}}$   |

**Notes:**

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 66 of this document.

Three of the 2013 ratios disclosed above are distorted by items of significant revenue and expenses relating to:

- The initial recognition of Land under the shire's control in accordance with amendments to the
- Financial Management Regulations amounting to \$2,263,177. (refer to Notes 1(g), 1(h) and 2(a)(ii) for further details). This forms part of operating revenue.

The significant expense relating to the reduction in the fair value of the Shires plant and equipment amounted to \$473,274. (refer to Notes 1(g) and 2(a)(i) for further details). This forms part of operating expenses.

These items form part of the operating revenue and expenditure have been included in the calculations above.

These items of significant revenue and expenditure are considered to be "one-off" and are non-cash in nature and if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

|                                   |             |
|-----------------------------------|-------------|
|                                   | <b>2013</b> |
| Debt Service Cover Ratio          | 7.60        |
| Operating Surplus Ratio           | (0.02)      |
| Own Source Revenue Coverage Ratio | 0.64        |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**18. TRUST FUNDS**

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

|  | Balance<br>01-Jul-12<br>\$ | Amounts<br>Received<br>\$ | Amounts<br>Paid<br>(\$) | Balance<br>30-Jun-13<br>\$ |
|--|----------------------------|---------------------------|-------------------------|----------------------------|
| Town Planning - Security Bonds           | 5,000                      | 0                         | 0                       | 5,000                      |
| Galena Donations                         | 431                        | 0                         | 0                       | 431                        |
| Transportable Housing Bond               | 21,275                     | 760                       | (5,520)                 | 16,515                     |
| Footpath Deposits                        | 49,820                     | 6000                      | (6,000)                 | 49,820                     |
| Horrocks Retention Fee - Parking/Stage 2 | 1,800                      | 0                         | 0                       | 1,800                      |
| Retentions - Subdivisions                | 176,154                    | 6292                      | (17,709)                | 164,737                    |
| Building Levies (BCITF & BRB)            | 183                        | 26022                     | (16,355)                | 9,850                      |
| Community Bus Bond                       | 4,600                      | 1000                      | (1,000)                 | 4,600                      |
| Safer WA Funds                           | 4,330                      | 0                         | 0                       | 4,330                      |
| Northampton Cemetery Funds               | 920                        | 0                         | 0                       | 920                        |
| Unclaimed Monies - Rates                 | 6,028                      | 1230                      | (4,528)                 | 2,730                      |
| DOLA - Parks & Gardens Development       | 8,261                      | 0                         | (8,261)                 | 0                          |
| Aged Unit Bond                           | 1,406                      | 100                       | 0                       | 1,506                      |
| Council Housing Bonds                    | 1,460                      | 0                         | 0                       | 1,460                      |
| BROC - Management Funds                  | 1,174                      | 0                         | 0                       | 1,174                      |
| Kalbarri Youth Space Project Funds       | 1,125                      | 0                         | 0                       | 1,125                      |
| Burning Off Fees                         | 216                        | 0                         | 0                       | 216                        |
| RSL Hall Key Bond                        | 630                        | 880                       | (1,080)                 | 430                        |
| Peet Park Donations                      | 4,288                      | 0                         | (4,288)                 | 0                          |
| Special Series Plates                    | 870                        | 220                       | 0                       | 1,090                      |
| Kidsport                                 | 24,679                     | 0                         | (7,461)                 | 17,218                     |
| Public Open Space                        | 48,328                     |                           | (48,328)                | 0                          |
| ReDone (Kalbarri Park/Beach Shelters)    | 0                          | 10,785                    | 0                       | 10,785                     |
| NCCA                                     | 0                          | 16,500                    | (5,500)                 | 11,000                     |
|  | <u>362,978</u>             |                           |                         | <u>306,737</u>             |

**SHIRE OF NORTHAMPTON**  
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**19. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR**

The following assets were disposed of during the year.

|   | Net Book Value |              | Sale Price   |              | Profit (Loss) |              |
|---|----------------|--------------|--------------|--------------|---------------|--------------|
|   | Actual<br>\$   | Budget<br>\$ | Actual<br>\$ | Budget<br>\$ | Actual<br>\$  | Budget<br>\$ |
| <b>Law, Order, Public Safety</b>  |                |              |              |              |               |              |
| Transport   |                |              |              |              |               |              |
| Write-off - Toyota Landcruiser  | 17,810         | 0            | 0            | 0            | (17,810)      | 0            |
| Water Tank (Isseka) &   |                |              |              |              |               |              |
| Rotamould Firefighter Spray Unit  |                |              |              |              |               |              |
| <b>Housing</b>  |                |              |              |              |               |              |
| Write-off - 2000 Gallon Water Tank  | 561            | 0            | 0            | 0            | (561)         | 0            |
| <b>Recreation and Culture</b>   |                |              |              |              |               |              |
| Kubota Mower (asset no 41556)   | 0              | 0            | 0            | 2,500        | 0             | 2500         |
| Write-off - John Deere Zero Turn,<br>Deutscher Mower & Stihl Brush<br>Cutter  | 7,519          | 0            | 0            | 0            | (7,519)       | 0            |
|   |                |              |              |              |               |              |
| <b>Transport</b>  |                |              |              |              |               |              |
| Toyota Hilux (asset no 40139)   | 0              | 0            | 0            | 1,500        | 0             | 1500         |
| Write-off - Challenge Pallet Forks,<br>Work Platform Ladder, Bagshaw<br>Free Roller, Boom Spray, Emlson<br>Spray Unit, Fuel Bund - Kalbarri &<br>Hjack Hammer | 19,912         | 0            | 0            | 0            | (19,912)      | 0            |
| Write-off - Seatainer (N'hampton Depot)   |                |              |              |              |               |              |
| Write-off - NR9771 Gardeners Vehicle  |                |              |              |              |               |              |
|   | 64,292         | 0            | 0            | 4,000        | (64,292)      | 4000         |
| <b>Other Property &amp; Other Services</b>  |                |              |              |              |               |              |
| Rake St Subdivision   | 145,455        | 0            | 147,635      | 0            | 2,180         | 0            |
|   | 209,747        | 0            | 147,635      | 4,000        | (62,112)      | 4,000        |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**20. INFORMATION ON BORROWINGS**

**(a) Repayments - Debentures**

| Particulars                       | Principal<br>01-Jul-12<br>\$ | New<br>Loans<br>\$ | Revised<br>Principal<br>\$ | Principal<br>Repayments |              | Principal<br>30-Jun-13 |              | Interest<br>Repayments |              |
|-----------------------------------|------------------------------|--------------------|----------------------------|-------------------------|--------------|------------------------|--------------|------------------------|--------------|
|                                   |                              |                    |                            | Actual<br>\$            | Budget<br>\$ | Actual<br>\$           | Budget<br>\$ | Actual<br>\$           | Budget<br>\$ |
| <b>Other Property</b>             |                              |                    |                            |                         |              |                        |              |                        |              |
| 152 - Staff Housing *             | 422,067                      | 0                  | (13,190)                   | 6,455                   | 6,455        | 402,422                | 402,422      | 22,243                 | 13,214       |
| <b>Recreation &amp; Culture</b>   |                              |                    |                            |                         |              |                        |              |                        |              |
| 147 - Kalbarri Bowling Club *     | 14,682                       | 0                  | 0                          | 2,578                   | 2,552        | 12,104                 | 12,130       | 1,245                  | 830          |
| 148 - Kalbarri Library Extensions | 153,429                      | 0                  | 0                          | 20,720                  | 20,720       | 132,709                | 132,709      | 9,129                  | 6,597        |
| 151 - Kalbarri Bowling Club *     | 25,261                       | 0                  | 0                          | 2,552                   | 2,308        | 22,709                 | 22,953       | 1,586                  | 1,446        |
| <b>Transport</b>                  |                              |                    |                            |                         |              |                        |              |                        |              |
| 149 - Plant Purchases             | 344,701                      | 0                  | 0                          | 47,714                  | 47,714       | 296,987                | 296,987      | 26,060                 | 23,937       |
| 150 - Plant Purchases             | 155,029                      | 0                  | 0                          | 75,450                  | 75,450       | 79,579                 | 79,579       | 8,973                  | 6,041        |
| 153 - Plant Purchases             | 0                            | 390,000            | 0                          | 0                       | 0            | 390,000                | 390,000      | 7,103                  | 0            |
|                                   | 1,115,169                    | 390,000            | (13,190)                   | 155,469                 | 155,199      | 1,336,510              | 1,336,780    | 76,339                 | 52,065       |

(\*) Loan's 147, 151 & 152 are self supporting loans financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

Loan 152 was changed to a commercial bill by the National Bank resulting in a reduction in the principal owing.

**(b) New Debentures - 2012/13**

| Particulars/Purpose       | Amount Borrowed |              | Institution | Loan<br>Type | Term<br>(Years) | Total<br>Interest &<br>Charges<br>\$ | Interest<br>Rate<br>% | Amount Used  |              | Balance<br>Unspent<br>\$ |
|---------------------------|-----------------|--------------|-------------|--------------|-----------------|--------------------------------------|-----------------------|--------------|--------------|--------------------------|
|                           | Actual<br>\$    | Budget<br>\$ |             |              |                 |                                      |                       | Actual<br>\$ | Budget<br>\$ |                          |
| Loan 153 - Plant Purchase | 390,000         | 390,000      | WATC        | Fixed        | 10              | 89,659                               | 4.02                  | 390,000      | 390,000      |                          |

20. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

There were no unspent debentures at 30 June 2013.

(d) Overdraft

Council has no overdraft facility at 30 June 2013.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**21. RATING INFORMATION - 2012/13 FINANCIAL YEAR**

(a) Rates

| RATE TYPE                                    |                   | Rate in \$        | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|--|-------------------|-------------------|----------------------|-------------------|-----------------|------------------|---------------|------------------|------------------------|------------------------|---------------------|-------------------------|
| Differential General Rate                    | General GRV       | 0.057589          | 1,540                | 23,470,000        | 1,224,605       | 2,435            | 0             | 1,227,040        | 1,224,606              | 0                      | 0                   | 1,224,606               |
|  | General UV        | 0.008385          | 460                  | 290,093,000       | 1,805,064       | 0                | 0             | 1,805,064        | 1,805,064              | 0                      | 0                   | 1,805,064               |
|  | <b>Sub-Totals</b> |                   | 2,000                | 313,563,000       | 3,029,669       | 2,435            | 0             | 3,032,104        | 3,029,670              | 0                      | 0                   | 3,029,670               |
| Minimum Rates                                |                   | <b>Minimum \$</b> |                      |                   |                 |                  |               |                  |                        |                        |                     |                         |
| General GRV                                  | General GRV       | 450               | 1,001                | 5,335,418         | 450,450         | 0                | 0             | 450,450          | 445,500                | 0                      | 0                   | 445,500                 |
|  | General UV        | 450               | 47                   | 948,676           | 21,150          | 1,123            | (30)          | 22,243           | 26,100                 | 0                      | 0                   | 26,100                  |
|  | <b>Sub-Totals</b> |                   | 1,048                | 6,284,094         | 471,600         | 1,123            | (30)          | 472,693          | 471,600                | 0                      | 0                   | 471,600                 |
| Write-offs                                   |                   |                   |                      |                   |                 |                  |               | 3,504,797        |                        |                        |                     | 3,501,270               |
| Discounts (refer note 24)                    |                   |                   |                      |                   |                 |                  |               | (5,287)          |                        |                        |                     | (125,000)               |
| <b>Total Amount Raised from General Rate</b> |                   |                   |                      |                   |                 |                  |               | (146,226)        |                        |                        |                     |                         |
| Specified Area Rate (refer note 22)          |                   |                   |                      |                   |                 |                  |               | 3,353,283        |                        |                        |                     | 3,376,270               |
| <b>Total Rates</b>                           |                   |                   |                      |                   |                 |                  |               | 37,821           |                        |                        |                     | 37,700                  |
|  |                   |                   |                      |                   |                 |                  |               | 3,391,104        |                        |                        |                     | 3,413,970               |

**SHIRE OF NORTHAMPTON**  
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**FOR THE YEAR ENDED 30TH JUNE 2013**

**21. RATING INFORMATION - 2012/13 FINANCIAL YEAR**

| (b) Information on Surplus/(Deficit)<br>Brought Forward             | 2013<br>(30 June 2013<br>Carried<br>Forward)<br>\$ | 2013<br>(1 July 2012<br>Brought<br>Forward)<br>\$ | 2012<br>(30 June 2012<br>Carried<br>Forward)<br>\$ |
|---|--|---|--|
| <b>Surplus/(Deficit) - Rate Setting Statement</b>                   | <u>2,333,095</u>                                   | <u>(2,781)</u>                                    | <u>(2,781)</u>                                     |
| <b><u>Comprises:</u></b>  |  |   |  |
| Cash on Hand - Unrestricted   | 1,350  | 1,350   | 1,350  |
| Cash at Bank - Municipal  | 2,404,269  | 402,633   | 402,633  |
| Restricted Reserves   | 1,208,382  | 1,307,486   | 1,307,486  |
| Rates Outstanding   | 244,184  | 293,041   | 293,041  |
| Refuse Charge Debtors   | 36,643   | 48,495  | 48,495   |
| Sundry Debtors  | 17,648   | 275,030   | 275,030  |
| Emergency Services Levy   | 48,660   | 32,903  | 32,903   |
| Provision for Doubtful Debts  | (4,730)  | (4,730)   | (4,730)  |
| Accrued Income / Prepaid Expenditure                                | 0  | 13,828  | 13,828   |
| - Fuel and Materials  | 11,287   | 9,686   | 9,686  |
| <b><u>Loss:</u></b>   |  |   |  |
| Reserves - Restricted Cash Note 13)                                 | (1,208,382)  | (1,307,486)                                       | (1,307,486)  |
| Sundry Creditors  | (253,724)  | (585,328)   | (585,328)  |
| GST Payable   | (90,180)   | (425,363)   | (425,363)  |
| Accrued Interest on Debentures                                      | (20,271)   | (7,661)   | (7,661)  |
| Accrued Salaries and Wages  | (59,974)   | (56,665)  | (56,665)   |
| Accrued Expenditure   | (2,067)  | 0   | 0  |
| Current Employee Benefits Provision                                 | (450,603)  | (443,836)   | (443,836)  |
| Add back: component of leave liability not<br>required to be funded | 450,603  | 443,836   | 443,836  |
| <b>Surplus/(Deficit)</b>  | <u>2,333,095</u>                                   | <u>(2,781)</u>                                    | <u>(2,781)</u>                                     |

**Difference:**

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

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**22. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR**

|                                  | Rate in<br>\$ | Basis<br>of<br>Rate | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Budget<br>Rate<br>Revenue<br>\$ | Applied<br>to Costs<br>\$ | Budget<br>Applied<br>to Costs<br>\$ |
|----------------------------------|---------------|---------------------|-------------------------|-----------------------|---------------------------------|---------------------------|-------------------------------------|
| <b>Kalbarri Tourism</b>          |               |                     |                         |                       |                                 |                           |                                     |
| - Rate                           | 0.001521      | GRV                 | 19,726,526              | 30,005                | 30,000                          | 20987                     | 30000                               |
| - Interim Rate                   |               |                     |                         | 29                    | 0                               | 0                         | 0                                   |
| - Back Rate                      |               |                     |                         |                       |                                 |                           |                                     |
| <b>Port Gregory Water Supply</b> |               |                     |                         |                       |                                 |                           |                                     |
| - Rate                           | 0.017237      | GRV                 | 452,728                 | 7,770                 | 7,700                           | 26127                     | 7700                                |
| - Interim Rate                   |               |                     |                         | 17                    | 0                               | 0                         | 0                                   |
| - Back Rate                      |               |                     |                         |                       |                                 |                           |                                     |
|                                  |               |                     |                         | 37,821                | 37,700                          | 47,114                    | 37,700                              |

The Kalbarri Tourism Specified Area Rate is to be used for tourism infrastructure related projects and tourism promotional advertising for the Kalbarri Ward. In 2012/13 \$20,987 was spent on the "Re-discover Kalbarri" promotion with the remaining \$9,018 to be spent during 2013/14.

The Port Gregory Water Supply Specified Area Rate is used to fund the operating cost of maintaining the water supply at Port Gregory. The amount raised is based on the expenditure of the previous financial year, therefore the funds are always fully expended.

**23. SERVICE CHARGES - 2012/13 FINANCIAL YEAR**

Council did not impose a service charge during 2012/2013

**SHIRE OF NORTHAMPTON**  
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**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2012/13 FINANCIAL YEAR**

|               | Type     | Disc % | Total Cost/<br>Value<br>\$ | Budget Cost/<br>Value<br>\$ |
|---------------|----------|--------|----------------------------|-----------------------------|
| General Rates | Discount | 6.00%  | 146,226                    | 125,000                     |

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.

**25. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR**

|                              | Interest Rate<br>% | Admin. Charge<br>\$ | Revenue<br>\$ | Budgeted Revenue<br>\$ |
|------------------------------|--------------------|---------------------|---------------|------------------------|
| Interest on Unpaid Rates     | 10.00%             |                     | 35,648        | 20,500                 |
| Interest on Instalments Plan | 5.00%              |                     | 8,151         | 8,000                  |
| Charges on Instalment Plan   |                    | \$5.00              | 6,105         | 4,000                  |
|                              |                    |                     | 49,904        | 32,500                 |

Ratepayers had the option of paying rates in four equal instalments, due on 3rd October 2012, 4th December 2012, 6th February 2013 and 9th April 2013. Administration charges and interest applied for the final three instalments.

| <b>26. FEES &amp; CHARGES</b> | <b>2013<br/>\$</b> | <b>2012<br/>\$</b> |
|-------------------------------|--------------------|--------------------|
| Governance                    | 10,388             | 11,356             |
| General Purpose Funding       | 14,142             | 15,932             |
| Law, Order, Public Safety     | 15,059             | 49,897             |
| Health                        | 15,638             | 17,762             |
| Education and Welfare         | 51,272             | 53,173             |
| Housing                       | 19,398             | 17,923             |
| Community Amenities           | 890,141            | 905,809            |
| Recreation and Culture        | 16,886             | 16,895             |
| Transport                     | 5,809              | 8,426              |
| Economic Services             | 80,376             | 89,365             |
| Other Property and Services   | 61,273             | 69,373             |
|                               | <u>1,180,382</u>   | <u>1,255,911</u>   |

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

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**27. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

|   | 2013             | 2012             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>By Nature and Type:</b>                        |                  |                  |
| Operating Grants, Subsidies and Contributions     | 2,515,683        | 2,121,894        |
| Non-Operating Grants, Subsidies and Contributions | 2,176,188        | 3,197,496        |
|   | <u>4,691,871</u> | <u>5,319,390</u> |
| <b>By Program:</b>                                |                  |                  |
| Governance  | 451,988          | 18,430           |
| General Purpose Funding                           | 1,352,487        | 1,621,680        |
| Law, Order, Public Safety                         | 197,438          | 121,770          |
| Health  | 40,905           | 16,195           |
| Education and Welfare                             | 654              | 454              |
| Housing   | 5,625            | 0                |
| Community Amenities                               | 46,416           | 15,266           |
| Recreation and Culture                            | 641,572          | 1,757,362        |
| Transport   | 1,386,025        | 1,631,805        |
| Economic Services                                 | 25,437           | 7,529            |
| Other Property and Services                       | 562,974          | 128,899          |
|   | <u>4,711,521</u> | <u>5,319,390</u> |

**28. ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the president.

|                              | 2013          | 2013          | 2012          |
|------------------------------|---------------|---------------|---------------|
|                              | \$            | Budget        | \$            |
|                              |               | \$            |               |
| Meeting Fees                 | 16,380        | 17,220        | 17,570        |
| President's Allowance        | 10,000        | 10,000        | 10,000        |
| Deputy President's Allowance | 1,000         | 1,000         | 1,000         |
| Travelling Expenses          | 6,025         | 6,000         | 5,683         |
| Telecommunications Allowance | 1,200         | 1,350         | 1,350         |
|                              | <u>34,605</u> | <u>35,570</u> | <u>35,603</u> |

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

|  | 2013      | 2012      |
|--|-----------|-----------|
|  | <u>35</u> | <u>36</u> |

**SHIRE OF NORTHAMPTON**  
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**30. MAJOR LAND TRANSACTIONS**

**"Old School" Residential Subdivision - Northampton**

(a) Details

The Shire has undertaken the development of the "Old School" site for residential housing. The capital expenditure is included in land held for resale (refer Note 5). The subdivision is made up of 8 lots of which three have been sold leaving 5/8ths of the capital cost remaining as land held for resale.

\* A loss has been made on the sale of the lots, however the development cost includes \$41,029 of Council's internal costs including wage, labour and plant overheads.

|                               | 2013<br>\$     | 2013<br>Budget<br>\$ | 2012<br>\$     |
|-------------------------------|----------------|----------------------|----------------|
| (b) Current year transactions |                |                      |                |
| <b>Operating Revenue</b>      |                |                      |                |
| - Profit/(Loss) on sale       | (2,180)        | 0                    | (10,547)       |
| <b>Capital Revenue</b>        |                |                      |                |
| - Sale Proceeds               | 147,635        | 0                    | 72,727         |
| <b>Capital Expenditure</b>    |                |                      |                |
| - Purchase of Land            | 0              | 0                    | 0              |
| - Development Costs - 2010    | 51,608         | 0                    | 51,608         |
| - Development Costs - 2011    | 399,480        | 0                    | 399,480        |
| - Development Costs - 2012    | 215,108        | 0                    | 215,108        |
| - Development Costs - 2013    | 0              | 0                    | 0              |
|                               | <u>666,196</u> | <u>0</u>             | <u>666,196</u> |

The above capital expenditure is included in land held for resale as disclosed elsewhere in this financial report and the land held for resale is disclosed at net realisable value as at 30 June 2013.

There are no liabilities in relation to this land transaction as at 30 June 2013.

(c) Expected Future Cash Flows

**"Old School" Residential Subdivision - Northampton**

|                        | 2014<br>\$       | 2015<br>\$ | 2016<br>\$ | 2017<br>\$ | 2018<br>\$ | Total<br>\$      |
|------------------------|------------------|------------|------------|------------|------------|------------------|
| <b>(Cash Outflows)</b> |                  |            |            |            |            |                  |
| - Development Costs    | (463,637)        | 0          | 0          | 0          |            | (463,637)        |
| - Loan Repayments      | 0                | 0          | 0          | 0          | 0          | 0                |
|                        | <u>(463,637)</u> | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>(463,637)</u> |
| <b>Cash Inflows</b>    |                  |            |            |            |            |                  |
| - Loan Proceeds        | 0                | 0          | 0          | 0          | 0          | 0                |
| - Sale Proceeds        | 435,000          | 0          | 0          | 0          | 0          | 435,000          |
|                        | <u>435,000</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>435,000</u>   |
| <b>Net Cash Flows</b>  | <u>(28,637)</u>  | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>(28,637)</u>  |

**SHIRE OF NORTHAMPTON**  
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**Northampton light Industrial Subdivision**

(a) Details

Land owned freehold by Council, is to be subdivided on the northern side of Lot 74 Seventh Avenue, Northampton. Development of the subdivision was started in 2010/2011 and scheduled for completion during 2013/2014. The land is to be subdivided into industrial lots and leased pending future sale on completion.

|                               | 2013<br>\$     | 2013<br>Budget<br>\$ | 2012<br>\$    |
|-------------------------------|----------------|----------------------|---------------|
| (b) Current year transactions |                |                      |               |
| <b>Operating Revenue</b>      |                |                      |               |
| - Profit/(Loss) on sale       | 0              | 0                    | 0             |
| <b>Capital Revenue</b>        |                |                      |               |
| - Sale Proceeds               | 0              | 0                    | 0             |
| <b>Capital Expenditure</b>    |                |                      |               |
| - Purchase of Land            |                |                      |               |
| - Development Costs - 2011    | 0              | 0                    | 0             |
| - Development Costs - 2012    | 42,104         | 0                    | 42,104        |
| - Development Costs - 2013    | 433,642        | 1,059,450            | 0             |
|                               | <u>475,746</u> | <u>1,059,450</u>     | <u>42,104</u> |

The above capital expenditure is included in land held for resale as disclosed elsewhere in this financial report.

There are no liabilities in relation to this land transaction as at 30 June 2013.

(c) Expected Future Cash Flows

**Northampton light Industrial Subdivision**

|                        | 2014<br>\$       | 2015<br>\$    | 2016<br>\$    | 2017<br>\$    | 2018<br>\$    | Total<br>\$      |
|------------------------|------------------|---------------|---------------|---------------|---------------|------------------|
| <b>(Cash Outflows)</b> |                  |               |               |               |               |                  |
| - Development Costs    | (618,412)        | 0             | 0             | 0             |               | (618,412)        |
| - Loan Repayments      |                  |               |               |               |               | 0                |
|                        | <u>(618,412)</u> | <u>0</u>      | <u>0</u>      | <u>0</u>      | <u>0</u>      | <u>(618,412)</u> |
| <b>Cash Inflows</b>    |                  |               |               |               |               |                  |
| - Grant Funding        | 538,962          | 0             | 0             | 0             | 0             | 538,962          |
| - Lease Fees           |                  | 15,000        | 30,000        | 60,000        | 65,000        | 170,000          |
|                        | <u>538,962</u>   | <u>15,000</u> | <u>30,000</u> | <u>60,000</u> | <u>65,000</u> | <u>708,962</u>   |
| <b>Net Cash Flows</b>  | <u>(79,450)</u>  | <u>15,000</u> | <u>30,000</u> | <u>60,000</u> | <u>65,000</u> | <u>90,550</u>    |

**31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

**SHIRE OF NORTHAMPTON**  
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**32. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

|                              | <b>Carrying Value</b> |                  | <b>Fair Value</b> |                  |
|------------------------------|-----------------------|------------------|-------------------|------------------|
|                              | <b>2013</b>           | <b>2012</b>      | <b>2013</b>       | <b>2012</b>      |
|                              | <b>\$</b>             | <b>\$</b>        | <b>\$</b>         | <b>\$</b>        |
| <b>Financial Assets</b>      |                       |                  |                   |                  |
| Cash and cash equivalents    | 3,614,001             | 1,711,469        | 3,614,001         | 1,711,469        |
| Receivables                  | 815,609               | 1,151,772        | 815,609           | 1,151,772        |
|                              | <u>4,429,610</u>      | <u>2,863,241</u> | <u>4,429,610</u>  | <u>2,863,241</u> |
| <b>Financial Liabilities</b> |                       |                  |                   |                  |
| Payables                     | 426,216               | 1,075,017        | 426,216           | 1,075,017        |
| Borrowings                   | 1,336,510             | 1,115,169        | 1,124,526         | 991,109          |
|                              | <u>1,762,726</u>      | <u>2,190,186</u> | <u>1,550,742</u>  | <u>2,066,126</u> |

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF NORTHAMPTON  
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**32. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable).

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

|  | 2013   | 2012   |
|--|--------|--------|
|  | \$     | \$     |
| Impact of a 1% (*) movement in interest rates on cash and investments: |        |        |
| - Equity   | 36,140 | 17,115 |
| - Statement of Comprehensive Income                                    | 36,140 | 17,115 |

**Notes:**

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

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**32. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

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

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

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

|  | 2013    | 2012    |
|--|---------|---------|
| Percentage of Rates and Annual Charges |         |         |
| - Current                              | 0.00%   | 0.00%   |
| - Overdue                              | 100.00% | 100.00% |
| Percentage of Other Receivables        |         |         |
| - Current                              | 20.62%  | 31.00%  |
| - Overdue                              | 79.38%  | 69.00%  |

SHIRE OF NORTHAMPTON  
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32. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables  
Borrowings

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

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

|            | <u>2013</u>                   |                                     |                               |  |                          |
|------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
|            | Due<br>within<br>1 year<br>\$ | Due<br>between<br>1 & 5 years<br>\$ | Due<br>after<br>5 years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>values<br>\$ |
| Payables   | 426,216                       | 0                                   | 0                             | 426,216                                  | 426,216                  |
| Borrowings | 230,320                       | 639,906                             | 886,516                       | 1,756,742                                | 1,336,510                |
|            | <u>656,536</u>                | <u>639,906</u>                      | <u>886,516</u>                | <u>2,182,958</u>                         | <u>1,762,726</u>         |
|            |                               |                                     |                               |  |                          |
|            | <u>2012</u>                   |                                     |                               |  |                          |
| Payables   | 1,075,017                     | 0                                   | 0                             | 1,075,017                                | 1,075,017                |
| Borrowings | 223,980                       | 521,430                             | 757,829                       | 1,503,239                                | 1,115,169                |
|            | <u>1,298,997</u>              | <u>521,430</u>                      | <u>757,829</u>                | <u>2,578,256</u>                         | <u>2,190,186</u>         |

SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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32. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables  
Borrowings (Continued)

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

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

|   |               |                  |                  |                  |                  | Weighted<br>Average<br>Effective<br>Interest Rate<br>% |             |
|---|---------------|------------------|------------------|------------------|------------------|--|-------------|
|   | <1 year<br>\$ | >1<2 years<br>\$ | >2<3 years<br>\$ | >3<4 years<br>\$ | >4<5 years<br>\$ | >5 years<br>\$   | Total<br>\$ |
| <b>Year Ended 30 June 2013</b>              |               |                  |                  |                  |                  |  |             |
| Payables                                    |               |                  |                  |                  |                  |  |             |
| Borrowings                                  |               |                  |                  |                  |                  |  |             |
| <b>Fixed Rate</b>                           |               |                  |                  |                  |                  |  |             |
| Debentures                                  | 219,906       | 0                | 0                | 12,098           | 296,897          | 807,609  | 1,336,510   |
| Weighted Average<br>Effective Interest Rate | 4.95%         | 0.00%            | 0.00%            | 6.40%            | 7.36%            | 5.36%  | 5.75%       |
| <b>Year Ended 30 June 2012</b>              |               |                  |                  |                  |                  |  |             |
| Payables                                    |               |                  |                  |                  |                  |  |             |
| Borrowings                                  |               |                  |                  |                  |                  |  |             |
| <b>Fixed Rate</b>                           |               |                  |                  |                  |                  |  |             |
| Debentures                                  | 0             | 315,680          | 0                | 0                | 14,677           | 784,812  | 1,115,169   |
| Weighted Average<br>Effective Interest Rate | 0.00%         | 5.04%            | 0.00%            | 0.00%            | 6.40%            | 9.24%  | 8.03%       |

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

**REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Northampton, which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT**

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**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 about 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 judgement, 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 Shire's preparation of the financial report that gives a true and fair view 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 Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

**AUDITOR'S OPINION**

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF NORTHAMPTON (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 65 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 13 December 2013  
Perth, WA

**SHIRE OF NORTHAMPTON  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2013**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

|                             | <b>2013</b> | <b>2012</b> | <b>2011</b> |
|-----------------------------|-------------|-------------|-------------|
| Asset Consumption Ratio     | <b>0.61</b> | <b>N/A</b>  | <b>N/A</b>  |
| Asset Renewal Funding Ratio | <b>0.75</b> | <b>N/A</b>  | <b>N/A</b>  |

The above ratios are calculated as follows:

|                             |  |
|-----------------------------|--|
| Asset Consumption Ratio     | $\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$          |
| Asset Renewal Funding Ratio | $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |

**N/A** -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceeding years (being 2012 and 2011) have not been reported as financial information is not available.

