



2016/2017 ANNUAL REPORT



COUNCILLORS



Cr Craig SIMKIN

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Elected 2011 Retires 2017



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Cr Mac Holt

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Elected 2013 Term ended
March 2017



Cr Shane Krakouer

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Elected: 2015 Retires: 2019

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 changes are 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 2017.

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 Simkin, Suckling, Carson, Stanich (one position vacant)

Disability Services Committee

Cr's Scott, Suckling and Building Surveyor/Environmental Health Officer

Staff Occupational, Health & Safety Committee

Cr's Carson, Stock-Standen & Krakouer

Senior Staff Employment Performance Review Committee

Cr's Simkin, Scott, Carson, Stanich & CEO



PRESIDENTS REPORT – CR CRAIG SIMKIN

It is with great pleasure that as President of the Northampton Shire Council that I present my 2016/17 Annual Report.

I would personally like to thank all of the Councillors for their ongoing support throughout the year, especially my Deputy President Councillor Mal Scott.

Whilst we are speaking of Councillors, the time has come for elections, being three vacancies in the Northampton ward and two in the Kalbarri. Ward. To all those nominating, I wish you every success.

During the year, ex Councillor Mac Holt became ill and unfortunately had to stand down Personally Mac thank you for all your efforts whilst serving.

Throughout 16/17 year Council have been involved in many projects. Some completed and some still in progress. The projects that have been completed are the Luck Bay Camping node which was commissioned in February. This has been a great success as has made the area a cleaner and better place to visit.

Also the Kalbarri Volunteer Sea Search and Rescue building extensions are completed and are certainly meeting the needs of the organisation. The extensions give a better view of the river mouth and make their job much easier.

During the year the official opening of the Horrocks Beach Community Centre was held on 2 September 2016 which was opened by Shane Love. This facility is one that both the Council and community can be very proud of. It is well designed and fit for the purpose of serving the Horrocks community for many years to come.

A major project that commenced in the year under review is the Kalbarri Tennis and Netball courts at the Kalbarri Sport and Recreation Centre. These additions will be a great asset to the ratepayers and visitors of Kalbarri and the Shire.

Also commenced and involving the Council, the Pioneer Lodge extensions which involves the construction of additional self contained independent living units.

All these projects have had funding help and would like to take this moment to thank all those funding bodies involved.

By the time this report is presented to the Annual Electors meeting the above two projects will be completed and operational

It is pleasing to see Landmark, an agricultural industry, invest in our Shire by construction their new premises in the Northampton light industrial area. New businesses are always welcomed.

There are some projects that are still in progress. The Skywalk in the Kalbarri National Park where the road is complete, building tenders are let and completion of the platforms are set for March 2018.

The other is the Microgrid Power Station for Kalbarri where Western Power has called for expressions of interest.

As we all know that with the change in government and budget constraints that this I believe will have a great effect on shire as we move forwards as already we have had major funding pulled. So the next couple of years could be a bit slow but we will endeavour to do our utmost with what we have and given

To Council, senior management and work staff, I would say thank you once again as I believe we have worked together well and will strive to keep up our standard of services to you our rate payers.

I would like to take this opportunity to congratulate Dale Maver (BOM), grader operator, on his 40 years of continuous service with the shire. We all know that is a great achievement to be at one place for that amount of time.

To everybody in our shire, thank you for your support as we all go forward into another year



Kalbarri tennis, netball & basketball courts



CHIEF EXECUTIVE OFFICERS REPORT

It is with pleasure to present my annual report on the 2016/2017 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 |
| Manager of Works and Technical Services | Neil Broadhurst |

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 of *Regulation 19B* of the *Local Government (Administration Regulations) Act 1995*, it is reported that the one staff members annual salary is within the band \$150,000 to \$170,000 and two staff members annual salaries are within the band \$100,000 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 had a surplus cash position at 30 June 2017 of \$649,494. This surplus cash position includes restricted cash of \$897,729 associated with the following:

| | |
|--|------------------|
| Prepaid Financial Assistance Grant | \$797,188 |
| ESL BFB/SES Grant 17/18 received 16/17 | \$ 15,518 |
| Grant – Kalbarri Bowling Club | \$ 26,205 |
| Grant – Pioneer Lodge | <u>\$ 58,818</u> |
| | \$897,729 |

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 and visitors 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 has been static in recent years which places extra pressure on Council with costs increasing.

| | | | |
|-----------|-------------|-----------|-------------|
| 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 | 2013/2014 | \$1,440,321 |
| 2014/2015 | \$1,487,705 | 2015/2016 | \$1,485,645 |
| 2016/2017 | \$1,485,000 | | |

The indicative grant for 2017/18 is to remain at \$1,485,000. There is no foreseeable large increases in the Financial Assistance Grant in the future due to the Federal Government not indexing the grant for a three year period which is disappointing considering the amount of services that local government has to provide and maintain.

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 | \$4,238,009 |
| Specified Area Rates | \$ 43,121 |
| Road Grants | \$2,046,114 |
| Refuse Charges | \$ 787,893 |
| Other Government Grants | \$2,632,090 |
| Fees/Charges, reimbursements | \$ 760,786 |
| Interest on Investments | \$ 56,780 |
| Reserve Funds utilised | \$ 359,220 |
| Asset Sales | \$ 141,900 |
| Loan Used (self supporting) | \$ 400,000 |

Major/Capital Expenditure

Some major projects and purchases made during the 2016/2017 year that have not been reported in other sectors of the Annual Report include:

- Completion of Lucky Bay Camping facilities
- Development of 8 additional accommodation units at Pioneer Lodge

- Construction of 4 tennis courts with two netball and one basketball court superimposed, Kalbarri.
- Completion of Lions Park redevelopment

COMMUNITY STRATEGIC PLAN & CORPORATE BUSINESS PLAN

Community Strategic Plan

Council undertook a review of the strategic plan within 2015/16. Community input was requested through letter drop advice inviting residents to submit requests/ideas. General advertising of the review was also undertaken. It was disappointing that little to no response was received. 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 for a period of ten years and is the basis of formulating future budgets.

- 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.
- 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 developed and there are no foreseeable major changes to staffing levels.

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. 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.

Initiatives to continue into 2016/17

Capital Upgrades – New Projects

Half Way/Lucky Bay Camping Grounds - through grant funding, Council will be constructing a nature based camping facility with two ablutions in two locations within the Half Way and Luck Bay areas. A caretaker will also be on site with Council provided accommodation and vehicle.

Binnu West Road – the balance of road to be constructed and bitumen sealed.

Pioneer Lodge – completion of construction

Modifications made to Corporate Business Plan

A review of the plan was undertaken in May 2017 and the following amendments were made:

Building Renewal

- Construction of ablutions at Blue Holes to the value of \$90,000 be listed in 2018/19.
- Construction of ablutions at Jakes Point to the value of \$90,000 be deferred until 2019/20.
- The provision to relocate the Northampton Bowling Club to the value of \$2.0 million in 2020/21 be deleted and replaced with a provision for the installation of a synthetic bowling green at their existing premises to the value of \$300,000.
- The provision of \$1.0 million for the Kalbarri Community Centre in 2020/21 be deleted.
- The provision of the replacement of Jetty toilets (Kalbarri) to the value of \$90,000 be deferred to 2021/22.
- A provision of \$35,000 for the repair of jail walls at the Lynton Heritage Site be included for consideration in 2017/18.
- The provision for new ablutions at Jakes Point be deferred until 2017/18.

Recreation

- Shelter at Horrocks central playground - \$33,000
- Replace four water storage tanks (Wannernooka) - \$80,000
- For 2019/20 Kalbarri foreshore redevelopment plan be amended for stage 2 to be installation of shelters and associated table/seating infrastructure to the value of \$278,200.
- That a provision for a shelter over the playground at the Horrocks Community Centre to the value of \$23,000 be listed in 2019/20.
- That a provision for shelters and seating for the southern car parking areas in Horrocks to the value of \$11,000 be listed in 2020/21.
- For 2020/21 Kalbarri foreshore redevelopment plan be amended for stage 3 to be installation of dual use pathway, lighting and refuse bins to the value of \$420,000.

- That a provision for steps from the Horrocks Community Centre to the oval to provide access to the value of \$7,500 be listed in 2020/21.
- For the 2022/23 year, the provision of \$20,000 for the fence at the Northampton oval be deleted as these works will be completed in 2017/18.
- For 2022/23 year, the provision of \$200,000 for a synthetic green at the Kalbarri Bowling Club be deleted as the club was able to secure funding and the works will be completed in 2016/17.

Transport

- That a provision of \$30,000 for the bitumen sealing of Lauder Street to the Binnu School (Binnu) be listed for 2018/19.
- The construction of the Binnu West Road/Chilimony Road re-alignment to the value of \$418,000 be listed for consideration in 2018/19.
- The re-construction and bitumen sealing of 230m of Fifth Avenue, Northampton to the value of \$44,000 be listed for consideration in 2019/20.
- The re-construction and bitumen sealing of 210m of Bateman Street, Northampton to the value of \$42,000 be listed for consideration in 2018/19.
- The construction and bitumen seal of a car park at the Kalbarri Sport and Recreation Centre to the value of \$180,000 be listed for consideration in 2017/18.
- The re-construction and asphalt seal of the car park at the Lions Park, Northampton to the value of \$102,000 be listed for consideration in 2018/19.
- The re-construction and bitumen seal of the car park at Blue Holes Kalbarri to the value of \$121,500 be listed for consideration in 2018/19.
- The construction and bitumen seal of a car park at the rear of the Allen Centre, Kalbarri for the parking of tourist buses and long vehicles to the value of \$234,000 be listed for consideration in 2019/20.
- The re-construction and bitumen seal of the car park at Jakes Point, Kalbarri to the value of \$187,000 be listed for consideration in 2020/21.
- The re-construction and bitumen seal of the car park at Back Beach, Kalbarri to the value of \$150,000 be listed for consideration in 2021/22.
- The re-construction and bitumen seal of the car park at Siphons, Kalbarri to the value of \$115,000 be listed for consideration in 2022/23.
- The re-construction and bitumen seal of the car park on Red Bluff Road, opposite Rainbow Jungle to the value of \$64,000 be listed for consideration in 2023/24.

Footpaths

- The construction of a dual use pathway on Red Bluff Road to the value of \$20,000 that was listed for 2018/19 be deleted as these works form part of the proposed new pathway listed in 2019/20 to the value of \$50,000.
- The construction of a dual use pathway for Essex Street, Northampton, to the value of \$39,000 be listed for consideration in 2017/18.
- The replacement of the dual use pathway in front of the Allen Centre, Kalbarri, currently asphalt, to a dual use concrete pathway, to the value of \$43,000 be listed for consideration in 2018/19.
- The construction of a dual use pathway in a section of Porter Street and Nanda Drive (southern section) to provide a dual use pathway to the Sun River Chalets, Kalbarri, to the value of \$75,000 be listed for consideration in 2022/23.

Plant

- The changeover of the Northampton gardener utility, Kalbarri gardener utility and Principal Planner's vehicle be deferred to 2018/19.
- The changeover of the Tip Truck in 2018/19 be deleted as this is not required.
- The changeover of the Kalbarri ranger vehicle in 2017/18 be deleted as this changeover is not required.
- The replacement of the Case Tractor be deferred until 2020/21.
- The purchase of a tri-axle water cart to the value of \$125,000 be listed for consideration in 2017/18.
- Defer all senior staff vehicles by 1 year, resulting in all vehicles being kept for four years before replacement.



Floating finger jetty – Kalbarri Northern Boat Ramp

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

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 2015/2016.

GARRY L KEEFFE
CHIEF EXECUTIVE OFFICER



WORKS & TECHNICAL SERVICES

NEIL BROADHURST MANAGER FOR WORKS & TECHNICAL SERVICES

FOREWORD

Major projects undertaken have been the continuation of Councils program to upgrade the four town sites and rural road network.

Regional Road Group Projects consisted of two main works being the continuation of Shoulder Reconditioning works on Kalbarri Road between 36 – 46 slk, competitive tendering allowed for an additional three kilometres of shoulder reconditioning being undertaken plus other related works. The other works were a continuation of Shoulder Reconditioning works on Horrocks Road from 9.4 – 13.4 slk. Both these works were completed within the 2016/2017 financial year with additional stages to be completed in future years.

Roads to Recovery funding for the year continued with improvement works associated with sections of Chilimony Road reconstructed (2 sections), works included full reconstruction with an overlay of additional base course material, prime seal and reseal all completed within the financial year. Binu East Road received resealing works in 2 areas totaling approximately 12 kilometres

Royalties for Regions funding completed the Binu West Road construction program consisting of approximately 9.0 kilometres in total being constructed and resealed over the 2 year life of this project. In 2016/2017 approximately 4.2 kilometres was completed to final reseal stage with local landowners assisting with supplying and carting the road construction gravel as part of the funding arrangement.

The White Cliffs Road construction works while not physically commencing onsite received planning and design works, this has seen the commencement of the works early in the 2017/2018 financial year.

Municipal works saw a number of works completed including a number of carry over projects from 2015/2016. The Horrocks Community Centre car park construction works saw the car park area installed with storm water and asphalt sealed early in the 2016/2017 financial year.

New Municipal works included

- The Gilgai Tavern car park area at Kalbarri receive additional pedestrian paving areas, asphaltting and white lining works to better control parking and improve pedestrian areas in the CBD area.
- Improvements to the pedestrian and shop front area at the intersection of Walker and Hackney Street were also undertaken.
- The Hackney Street drainage low point area to increase drainage capacity.

- Northampton works commenced on drainage improvements along West Street between Stephen Street and Bateman Street, works within 2016/2017 shall see the completion of these works including new concrete kerbing and surface resealing.

Rural Roads saw various gravel sheeting/patching and associated works undertaken with the largest works being the gravel sheeting on Yerina Springs Road following a significant increase in the cartage of lime sand requirements at the start of the winter period.

Dual Use Pathway works continued with the construction of the Glance Street southern car park area in Horrocks.

Various other improvements and specific maintenance works to the town sites of Northampton, Kalbarri, Port Gregory and Horrocks were undertaken to enable continual enhancements to these areas to be ongoing.

- Pioneer Lodge works at Northampton for bulk earthworks for the main building construction area plus works to all access roads and parking areas to a completed asphalt seal finish.
- Kalbarri, a floating jetty installed at the northern car park area involving works to install beach abutments plus concrete access pathway etc.
- Kalbarri, major works involving the construction of the multi use sports area at the Kalbarri Sport and Recreation area at the Kalbarri oval. Shire involvement with the bulk earthworks component/s and liaising and assisting contractors for the completion of retaining walls, court construction and fencing etc., were at times very involved and demanding however the end result achieved very satisfying.

Plant fleet was upgraded seeing the Shire take delivery of two new Isuzu trucks late in the financial year; this consisted of one six wheel tipper and replacement of the Shires prime mover.

Parks and Garden's saw works undertaken on turf renovation to the Northampton Oval.

Northampton water supply requirements and OHS issues with water extraction from the Wannerenooka mineshaft required the installation of a new drilled bore field area. The success of the new bore is still being assessed.

Continuing from previous years, farmer's busy bees, while less in number due to the timing of works on the Binu West Road, have been carried out with positive results. 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 demands 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 for their efforts during the 2016/2017 year.

The 2016/2017 construction program again utilised the use of contractor resources mainly in the area of shoulder reconditioning works on the Kalbarri Road and full service bitumen reseal works throughout the Shire. It is anticipated this use of contractors shall continue in works areas that are set in the amount of works required of a routine and known environment.

The rehabilitation works required at the Lions Park following the Woodcock fire while progressing slowly have continued with the shelters and playground areas continuing with completion early within the 2017/2018 financial year.

From a management perspective it is believed the Construction and Maintenance arm of the Council have had a very successful year as per the 2016/2017 financial year program. All major works have been completed in a timely manner and within reasonable budget expectations.



ENVIRONMENTAL HEALTH & BUILDING SERVICES

GLENN BANGAY
ENVIRONMENTAL HEALTH OFFICER/BUILDING SURVEYOR
ENVIRONMENTAL HEALTH OFFICER – WENDY DALLYWATER

Areas of responsibility include:

ENVIRONMENTAL HEALTH (Shire of Northampton and Shire of Shark Bay)

- 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;
- Inspection and surveillance of seven refuse sites and transfer stations, processing and submitting annual reports to Department of Regulation and Environment, and enforcing any and all restrictions adhered to those refuse sites;
- Waste Management – recycling, refuse and rubbish;
- Monitoring Council's refuse contractors performance and billing process;
- Caravan Parks and Camping Grounds;
- Other public and private accommodation;
- Public buildings;
- Public swimming pools (e.g. at motels and resorts);
- Approval and inspection of effluent disposal systems;
- Follow-up of Notifiable Disease Notifications;
- Sampling of potable 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 staff.

BUILDING (Shire of Northampton and Shire of Shark Bay)

- Assessment of Building Applications for compliance with the National Construction Code of Australia and relevant Australian Standards;
- Issue of Certificate of Design Compliance for Class 1 & 10 buildings;
- Process and issue of Building Permits;

- Process and issue of Demolition Permits;
- Monitoring the handling and disposal of any Asbestos Containing Materials and the compliance with the ACM Handling and Disposal Code;
- 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; as and when required by the NCC;
- Initial and periodic compliance inspections of private swimming pools barrier fencing, gates and access points;
- Disability Access and Inclusion Issues including annual reporting;
- Inspection and maintenance of Council controlled and owned buildings including preparing and overseeing Council building maintenance budget;
- Maintain close liaison with builders, architects/draftsmen and owner builders to ensure a satisfactory standard of building construction and compliance with the Building Code of Australia, is maintained; and
- Any other relevant building matter required to be attended to by Council staff.

A positive achievement for Councils' Building Services has been the ability to maintain an efficient turnaround time in receiving and processing building permit applications once they have received R Code or Local Town Planning Scheme compliance certification, generally between two to ten working days.

RESOURCE SHARING

The Shire of Northampton continues to provide Environmental Health Services to the Shire of Chapman Valley and Environmental Health and Building Services to the Shire of Shark Bay.

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 in season) 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) (Bi-annually) 2
- Landfill water sampling (Kalbarri Refuse Site) (Bi-annually) 2
- Caravan Parks, nature based parks, station/farm stays, roadside rest areas with ablution facilities (Every six months or more regularly as required) 34
- Roadhouses on the North West Highway 3
- 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 and a very saline atmosphere causing significant corrosion issues with building materials (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 programs 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 programs
- Management of seven (7) landfill sites, including dealing with all the requirements of DER annual licencing, reporting and requirements, inspections etc., these can be quite specific, onerous and time consuming
- Management of two waste water disposal sites (Northampton and Denham)
- Advise on, and dealing with dangerous materials issues, including asbestos containing products, various chemicals 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. The management of the Kalbarri units will be handed back to the Department of Housing in the near future.
- Representation on two state working committees, representing the Midwest/Wheatbelt areas, to formulate new legislation on Asbestos Handling and Disposal; and the new Rural Landfill Act and Regulations
- Representation on the working group developing changes to the new caravan park and camping grounds legislation, not as an official member of the group, but in an unofficial advisory capacity.

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 Regulation requirements.

The Northampton refuse site/transfer station was 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 in the future. ACM is still received at this site and disposed of in compliance with DER guidelines.

No septage waste is received at the Kalbarri or Northampton liquid waste sites and the sites will be rehabilitated.

Following the purchase of additional land adjoining the Binu Refuse Site, Council is in the process of developing the additional land and the current Binu Refuse Site to extend the life and availability of an efficient and cost affective local refuse disposal area.

PUBLIC SWIMMING POOLS

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

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 Department of Health licence conditions, over the last year.

DRINKING WATER SAMPLING

Sampling is 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 (Roadhouses, station/farm stays, caravan parks, nature based camping areas and some residential areas).

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 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 program to ensure premises continue with the required works and maintain a high standard of cleanliness, hygiene and work practices.

BUILDING CONTROL

85 Building Licences including 6 demolition licences were issued during the year 1/7/16 to 30/6/17 at a total value of \$7,715,092.00.

General Statistics, for the 2016/2017 financial year and of previous years are provided in the tables at the end of this report.

COUNCIL'S BUILDING ASSETS

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 program will be implemented to enable a more efficient and cost effective maintenance program 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.

| NORTHAMPTON | 2012/2013 | | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|-----------------------|-----------|------------------|-----------|------------------|-----------|--------------------|-----------|--------------------|
| | No | Value | No | Value | No | Value | No | Value |
| Houses | 2 | \$390,000 | 1 | \$50,000 | 4 | \$1,072,872 | 4 | \$1,028,315 |
| Additions/Alterations | 9 | \$178,668 | 9 | \$495,356 | 9 | \$147,037 | 9 | \$166,927 |
| Outbuildings | 8 | \$254,829 | 7 | \$150,485 | 8 | \$155,013 | 10 | 207,313 |
| Comm./Ind./Public | 1 | \$50,000 | | | 1 | \$510,000 | 1 | \$19,500 |
| Demolitions | | | 3 | | 2 | | 1 | \$23,100 |
| TOTALS | 20 | \$873,497 | 20 | \$695,841 | 24 | \$1,884,922 | 25 | \$1,445,155 |

| NORTHAMPTON | 2016/2017 | | | | | | | |
|-----------------------|-----------|--------------------|----|-------|----|-------|----|-------|
| | No | Value | No | Value | No | Value | No | Value |
| Houses | | | | | | | | |
| Additions/Alterations | 5 | \$81,079 | | | | | | |
| Outbuildings | 10 | \$242,308 | | | | | | |
| Comm./Ind./Public | 4 | \$1,581,610 | | | | | | |
| Demolitions | 1 | \$4,000 | | | | | | |
| TOTALS | 20 | \$1,908,997 | | | | | | |

| HORROCKS | 2012/2013 | | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|-----------------------|-----------|--------------------|-----------|------------------|-----------|--------------------|-----------|--------------------|
| | No | Value | No | Value | No | Value | No | Value |
| Houses | 3 | \$913,000 | 1 | \$321,000 | 3 | \$928,946 | 4 | \$1,658,423 |
| Additions/Alterations | 3 | \$94,436 | 2 | \$36,000 | 4 | \$32,500 | 3 | \$29,500 |
| Outbuildings | 3 | \$39,500 | 5 | \$78,930 | 3 | \$84,000 | 2 | \$24,000 |
| Comm./Ind./Public | 1 | \$200,000 | | | | | 1 | \$787,276 |
| Demolitions | | | | | 2 | | 1 | \$20,000 |
| TOTALS | 10 | \$1,246,936 | 8 | \$435,930 | 12 | \$1,045,446 | 10 | \$2,519,199 |

| HORROCKS | 2016/2017 | | | | | | | |
|-----------------------|-----------|-----------------|----|-------|----|-------|----|-------|
| | No | Value | No | Value | No | Value | No | Value |
| Houses | | | | | | | | |
| Additions/Alterations | 1 | \$10,000 | | | | | | |
| Outbuildings | 1 | \$15,000 | | | | | | |
| Comm./Ind./Public | | | | | | | | |
| Demolitions | | | | | | | | |
| TOTALS | 2 | \$25,000 | | | | | | |

| OTHER LOCALITIES | 2012/2013 | | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|-------------------------|-----------|--------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| | No | Value | No | Value | No | Value | No | Value |
| Houses | 1 | \$160,000 | | | 1 | \$460,000 | 1 | \$260,000 |
| Additions/Alterations | 2 | \$32,000 | 7 | \$253,396 | 1 | \$19,750 | | |
| Outbuildings | 4 | \$130,600 | 8 | \$187,140 | 9 | \$135,959 | 8 | \$463,265 |
| Comm./Ind./Public | 6 | \$1,050,000 | | | | | 1 | \$66,121 |
| Demolitions | | | 2 | | 3 | | 2 | \$38,020 |
| TOTALS | 13 | \$1,372,600 | 17 | \$440,536 | 14 | \$615,709 | 12 | \$827,406 |

| OTHER LOCALITIES | 2016/2017 | | | | | | | |
|-------------------------|-----------|--------------------|----|-------|----|-------|----|-------|
| | No | Value | No | Value | No | Value | No | Value |
| Houses | 3 | \$620,685 | | | | | | |
| Additions/Alterations | 2 | \$13,000 | | | | | | |
| Outbuildings | 7 | \$416,635 | | | | | | |
| Comm./Ind./Public | 3 | \$310,500 | | | | | | |
| Demolitions | | | | | | | | |
| TOTALS | 15 | \$1,360,820 | | | | | | |

| WHOLE OF SHIRE | 2012/2013 | | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|----------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| | No | Value | No | Value | No | Value | No | Value |
| TOTALS | 87 | \$8,216,525 | 109 | \$4,967,918 | 85 | \$5,503,662 | 95 | \$8,370,894 |

| WHOLE OF SHIRE | 2016/2017 | | | | | | | |
|----------------|-----------|-------------|----|-------|----|-------|----|-------|
| | No | Value | No | Value | No | Value | No | Value |
| TOTALS | 85 | \$7,715,092 | | | | | | |



PLANNING

HAYLEY WILLIAMS - PRINCIPAL PLANNER

DEBBIE CARSON – PLANNING OFFICER

The following summarises the major planning activities undertaken or initiated within the 2016/17 financial year.

Coastal Management Strategy Review

Council was successful in obtaining funding to undertake a review of the *Coastal Management Strategy* (2006).

Council had previously identified that the Strategy's contents were outdated and required adjustment for the document to be useful in guiding Council planning.

The revised *Strategy* will encompass all coastline areas within the Shire of Northampton, with the exception of Horrocks and Kalbarri, which have both recently had Coastal Management Strategies completed. The aim of the *Shire of Northampton Coastal Strategy* is to guide decision making in relation to the management, protection and planning for the foreshore and coastal areas outside of the Horrocks and Kalbarri areas.

Council's appointed consultant, Land Insights, has prepared a draft Coastal Management Strategy. The draft Strategy is based upon comprehensive community engagement and extensive on-ground investigation. Council granted consent to advertise the Strategy on 16 June 2017.

Local Planning Strategy Review

Council was successful in obtaining funding to undertake a review of the *Shire of Northampton's Local Planning Strategy*.

The current *Local Planning Strategy* was completed in 2008 and it was recommended for review due to its contents being outdated and requiring adjustment, in order for it to be a useful guiding document for Council planning. The *Local Planning Strategy* will establish the planning framework and strategic basis for future *Local Planning Schemes* and set out the Shire's objectives for future land-use planning and development by addressing the social, environmental, resource management and economic factors that affect/are affected by land use and development.

Council's appointed consultant, Larry Smith Planning, has reviewed the existing Local Planning Strategy and provided Shire staff with a draft copy. Further investigation on the format of the Strategy and delivery of mapping is currently being examined.

Horrocks District Water Management Strategy

Council was successful in obtaining funding to prepare a District Water Management Strategy for Horrocks.

It has been identified that the Horrocks water supply has a limited ability to meet future land development and population growth requirements, and the *Horrocks Beach Local Planning Strategy* indicates that the provision of an adequate and secure water supply is a major issue and constraint to the progression of the Strategy.

The development of a *Horrocks District Water Management Strategy* will aim to guide the management of the district's water resources and the land use planning and development within Horrocks and its surrounds.

Council's appointed consultant, RPS Group, has prepared a Draft District Water Management Strategy for the townsite of Horrocks. The draft strategy also includes a Water Supply Feasibility Study which has been prepared by Aquasol. The draft Strategy is now to be considered by Council for public advertising and direct comment by the Department of Water and Environmental Regulation.

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

A review of *Town Planning Scheme No. 9 – Kalbarri Townsite* is presently underway in order to reflect the strategic proposals contained within the *Local Planning Strategy (LPS)* for the Kalbarri Townsite. Broadly, the aims of the Scheme are to enhance Kalbarri's position as a premier family holiday destination, broaden Kalbarri's economic and employment base, and protect and enhance Kalbarri's unique urban values.

The Draft Local Planning Scheme (LPS) was publicly advertised in accordance with the provisions of the *Planning and Development (Local Planning Schemes) Regulations 2015* and the *Shire's Local Planning Policy – Consultation for Planning Proposals*. Advertising of the Draft LPS began on Tuesday 28th June 2016 and closed on Monday 26th September 2016.

A total of fifteen (15) submissions were received during the public comment period for the Draft LPS. Eleven (11) of the submissions received were from Government Departments and four (4) were from individuals.

In light of the submissions received and careful consideration of the planning merit surrounding the submissions Council resolved to adopt the Draft Scheme subject to a number of minor modifications on 18 November 2016. The Draft LPS was referred to the Department of Planning, with the Minister endorsing the document subject to modifications on 20 June 2017. The text and maps have been modified accordingly and will now be gazetted.

Subdivision Applications and Subdivision Clearances

Subdivision activity in the Shire has significantly slowed again during the 2016-17 financial year, with only one subdivision referral and two clearances issued during the financial year.

| Year | Subdivision Referrals | Clearances | Total |
|---------|-----------------------|------------|-------|
| 2016/17 | 1 | 2 | 3 |
| 2015/16 | 1 | 1 | 2 |
| 2014/15 | 2 | 1 | 3 |
| 2013/14 | 6 | 3 | 9 |
| 2012/13 | 6 | 3 | 9 |

Applications for Planning Approval

Applications for planning approval within the Shire have decreased again during the 2016/17 financial year. Applications have been generally smaller in nature and have included home occupation renewals, single dwellings, construction of outbuildings and commercial recreation approvals.

| Year | Council Items | Delegated Approvals | Total |
|---------|---------------|---------------------|-------|
| 2016/17 | 17(27%) | 46(73%) | 63 |
| 2015/16 | 16(20%) | 66(80%) | 82 |
| 2014/15 | 10(17%) | 50(83%) | 60 |
| 2013/14 | 11(17%) | 57(83%) | 68 |
| 2012/13 | 21(28%) | 53(72%) | 74 |

Scheme Amendments and Structure Plans

Scheme Amendment No. 3 of *Local Planning Scheme No. 10 - Northampton* was initiated by the Housing Authority for the purpose of rezoning Lot 501 Hampton Road, Northampton from 'Public Purposes - Police' to 'Residential R.10' was granted final approval and gazetted on 8 November 2016.

Scheme Amendment No. 4 of *Local Planning Scheme No. 10 - Northampton* was initiated to allow the Shire of Northampton to reinstate controls for the development of transportable, prefabricated and relocated buildings, following the introduction of the Planning and Development (Local Planning Schemes) Regulations 2015. Without a Scheme Amendment, these Regulations allow the development of single houses and ancillary dwellings without the requirement for local government development approval. Initial consultation relating to this Scheme Amendment has commenced. This amendment has been granted final approval subject to modifications and is currently awaiting gazettal.

Conclusion

In summary, the above illustrates the steady statutory and strategic planning activities that have taken place within the Shire of Northampton during the 2016/17 financial year. The aforementioned projects illustrate the important role that the Local Authority is taking in terms of strategic planning and, whilst funding is available, it is an opportune time to undertake these strategic projects.



Lucky Bay facilities

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.

A comprehensive review was undertaken in 2016/17 with many obsolete local laws repealed and additional and revised local laws adopted.

SHIRE INFORMATION



Contact Details

Northampton Administration Centre
Phone: (08) 99341202
Fax: (08) 99341072
Address: PO Box 61
Northampton 6535
Email council@northampton.wa.gov.au
Web – www.northampton.wa.gov.au

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 | 948 km |
| Population (permanent) (2016 Census) | 3,319 |
| Number of Employees | 40 (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 Wannernooka 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 Robert McKenzie on (08) 99341202, your local Fire Control Officer or the Shire Office.

Burning permits are required for the period 1 September to 14 October and 2 March to 15 April of each year and burning is prohibited for the period 15 October to 1 March 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.



PART 2

AUDIT REPORT

&

ANNUAL FINANCIAL STATEMENTS



Grant Middleton – Deputy CEO

SHIRE OF NORTHAMPTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
199 Hampton Road
NORTHAMPTON WA 6535

SHIRE OF NORTHAMPTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 of issue on the 25th day of October 2017



Garry L Keefe
Chief Executive Officer

SHIRE OF NORTHAMPTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|---------------------|----------------------|--------------------|
| Revenue | | | | |
| Rates | 22 | 4,208,328 | 4,206,481 | 3,984,769 |
| Operating grants, subsidies and contributions | 29 | 2,970,763 | 2,066,265 | 1,627,202 |
| Fees and charges | 28 | 1,217,444 | 1,164,763 | 1,160,755 |
| Interest earnings | 2(a) | 109,808 | 110,300 | 111,532 |
| Other revenue | 2(a) | 0 | 0 | 4,409 |
| | | <u>8,506,343</u> | <u>7,547,809</u> | <u>6,888,667</u> |
| Expenses | | | | |
| Employee costs | | (2,776,928) | (2,610,020) | (2,827,427) |
| Materials and contracts | | (3,794,613) | (2,131,893) | (2,112,267) |
| Utility charges | | (390,369) | (364,375) | (388,581) |
| Depreciation on non-current assets | 2(a) | (3,606,739) | (3,623,365) | (3,619,588) |
| Interest expenses | 2(a) | (68,365) | (62,923) | (81,388) |
| Insurance expenses | | (225,924) | (220,260) | (263,590) |
| Other expenditure | | (216,180) | (272,695) | (336,101) |
| | | <u>(11,079,118)</u> | <u>(9,285,531)</u> | <u>(9,628,942)</u> |
| | | (2,572,775) | (1,737,722) | (2,740,275) |
| Non-operating grants, subsidies and contributions | 29 | 2,919,970 | 3,776,775 | 2,441,920 |
| Profit on asset disposals | 20 | 7,332 | 2,000 | 11,637 |
| (Loss) on asset disposals | 20 | (26,319) | (14,000) | (67,679) |
| (Loss) on revaluation of furniture and equipment | 6(b) | 0 | 0 | (6,038) |
| (Loss) on revaluation of plant and equipment | 6(b) | 0 | 0 | (168,741) |
| Net result | | <u>328,208</u> | <u>2,027,053</u> | <u>(529,176)</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 12 | (2,320,336) | 0 | 0 |
| Total other comprehensive income | | <u>(2,320,336)</u> | <u>0</u> | <u>0</u> |
| Total comprehensive income | | <u>(1,992,128)</u> | <u>2,027,053</u> | <u>(529,176)</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 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|---------------------|----------------------|--------------------|
| Revenue | | | | |
| | 2(a) | | | |
| Governance | | 45,301 | 50,200 | 63,657 |
| General purpose funding | | 6,594,102 | 5,782,398 | 4,809,518 |
| Law, order, public safety | | 104,059 | 91,280 | 142,875 |
| Health | | 48,763 | 52,500 | 38,736 |
| Education and welfare | | 220,861 | 195,585 | 224,023 |
| Housing | | 38,869 | 33,196 | 23,677 |
| Community amenities | | 872,561 | 838,127 | 1,027,254 |
| Recreation and culture | | 76,004 | 45,750 | 97,932 |
| Transport | | 172,554 | 167,210 | 164,955 |
| Economic services | | 188,422 | 167,745 | 169,417 |
| Other property and services | | 144,847 | 123,818 | 126,623 |
| | | <u>8,506,343</u> | <u>7,547,809</u> | <u>6,888,667</u> |
| Expenses | | | | |
| | 2(a) | | | |
| Governance | | (839,965) | (835,493) | (846,062) |
| General purpose funding | | (114,385) | (104,457) | (119,701) |
| Law, order, public safety | | (340,151) | (341,833) | (532,777) |
| Health | | (208,345) | (205,562) | (219,756) |
| Education and welfare | | (1,673,662) | (245,937) | (276,702) |
| Housing | | (119,432) | (102,862) | (128,818) |
| Community amenities | | (1,473,583) | (1,475,160) | (1,244,226) |
| Recreation and culture | | (1,798,443) | (1,623,180) | (1,627,314) |
| Transport | | (4,116,186) | (3,993,261) | (4,263,244) |
| Economic services | | (363,938) | (278,173) | (251,217) |
| Other property and services | | 37,337 | (16,690) | (37,737) |
| | | <u>(11,010,753)</u> | <u>(9,222,608)</u> | <u>(9,547,554)</u> |
| Finance costs | | | | |
| | 2(a) | | | |
| Education and welfare | | (6,979) | 0 | 0 |
| Housing | | (12,166) | (12,260) | (14,378) |
| Recreation and culture | | (3,976) | (4,410) | (7,141) |
| Transport | | (21,426) | (22,435) | (34,782) |
| Other property and services | | (23,818) | (23,818) | (25,087) |
| | | <u>(68,365)</u> | <u>(62,923)</u> | <u>(81,388)</u> |
| | | <u>(2,572,775)</u> | <u>(1,737,722)</u> | <u>(2,740,275)</u> |
| Non-operating grants, subsidies and contributions | | 2,919,970 | 3,776,775 | 2,441,920 |
| Profit on disposal of assets | 20 | 7,332 | 2,000 | 11,637 |
| (Loss) on disposal of assets | 20 | (26,319) | (14,000) | (67,679) |
| (Loss) on revaluation of furniture and equipment | 6(b) | 0 | 0 | (6,038) |
| (Loss) on revaluation of plant and equipment | 6(b) | 0 | 0 | (168,741) |
| Net result | | <u>328,208</u> | <u>2,027,053</u> | <u>(529,176)</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 12 | (2,320,336) | 0 | 0 |
| Total other comprehensive income | | <u>(2,320,336)</u> | <u>0</u> | <u>0</u> |
| Total comprehensive income | | <u>(1,992,128)</u> | <u>2,027,053</u> | <u>(529,176)</u> |

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

SHIRE OF NORTHAMPTON
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

| | NOTE | 2017 \$ | 2016 \$ |
|---|------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 3,801,450 | 4,295,809 |
| Trade and other receivables | 4 | 628,993 | 460,260 |
| Inventories | 5 | 243,196 | 243,737 |
| TOTAL CURRENT ASSETS | | <u>4,673,639</u> | <u>4,999,806</u> |
| NON-CURRENT ASSETS | | | |
| Other receivables | 4 | 408,975 | 421,140 |
| Property, plant and equipment | 6 | 30,730,446 | 33,473,472 |
| Infrastructure | 7 | 151,596,014 | 150,079,791 |
| TOTAL NON-CURRENT ASSETS | | <u>182,735,435</u> | <u>183,974,403</u> |
| TOTAL ASSETS | | <u>187,409,074</u> | <u>188,974,209</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 2,821,701 | 2,672,714 |
| Current portion of long term borrowings | 9 | 197,136 | 177,776 |
| Provisions | 10 | 713,246 | 669,857 |
| TOTAL CURRENT LIABILITIES | | <u>3,732,083</u> | <u>3,520,347</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | 9 | 1,220,665 | 1,017,802 |
| Provisions | 10 | 50,880 | 38,486 |
| TOTAL NON-CURRENT LIABILITIES | | <u>1,271,545</u> | <u>1,056,288</u> |
| TOTAL LIABILITIES | | <u>5,003,628</u> | <u>4,576,635</u> |
| NET ASSETS | | <u>182,405,446</u> | <u>184,397,574</u> |
| EQUITY | | | |
| Retained surplus | | 80,444,269 | 79,855,820 |
| Reserves - cash backed | 11 | 1,023,790 | 1,284,031 |
| Revaluation surplus | 12 | 100,937,387 | 103,257,723 |
| TOTAL EQUITY | | <u>182,405,446</u> | <u>184,397,574</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 2017

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|-----------------------------------|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2015 | | 80,104,409 | 1,564,618 | 103,257,723 | 184,926,750 |
| Comprehensive income | | | | | |
| Net result | | (529,176) | 0 | 0 | (529,176) |
| Changes on revaluation of assets | | 0 | 0 | 0 | 0 |
| Total comprehensive income | 12 | (529,176) | 0 | 0 | (529,176) |
| Transfers from/(to) reserves | | 280,587 | (280,587) | 0 | 0 |
| Balance as at 30 June 2016 | | 79,855,820 | 1,284,031 | 103,257,723 | 184,397,574 |
| Comprehensive income | | | | | |
| Net result | | 328,208 | 0 | 0 | 328,208 |
| Changes on revaluation of assets | | 0 | 0 | (2,320,336) | (2,320,336) |
| Total comprehensive income | 12 | 328,208 | 0 | (2,320,336) | (1,992,128) |
| Transfers from/(to) reserves | | 260,241 | (260,241) | 0 | 0 |
| Balance as at 30 June 2017 | | 80,444,269 | 1,023,790 | 100,937,387 | 182,405,446 |

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 2017**

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|---|-------|-------------------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 4,169,471 | 4,206,481 | 3,995,828 |
| Operating grants, subsidies and contributions | | 2,834,094 | 2,066,265 | 1,573,488 |
| Fees and charges | | 1,217,444 | 1,164,763 | 1,160,755 |
| Interest earnings | | 109,808 | 110,300 | 111,532 |
| Other revenue | | 0 | 0 | 4,409 |
| | | <u>8,330,817</u> | <u>7,547,809</u> | <u>6,846,012</u> |
| Payments | | | | |
| Employee costs | | (2,707,715) | (2,610,020) | (2,888,252) |
| Materials and contracts | | (3,661,101) | (2,007,440) | (3,408,177) |
| Utility charges | | (390,369) | (364,375) | (388,581) |
| Interest expenses | | (63,961) | (62,923) | (82,841) |
| Insurance expenses | | (225,924) | (220,260) | (263,590) |
| Other expenditure | | (216,180) | (272,695) | (336,101) |
| | | <u>(7,265,250)</u> | <u>(5,537,713)</u> | <u>(7,367,542)</u> |
| Net cash provided by (used in) operating activities | 13(b) | <u>1,065,567</u> | <u>2,010,096</u> | <u>(521,530)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for development of Land held for resale | | (1,818) | 0 | 0 |
| Payments for purchase of property, plant & equipment | | (923,991) | (2,916,010) | (2,124,951) |
| Payments for construction of infrastructure | | (3,922,574) | (4,210,250) | (2,138,015) |
| Non-operating grants, subsidies and contributions | | 2,919,970 | 3,776,775 | 2,441,920 |
| Proceeds from sale of fixed assets | | 127,305 | 135,000 | 189,590 |
| Net cash provided by (used in) investment activities | | <u>(1,801,108)</u> | <u>(3,214,485)</u> | <u>(1,631,456)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of debentures | | (177,777) | (177,773) | (168,585) |
| Proceeds from self supporting loans | | 18,959 | 22,043 | 20,650 |
| Proceeds from new debentures | | 400,000 | 400,000 | 0 |
| Net cash provided by (used in) financing activities | | <u>241,182</u> | <u>244,270</u> | <u>(147,935)</u> |
| Net increase (decrease) in cash held | | (494,359) | (960,119) | (2,300,921) |
| Cash at beginning of year | | 4,295,809 | 4,302,548 | 6,596,730 |
| Cash and cash equivalents at the end of the year | 13(a) | <u><u>3,801,450</u></u> | <u><u>3,342,429</u></u> | <u><u>4,295,809</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 2017**

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|--|-------|-----------------------|----------------------|-----------------------|
| Net current assets at start of financial year - surplus/(deficit) | | 809,879 | 848,229 | 1,391,487 |
| | | <u>809,879</u> | <u>848,229</u> | <u>1,391,487</u> |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 45,301 | 51,200 | 69,021 |
| General purpose funding | | 2,428,895 | 1,619,342 | 868,114 |
| Law, order, public safety | | 104,059 | 91,280 | 142,875 |
| Health | | 48,763 | 52,500 | 38,736 |
| Education and welfare | | 220,861 | 195,585 | 224,023 |
| Housing | | 38,869 | 33,196 | 23,677 |
| Community amenities | | 872,561 | 838,127 | 1,027,254 |
| Recreation and culture | | 76,004 | 45,750 | 97,932 |
| Transport | | 178,068 | 168,210 | 164,955 |
| Economic services | | 188,422 | 167,745 | 175,690 |
| Other property and services | | 146,665 | 123,818 | 126,623 |
| | | <u>4,348,468</u> | <u>3,386,753</u> | <u>2,958,900</u> |
| Expenditure from operating activities | | | | |
| Governance | | (840,896) | (835,493) | (846,062) |
| General purpose funding | | (114,385) | (104,457) | (119,701) |
| Law, order, public safety | | (340,151) | (341,833) | (532,777) |
| Health | | (208,345) | (205,562) | (219,756) |
| Education and welfare | | (1,680,641) | (245,937) | (276,702) |
| Housing | | (131,598) | (115,122) | (143,196) |
| Community amenities | | (1,478,583) | (1,475,160) | (1,244,226) |
| Recreation and culture | | (1,802,419) | (1,627,590) | (1,634,455) |
| Transport | | (4,158,000) | (4,029,696) | (4,365,705) |
| Economic services | | (363,938) | (278,173) | (251,217) |
| Other property and services | | 13,519 | (40,508) | (62,824) |
| | | <u>(11,105,437)</u> | <u>(9,299,531)</u> | <u>(9,696,621)</u> |
| Operating activities excluded from budget | | | | |
| (Profit) on disposal of assets | 20 | (7,332) | (2,000) | (11,637) |
| Loss on disposal of assets | 20 | 26,319 | 14,000 | 67,679 |
| Movement in deferred pensioner rates (non-current) | | (6,793) | 0 | 2,091 |
| Movement in employee benefit provisions (non-current/current) | | 55,783 | 0 | 23,519 |
| Movement in land held for resale | | 0 | 0 | 12,273 |
| Depreciation and amortisation on assets | 2(a) | 3,606,739 | 3,623,365 | 3,619,588 |
| Amount attributable to operating activities | | <u>(2,272,374)</u> | <u>(1,429,184)</u> | <u>(1,632,721)</u> |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 2,919,970 | 3,776,775 | 2,441,920 |
| Proceeds from disposal of assets | 20 | 127,305 | 135,000 | 189,590 |
| Purchase of land held for resale | | (1,818) | 0 | 0 |
| Purchase of property, plant and equipment | 6(b) | (923,991) | (2,916,010) | (2,124,951) |
| Purchase and construction of infrastructure | 7(b) | (3,922,574) | (4,210,250) | (2,138,015) |
| Amount attributable to investing activities | | <u>(1,801,108)</u> | <u>(3,214,485)</u> | <u>(1,631,456)</u> |
| FINANCING ACTIVITIES | | | | |
| Repayment of debentures | 21(a) | (177,777) | (177,773) | (168,585) |
| Proceeds from new debentures | 21(a) | 400,000 | 400,000 | 0 |
| Proceeds from self supporting loans | | 18,959 | 22,043 | 20,650 |
| Transfers to reserves (restricted assets) | 11 | (187,271) | (107,157) | (347,796) |
| Transfers from reserves (restricted assets) | 11 | 447,512 | 343,500 | 628,383 |
| Amount attributable to financing activities | | <u>501,423</u> | <u>480,613</u> | <u>132,652</u> |
| Surplus(deficiency) before general rates | | <u>(3,572,059)</u> | <u>(4,163,056)</u> | <u>(3,131,525)</u> |
| Total amount raised from general rates | 22 | <u>4,165,207</u> | <u>4,163,056</u> | <u>3,941,404</u> |
| Net current assets at June 30 c/fwd - surplus/(deficit) | 23 | <u><u>593,148</u></u> | <u><u>0</u></u> | <u><u>809,879</u></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 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of 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.

THE LOCAL GOVERNMENT REPORTING ENTITY

All Funds through which the Shire 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. A separate statement of those monies appears at Note 19 to these financial statements.

(a) 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.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 reported as short term borrowings in current liabilities in the statement of financial position.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

Collectability 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.

(d) 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 sale

Land held for development and sale 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 profit or loss 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 sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(e) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and 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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire was 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. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land under roads

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

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

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

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 Shire.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

| | |
|--|-----------------|
| Buildings | 30 to 50 years |
| Furniture and equipment | 4 to 10 years |
| Plant and equipment | 5 to 15 years |
| Sealed roads and streets | |
| formation | not depreciated |
| pavement | 50 years |
| seal | |
| - bituminous seals | 20 years |
| - asphalt surfaces | 25 years |
| Gravel roads | |
| formation | not depreciated |
| pavement | 50 years |
| Formed roads (unsealed) | |
| formation | not depreciated |
| pavement | 50 years |
| Footpaths - slab | 20 years |
| Sewerage piping | 100 years |
| Parks and Ovals | 40 - 50 years |
| Airport | 50 - 100 years |
| Water supply piping and drainage systems | 75 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 in the period in which they arise.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. 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.

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 and any reduction for impairment; and
- (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.

The effective interest 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.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market 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 that the Shire 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 payments.

They are subsequently measured at fair value with changes in such fair value (i.e. 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 that 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.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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 (a "loss event") 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 assets, 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 to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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 Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. 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.

(h) Impairment of Assets

In accordance with Australian Accounting Standards the Shire'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 (e.g. AASB 116) whereby 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.

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire 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.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) 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 until such time as the asset is substantially ready for its intended use or sale.

(l) Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and 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.

(m) 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 Shire, 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.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(q) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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 Shire's operational cycle. In the case of liabilities where the Shire 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 sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(u) 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 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 Shire. Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

| Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|--|-------------------|---------------------------|---|
| (i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8) | December 2014 | 1 January 2018 | 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 Shire, it is not anticipated the Standard will have any material effect. |
| (ii) AASB 15 Revenue from Contracts with Customers | December 2014 | 1 January 2019 | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant. |
| (iii) AASB 16 Leases | February 2016 | 1 January 2019 | Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant. |

Notes: (1) 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 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|---|-------------------|---------------------------|---|
| (iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8) | December 2016 | 1 January 2019 | <p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p> |

Notes: (1) Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
[AASB 10, 124 & 1049]
- The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.
- The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| 2. REVENUE AND EXPENSES | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| (a) Net Result | | |
| The Net result includes: | | |
| (i) Charging as an expense: | | |
| Auditors remuneration | | |
| - Audit of the Annual Financial Report | 18,230 | 23,795 |
| - Assistance with the finalisation of the annual financial report | 0 | 500 |
| - Other Services | 0 | 8,750 |
| Depreciation | | |
| Buildings - non-specialised | 106,039 | 75,712 |
| Buildings - specialised | 510,180 | 499,309 |
| Furniture and equipment | 7,113 | 23,407 |
| Plant and equipment | 300,827 | 357,046 |
| Roads | 2,478,066 | 2,327,384 |
| Footpaths | 18,782 | 22,598 |
| Drainage | 56,143 | 163,176 |
| Parks and Ovals | 84,906 | 101,648 |
| Airports | 44,683 | 49,308 |
| | <u>3,606,739</u> | <u>3,619,588</u> |
| Interest expenses (finance costs) | | |
| Debentures (refer Note 21 (a)) | 68,365 | 81,388 |
| | <u>68,365</u> | <u>81,388</u> |
| Other revenue | | |
| Other | 0 | 4,409 |
| | <u>0</u> | <u>4,409</u> |
| (i) Crediting as revenue: | | |
| Significant Revenue | | |
| General Purpose Funding | 797,188 | 0 |
| | <u>797,188</u> | <u>0</u> |

The 2017 significant revenue relates to the early payment of Financial Assistance Grants received on 8/06/17 comprising General Purpose funding \$421,955 and Road funding \$375,233.

| | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Interest earnings | | | |
| - Reserve funds | 27,186 | 40,000 | 31,333 |
| - Other funds | 29,594 | 25,000 | 32,471 |
| Other interest revenue (refer note 27) | 53,028 | 45,300 | 47,728 |
| | <u>109,808</u> | <u>110,300</u> | <u>111,532</u> |

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

A proud and unique community recognising the past and creating the future.
Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, administration of health local laws and maintenance of the Northampton and Kalbarri doctors surgery.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Maintenance of child minding centre's, operational costs associated with Northampton Child Care Association and Kalbarri Aged Care Housing maintenance.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| Grant/Contribution | Opening | Received ⁽²⁾ | Expended ⁽³⁾ | Closing | Received ⁽²⁾ | Expended ⁽³⁾ | Closing |
|--------------------|-----------------------------------|-------------------------|-------------------------|------------------------------------|-------------------------|-------------------------|------------------------------------|
| | Balance ⁽¹⁾ 1/07/15 | 2015/16 | 2015/16 | Balance ⁽¹⁾ 30/06/16 | 2016/17 | 2016/17 | Balance ⁽¹⁾ 30/06/17 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Transport | | | | | | | |
| Roads to Recovery | 159 | 717,520 | (654,095) | 63,584 | 552,115 | (615,699) | 0 |
| Total | 159 | 717,520 | (654,095) | 63,584 | 552,115 | (615,699) | 0 |

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - 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.
- (3) - 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 2017

| | Note | 2017 \$ | 2016 \$ |
|-------------------------------------|------|------------------|------------------|
| 3. CASH AND CASH EQUIVALENTS | | | |
| Unrestricted | | 783,615 | 653,612 |
| Restricted - Reserves | | 1,023,790 | 1,347,456 |
| Restricted - OCDF | | 1,994,045 | 2,294,741 |
| | | <u>3,801,450</u> | <u>4,295,809</u> |

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

| | | | |
|--|------|------------------|------------------|
| Leave Reserve | 11 | 228,314 | 217,874 |
| Roadworks Reserve | 11 | 49,940 | 54,245 |
| Kalbarri Airport Reserve | 11 | 44,922 | 24,702 |
| Computer & Office Reserve | 11 | 30,725 | 32,087 |
| Plant Reserve | 11 | 7,320 | 6,980 |
| House & Building Reserve | 11 | 86,252 | 73,537 |
| Kalbarri Aged Persons Accommodation Reserve | 11 | 245,882 | 268,859 |
| Northampton Aged Persons Reserve | 11 | 5,024 | 164,044 |
| Town Planning Scheme Reserve | 11 | 3,596 | 13,096 |
| Townscape Carpark Reserve | 11 | 0 | 5,758 |
| Specified Area Rate Reserve | 11 | 5,038 | 15,000 |
| Land Development Reserve | 11 | 221,004 | 202,271 |
| Kalbarri Tennis/Netball/Basketball Court Reserve | 11 | 78 | 169,078 |
| Port Gregory Water supply Reserve | 11 | 36,500 | 36,500 |
| Kalbarri Parkland Re-development | 11 | 59,195 | 0 |
| Adjusted B/Fwd figure R2R | 2(c) | 0 | (159) |
| Unspent grants | 2(c) | 0 | 63,584 |
| | | <u>1,023,790</u> | <u>1,347,456</u> |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates outstanding | 263,223 | 229,706 |
| Sundry debtors | 266,764 | 124,784 |
| Rufuse Charge Debtors | 45,034 | 46,487 |
| Emergency Services Levy | 60,500 | 63,798 |
| Provision for Doubtful Debts | (6,528) | (6,528) |
| Accrued Income | 0 | 2,013 |
| | 628,993 | 460,260 |
| Non-current | | |
| Rates outstanding - pensioners | 50,173 | 43,380 |
| Loans receivable - clubs/institutions | 13,540 | 16,990 |
| Loans receivable - CEO Self Supporting | 345,262 | 360,770 |
| | 408,975 | 421,140 |

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

| | | |
|---------------------------|---------|---------|
| Rates outstanding | 263,223 | 229,706 |
| Includes: | | |
| Past due and not impaired | 263,223 | 229,706 |
| Impaired | 0 | 0 |
| Sundry debtors | 266,764 | 124,784 |
| Includes: | | |
| Past due and not impaired | 5,335 | 96,477 |
| Impaired | 6,528 | 6,528 |

5. INVENTORIES

| | | |
|-----------------------------|---------|---------|
| Current | | |
| Fuel and Materials | 8,196 | 10,555 |
| Land held for resale - cost | 235,000 | 233,182 |
| | 243,196 | 243,737 |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | \$ | \$ |
| 6 (a). PROPERTY, PLANT AND EQUIPMENT | | |
| Land - freehold land | | |
| - Independent valuation 2014 - level 2 | 0 | 6,286,000 |
| - Independent valuation 2017 - level 2 | 985,000 | 0 |
| - Independent valuation 2017 - level 3 | 3,159,662 | 0 |
| - Additions after valuation - cost | <u>0</u> | <u>72,727</u> |
| | 4,144,662 | 6,358,727 |
| | | |
| Land - vested in and under the control of Council at: | | |
| - Independent valuation 2014 - level 3 | 0 | 2,258,925 |
| - Independent valuation 2017 - level 3 | 1,850,000 | 0 |
| - Additions after valuation - cost | <u>0</u> | <u>137,325</u> |
| | 1,850,000 | 2,396,250 |
| | <u>5,994,662</u> | <u>8,754,977</u> |
| | | |
| Buildings - non-specialised at: | | |
| - Independent valuation 2014 - level 3 | 0 | 1,747,731 |
| - Independent valuation 2017 - level 2 | 1,075,000 | 0 |
| - Independent valuation 2017 - level 3 | 310,000 | 0 |
| - Additions after valuation - cost | 0 | 241,174 |
| Buildings - non-specialised - Less: accumulated depreciation | <u>0</u> | <u>(104,193)</u> |
| | 1,385,000 | 1,884,712 |
| | | |
| Buildings - specialised at: | | |
| - Independent valuation 2014 - level 3 | 0 | 19,031,853 |
| - Independent valuation 2017 - level 2 | 280,000 | 0 |
| - Independent valuation 2017 - level 3 | 20,046,070 | 0 |
| - Additions after valuation - cost | 0 | 1,980,964 |
| Buildings - specialised - Less: accumulated depreciation | <u>0</u> | <u>(962,512)</u> |
| | 20,326,070 | 20,050,305 |
| | <u>21,711,070</u> | <u>21,935,017</u> |
| | | |
| Total land and buildings | <u>27,705,732</u> | <u>30,689,994</u> |
| | | |
| Furniture and equipment at: | | |
| - Management valuation 2016 - level 3 | 46,216 | 46,216 |
| Furniture and equipment - Less: accumulated depreciation | <u>(7,113)</u> | <u>0</u> |
| | 39,103 | 46,216 |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

| | 2017 | 2016 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Plant and equipment at: | | |
| - Management valuation 2016 - level 2 | 1,879,300 | 1,879,300 |
| - Management valuation 2016 - level 3 | 711,670 | 857,962 |
| - Additions after valuation - cost | 695,468 | 0 |
| Plant and equipment - Less: accumulated depreciation | <u>(300,827)</u> | <u>0</u> |
| | <u>2,985,611</u> | <u>2,737,262</u> |
| | <u><u>30,730,446</u></u> | <u><u>33,473,472</u></u> |

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

| | Balance at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/ (Decrements) Transferred to Revaluation | Revaluation (Losses)/ Reversals Through to Profit or Loss | Impairment (Losses)/ Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of Year |
|---|--------------------------------------|----------------|------------------|---|---|--------------------------------|------------------------|------------------|------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 6,358,727 | 4,662 | 0 | (2,238,727) | 0 | 0 | 0 | 20,000 | 4,144,662 |
| Land - vested in and under the control of Council | 2,396,250 | 0 | 0 | (408,925) | 0 | 0 | 0 | (137,325) | 1,850,000 |
| Total land | 8,754,977 | 4,662 | 0 | (2,647,652) | 0 | 0 | 0 | (117,325) | 5,994,662 |
| Buildings - non-specialised | 1,884,712 | 0 | 0 | (165,583) | 0 | 0 | (106,039) | (228,089) | 1,385,000 |
| Buildings - specialised | 20,050,305 | 223,861 | 0 | 492,899 | 0 | 0 | (510,180) | 69,185 | 20,326,070 |
| Total buildings | 21,935,017 | 223,861 | 0 | 327,316 | 0 | 0 | (616,219) | (158,904) | 21,711,070 |
| Total land and buildings | 30,689,994 | 228,523 | 0 | (2,320,336) | 0 | 0 | (616,219) | (276,229) | 27,705,732 |
| Furniture and equipment | 46,216 | 0 | 0 | 0 | 0 | 0 | (7,113) | 0 | 39,103 |
| Plant and equipment | 2,737,262 | 695,468 | (146,292) | 0 | 0 | 0 | (300,827) | 0 | 2,985,611 |
| Total property, plant and equipment | 33,473,472 | 923,991 | (146,292) | (2,320,336) | 0 | 0 | (924,159) | (276,229) | 30,730,446 |

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|---|-----------------------------|---|--------------------------------|-------------------------------|--|
| Land - freehold land | | | | | |
| Land - freehold land | 2 | Market approach using recent observable market data for similar properties | Independent registered valuers | June 2017 | Price per hectare/ market borrowing rate |
| Land - vested in and under the control of Council | 3 | Improvements to land using cost approach using depreciated replacement cost | Management Valuation | June 2017 | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Buildings - non-specialised | 2 | Market approach using recent observable market data for similar properties | Independent registered valuers | June 2017 | Replacement cost, residual value, short life/long life split, pattern of consumption and consumption score. |
| Buildings - specialised | 3 | Market approach using recent observable market data for similar properties | Independent registered valuers | June 2017 | Replacement cost, residual value, short life/long life split, pattern of consumption and consumption score. |
| Furniture and equipment | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2016 | Residual values and remaining useful life |
| Plant and equipment | | | | | |
| - Management valuation 2016 | 2 | Market approach using recent observable market data | Management Valuation | June 2016 | Price per item |
| - Management valuation 2016 | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2016 | Residual values and remaining useful life |

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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|--|---------------------|---------------------|
| | \$ | \$ |
| 7 (a). INFRASTRUCTURE | | |
| Roads | | |
| - Management valuation 2015 - level 3 | 185,996,452 | 185,996,452 |
| - Additions after valuation - cost | 4,148,334 | 1,886,627 |
| Roads - Less: accumulated depreciation | <u>(51,438,379)</u> | <u>(48,960,323)</u> |
| | 138,706,407 | 138,922,756 |
| Footpaths | | |
| - Management valuation 2015 - level 3 | 2,206,592 | 2,206,592 |
| - Additions after valuation - cost | 211,710 | 68,476 |
| Footpaths - Less: accumulated depreciation | <u>(865,881)</u> | <u>(847,099)</u> |
| | 1,552,421 | 1,427,969 |
| Drainage | | |
| - Management valuation 2015 - level 3 | 5,430,409 | 5,430,409 |
| - Additions after valuation - cost | 4,400 | 4,400 |
| Drainage - Less: accumulated depreciation | <u>(1,910,907)</u> | <u>(1,854,764)</u> |
| | 3,523,902 | 3,580,045 |
| Parks and Ovals | | |
| - Management valuation 2015 - level 3 | 3,711,439 | 3,711,439 |
| - Additions after valuation - cost | 1,972,364 | 178,512 |
| Parks & Ovals - Less: accumulated depreciation | <u>(696,967)</u> | <u>(612,061)</u> |
| | 4,986,836 | 3,277,890 |
| Airports | | |
| - Management valuation 2015 - level 3 | 3,115,544 | 3,115,544 |
| Airports - Less: accumulated depreciation | <u>(289,096)</u> | <u>(244,413)</u> |
| | 2,826,448 | 2,871,131 |
| | <u>151,596,014</u> | <u>150,079,791</u> |

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(b) 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.

| | Balance as at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/(Decrements) Transferred to Revaluation | Revaluation (Loss)/Reversal Transferred to Profit or Loss | Impairment (Losses)/Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of the Year |
|-----------------------------|---|------------------|-------------|--|---|-------------------------------|------------------------|----------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Roads | 138,922,756 | 2,261,717 | 0 | 0 | 0 | 0 | (2,478,066) | 0 | 138,706,407 |
| Footpaths | 1,427,969 | 143,234 | 0 | 0 | 0 | 0 | (18,782) | 0 | 1,552,421 |
| Drainage | 3,580,045 | 0 | 0 | 0 | 0 | 0 | (56,143) | 0 | 3,523,902 |
| Parks and Ovals | 3,277,890 | 1,517,623 | 0 | 0 | 0 | 0 | (84,906) | 276,229 | 4,986,836 |
| Airports | 2,871,131 | 0 | 0 | 0 | 0 | 0 | (44,683) | 0 | 2,826,448 |
| Total infrastructure | 150,079,791 | 3,922,574 | 0 | 0 | 0 | 0 | (2,682,580) | 276,229 | 151,596,014 |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|------------------------|-----------------------------|---|---------------------------------|-------------------------------|--|
| Roads | 3 | All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates. | Independent consultants - Tails | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Footpaths | 3 | All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates. | Independent consultants - Tails | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Drainage | 3 | All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates. | Independent consultants - Tails | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Parks and Ovals | 3 | Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition. | Independent consultants - APV | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Airports | 3 | Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition. | Independent consultants - APV | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry creditors | 762,355 | 323,695 |
| Accrued interest on debentures | 12,489 | 8,085 |
| Accrued salaries and wages | 14,137 | 707 |
| Accrued Expenditure | 38,675 | 28,856 |
| Revenue Received in Advance | 0 | 16,631 |
| Revenue Received in Advance (OCDF) | <u>1,994,045</u> | <u>2,294,740</u> |
| | <u><u>2,821,701</u></u> | <u><u>2,672,714</u></u> |

9. LONG-TERM BORROWINGS

| | | |
|----------------------------|-------------------------|-------------------------|
| Current | | |
| Secured by floating charge | | |
| Debentures | <u>197,136</u> | <u>177,776</u> |
| | <u><u>197,136</u></u> | <u><u>177,776</u></u> |
| Non-current | | |
| Secured by floating charge | | |
| Debentures | <u>1,220,665</u> | <u>1,017,802</u> |
| | <u><u>1,220,665</u></u> | <u><u>1,017,802</u></u> |

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|---------------------------------------|--|--|-----------------------|
| Opening balance at 1 July 2016 | | | |
| Current provisions | 263,040 | 406,817 | 669,857 |
| Non-current provisions | <u>0</u> | <u>38,486</u> | <u>38,486</u> |
| | 263,040 | 445,303 | 708,343 |
| Additional provision | <u>41,743</u> | <u>14,040</u> | <u>55,783</u> |
| Balance at 30 June 2017 | <u><u>304,783</u></u> | <u><u>459,343</u></u> | <u><u>764,126</u></u> |
| Comprises | | | |
| Current | 304,783 | 408,463 | 713,246 |
| Non-current | <u>0</u> | <u>50,880</u> | <u>50,880</u> |
| | <u><u>304,783</u></u> | <u><u>459,343</u></u> | <u><u>764,126</u></u> |

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

| | Actual 2017 | Actual 2017 | Actual 2017 | Actual 2017 | Budget 2017 | Budget 2017 | Budget 2017 | Budget 2017 | Actual 2016 | Actual 2016 | Actual 2016 | Actual 2016 |
|--|--------------------|----------------|-----------------|--------------------|--------------------|----------------|-----------------|--------------------|--------------------|----------------|-----------------|--------------------|
| | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Leave Reserve | 217,874 | 10,440 | 0 | 228,314 | 217,874 | 10,000 | 0 | 227,874 | 207,189 | 10,685 | 0 | 217,874 |
| Roadworks Reserve | 54,245 | 2,170 | (6,475) | 49,940 | 54,245 | 2,000 | 0 | 56,245 | 51,960 | 2,285 | 0 | 54,245 |
| Kalbarri Airport Reserve | 24,702 | 20,220 | 0 | 44,922 | 24,703 | 20,200 | 0 | 44,903 | 4,463 | 20,239 | 0 | 24,702 |
| Computer & Office Reserve | 32,087 | 1,638 | (3,000) | 30,725 | 32,087 | 1,500 | 0 | 33,587 | 30,384 | 1,703 | 0 | 32,087 |
| Plant Reserve | 6,980 | 340 | 0 | 7,320 | 6,979 | 300 | 0 | 7,279 | 6,628 | 352 | 0 | 6,980 |
| House & Building Reserve | 73,537 | 12,715 | 0 | 86,252 | 73,537 | 12,500 | 0 | 86,037 | 60,687 | 12,850 | 0 | 73,537 |
| Kalbarri Aged Persons Accommodation Reserve | 268,859 | 15,840 | (38,817) | 245,882 | 268,859 | 15,157 | 0 | 284,016 | 238,283 | 30,576 | 0 | 268,859 |
| Northampton Aged Persons Reserve | 164,044 | 5,980 | (165,000) | 5,024 | 164,044 | 5,500 | (165,000) | 4,544 | 154,934 | 9,110 | 0 | 164,044 |
| Town Planning Scheme Reserve | 13,096 | 0 | (9,500) | 3,596 | 13,096 | 0 | (9,500) | 3,596 | 13,096 | 0 | 0 | 13,096 |
| Townscape Carpark Reserve | 5,758 | 0 | (5,758) | 0 | 5,758 | 0 | 0 | 5,758 | 5,758 | 0 | 0 | 5,758 |
| Sport and Recreation Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,225 | 0 | (6,225) | 0 |
| Coastal Management Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 105,145 | 0 | (105,145) | 0 |
| Specified Area Rate Reserve | 15,000 | 0 | (9,962) | 5,038 | 15,000 | 0 | 0 | 15,000 | 460 | 15,000 | (460) | 15,000 |
| Land Development Reserve | 202,271 | 18,733 | 0 | 221,004 | 202,271 | 0 | 0 | 202,271 | 516,553 | 202,271 | (516,553) | 202,271 |
| Kalbarri Tennis/Netball/Basketball Court Reserve | 169,078 | 0 | (169,000) | 78 | 169,078 | 0 | (169,000) | 78 | 162,853 | 6,225 | 0 | 169,078 |
| Port Gregory Water supply Reserve | 36,500 | 0 | 0 | 36,500 | 36,500 | 0 | 0 | 36,500 | 0 | 36,500 | 0 | 36,500 |
| Kalbarri Parkland Re-development | 0 | 59,195 | 0 | 59,195 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Amenities | 0 | 40,000 | (40,000) | 0 | 0 | 40,000 | 0 | 40,000 | 0 | 0 | 0 | 0 |
| | 1,284,031 | 187,271 | (447,512) | 1,023,790 | 1,284,031 | 107,157 | (343,500) | 1,047,688 | 1,564,618 | 347,796 | (628,383) | 1,284,031 |

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

**SHIRE OF NORTHAMPTON
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11. RESERVES - CASH BACKED

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|--|--------------------------------|--|
| Leave Reserve | TBD | To be used to fund annual and long service leave requirements |
| Roadworks Reserve | TBD | To be used to fund major reseals of bitumen roads and other major road construction works including footpath construction |
| Kalbarri Airport Reserve | 2019/2020 | To be used for the maintenance and construction of the Kalbarri Airport |
| Computer & Office Reserve | TBD | To be used to for the purchase and upgrade of office equipment and computers |
| Plant Reserve | 2017/2018 | To be used for the purchase of major plant |
| House & Building Reserve | TBD | To be used for the construction of new housing and upgrades to buildings under Council control |
| Kalbarri Aged Persons Accommodation Reserve | 2017/2018 | To be used for the construction of live in aged care facilities in Kalbarri |
| Northampton Aged Persons Reserve | 2016/2017 | To be used for the construction of live in aged care facilities in Northampton |
| Town Planning Scheme Reserve | 2018/2019 | To be used for the review of Council's town planning schemes |
| Townscape Carpark Reserve | 2016/2017 | To be used for the construction of the carpark area in the CBD adjacent to Porter Street, this is a Kalbarri Townscape project |
| Sport and Recreation Reserve | 2016/2017 | To be used for the upgrade and capital works to sporting and recreation facilities within the district |
| Coastal Management Reserve | 2015/2016 | To be used for the construction of capital works along the foreshore management reserves within the district |
| Specified Area Rate Reserve | 2017/2018 | To be used for the construction of capital works along the foreshore management reserves within the financial year |
| Land Development Reserve | TBD | To be used for unspent Specified Area Rate monies allocated and not expended during the financial year |
| Kalbarri Tennis/Netball/Basketball Court Reserve | 2016/2017 | To be used for the development of Council land for sale on the open market. |
| Port Gregory Water supply Reserve | TBD | To be used for the development of Tennis, Netball and Basketball facilities in Kalbarri. |
| Kalbarri Parkland Re-development | 2017/2018 | To be used for the replacement of the Port Gregory pipeline. |
| Public Amenities | 2016/2017 | To be used for the development of parkland in Kalbarri |
| | | To be used for the development of public amenities. |

TBD = To be Determined

SHIRE OF NORTHAMPTON
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FOR THE YEAR ENDED 30TH JUNE 2017

12. REVALUATION SURPLUS

| | 2017 | | | | 2016 | | | |
|--|--------------------|-----------------------|-------------------------|--------------------|--------------------|-----------------------|-------------------------|--------------------|
| | Opening Balance | Revaluation Increment | Revaluation (Decrement) | Total Movement | Opening Balance | Revaluation Increment | Revaluation (Decrement) | Total Movement |
| Revaluation surplus - Land and buildings | \$ 15,202,537 | 492,899 | (2,813,235) | (2,320,336) | \$ 15,202,537 | 0 | 0 | 0 |
| Revaluation surplus - Infrastructure - Roads | 81,448,760 | 0 | 0 | 0 | 81,448,760 | 0 | 0 | 0 |
| Revaluation surplus - Infrastructure - Drainage | 3,434,556 | 0 | 0 | 0 | 3,434,556 | 0 | 0 | 0 |
| Revaluation surplus - Infrastructure - Parks & Ovals | 1,114,882 | 0 | 0 | 0 | 1,114,882 | 0 | 0 | 0 |
| Revaluation surplus - Airport | 2,056,988 | 0 | 0 | 0 | 2,056,988 | 0 | 0 | 0 |
| | <u>103,257,723</u> | <u>492,899</u> | <u>(2,813,235)</u> | <u>(2,320,336)</u> | <u>103,257,723</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | | | | | | | | <u>103,257,723</u> |

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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13. 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:

| | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|--|--------------------|----------------------|--------------------|
| Cash and cash equivalents | <u>3,801,450</u> | <u>3,342,429</u> | <u>4,295,809</u> |
| (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 328,208 | 2,027,053 | (529,176) |
| Non-cash flows in Net result: | | | |
| Depreciation | 3,606,739 | 3,623,365 | 3,619,588 |
| (Profit)/Loss on sale of asset | 18,987 | 12,000 | 56,042 |
| Loss on revaluation of fixed assets | 0 | 0 | 174,779 |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | (175,526) | 0 | (33,897) |
| (Increase)/Decrease in inventories | 2,359 | 0 | (468) |
| (Increase)/Decrease Land Held for Resale | 0 | 0 | 12,273 |
| Increase/(Decrease) in payables | 148,987 | 124,453 | (1,402,270) |
| Increase/(Decrease) in provisions | 55,783 | 0 | 23,519 |
| Grants contributions for the development of assets | <u>(2,919,970)</u> | <u>(3,776,775)</u> | <u>(2,441,920)</u> |
| Net cash from operating activities | <u>1,065,567</u> | <u>2,010,096</u> | <u>(521,530)</u> |
| (c) Undrawn Borrowing Facilities | | | |
| | 2017 \$ | | 2016 \$ |
| Credit Standby Arrangements | | | |
| Bank overdraft limit | 0 | | 0 |
| Bank overdraft at balance date | 0 | | 0 |
| Credit card limit | 10,000 | | 10,000 |
| Credit card balance at balance date | <u>(2,271)</u> | | <u>(3,371)</u> |
| Total amount of credit unused | <u>7,729</u> | | <u>6,629</u> |
| Loan facilities | | | |
| Loan facilities - current | 197,136 | | 177,776 |
| Loan facilities - non-current | <u>1,220,665</u> | | <u>1,017,802</u> |
| Total facilities in use at balance date | <u>1,417,801</u> | | <u>1,195,578</u> |
| Unused loan facilities at balance date | <u>NIL</u> | | <u>NIL</u> |

**SHIRE OF NORTHAMPTON
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14. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at the reporting date.

| | 2017 | 2016 |
|---|-------------|-------------|
| 15. CAPITAL AND LEASING COMMITMENTS | \$ | \$ |
| (a) Operating Lease Commitments | | |
| <p>The Shire did not have any future operating lease commitments at the reporting date.</p> | | |
| (b) Capital Expenditure Commitments | | |
| Contracted for: | | |
| - capital expenditure projects | 76,000 | 315,935 |

The capital expenditure project outstanding at the end of the current reporting period represents the construction costs associated with Pioneer Lodge in Northampton (the prior year commitment was for the construction of the Lucky Bay camp grounds).

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

16. JOINT VENTURE ARRANGEMENTS

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 Council's inventory to eleven units of which Council has equity of 11.3%.
- It is anticipated that this joint venture will cease during 2017/2018 whereby Council will be paid any remaining equity in the joint venture.

| | 2017 | 2016 |
|--------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Non-current assets | | |
| Land and buildings | 195,460 | 195,460 |
| Less: accumulated depreciation | <u>(11,727)</u> | <u>(8,482)</u> |
| | <u><u>183,733</u></u> | <u><u>186,978</u></u> |

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2017 | 2016 |
|-----------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Governance | 823,828 | 936,813 |
| General purpose funding | 390,586 | 348,263 |
| Law, order, public safety | 695,232 | 975,455 |
| Health | 657,853 | 918,561 |
| Education and welfare | 340,070 | 465,096 |
| Housing | 1,957,000 | 2,537,074 |
| Community amenities | 1,217,566 | 1,001,518 |
| Recreation and culture | 20,347,458 | 21,578,821 |
| Transport | 149,644,347 | 150,107,016 |
| Economic services | 1,389,709 | 1,481,272 |
| Other property and services | 577,353 | 597,011 |
| Unallocated | 9,368,072 | 8,027,309 |
| | <u><u>187,409,074</u></u> | <u><u>188,974,209</u></u> |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 | 2015 |
|-----------------------------------|--------|--------|-------|
| 18. FINANCIAL RATIOS | | | |
| Current ratio | 1.10 | 1.35 | 1.19 |
| Asset sustainability ratio | 1.12 | 1.06 | 0.98 |
| Debt service cover ratio | 4.40 | 2.92 | 10.55 |
| Operating surplus ratio | (0.47) | (0.56) | 0.03 |
| Own source revenue coverage ratio | 0.50 | 0.54 | 0.63 |

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 | $\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$ |
| Debt service cover ratio | $\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$ |
| Operating surplus ratio | $\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$ |
| Own source revenue coverage ratio | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$ |

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant received in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$797,188.

Two of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grants received in June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$767,320.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2017, 2016 and 2015 columns above would be as follows:

| | 2017 | 2016 | 2015 |
|--------------------------|--------|--------|--------|
| Current ratio | 0.57 | 1.35 | 1.02 |
| Debt service cover ratio | 1.16 | 5.99 | 6.80 |
| Operating surplus ratio | (0.61) | (0.42) | (0.12) |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

19. 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:

| | 1 July 2016 \$ | Amounts Received \$ | Amounts Paid (\$) | 30 June 2017 \$ |
|-------------------------------|----------------------|---------------------------|-------------------------|-----------------------|
| Transportable Housing Bonds | 16,275 | 0 | 0 | 16,275 |
| Footpath Deposits | 48,556 | 0 | (7,736) | 40,820 |
| Retentions - Subdivisions | 69,792 | 0 | (39,111) | 30,681 |
| Building Levies (BCITF & BRB) | 183 | 0 | 0 | 183 |
| Community Bus Bond | 6,000 | 2,600 | (2,200) | 6,400 |
| Unclaimed Monies | 4,338 | 2 | 0 | 4,340 |
| Aged Unit Bond | 0 | 100 | (100) | 0 |
| Council Housing Bonds | 520 | 760 | (760) | 520 |
| RSL Hall Key Bond | 870 | 880 | (880) | 870 |
| Special Series Plates | 0 | 3,410 | (2,200) | 1,210 |
| Kidsport | 2,356 | 5,000 | (4,419) | 2,937 |
| NCCA | 62,767 | 6,537 | (10,000) | 59,304 |
| Horrocks Memorial Wall | 3,368 | 1,250 | (3,852) | 766 |
| One Life | 3,813 | 0 | (300) | 3,513 |
| Kalbarri Camp School | 25,152 | 0 | (25,152) | 0 |
| | <u>243,990</u> | | | <u>167,819</u> |

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Actual Net Book Value \$ | Actual Sale Proceeds \$ | Actual Profit \$ | Actual Loss \$ | Budget Net Book Value \$ | Budget Sale Proceeds \$ | Budget Profit \$ | Budget Loss \$ |
|------------------------------------|-----------------------------------|----------------------------------|------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|----------------------|
| Plant and Equipment | | | | | | | | |
| Governance | | | | | | | | |
| Hyundai Santa Fe | 21,841 | 20,910 | 0 | (931) | 19,000 | 20,000 | 1,000 | 0 |
| Community amenities | | | | | | | | |
| P267 Kalbarri CommunityBbu | 10,000 | 5,000 | 0 | (5,000) | 0 | 0 | 0 | 0 |
| Transport | | | | | | | | |
| P223 - Toyota Prado | 31,336 | 36,850 | 5,514 | 0 | 29,000 | 30,000 | 1,000 | 0 |
| P167 - Mitsubishi Canter | 15,000 | 15,000 | 0 | 0 | 15,000 | 15,000 | 0 | 0 |
| P136 Mitsubishi Prime Mover | 28,974 | 15,909 | 0 | (13,065) | 31,000 | 30,000 | 0 | (1,000) |
| P177 Iveco Power Star | 39,141 | 31,818 | 0 | (7,323) | 53,000 | 40,000 | 0 | (13,000) |
| Other property and services | | | | | | | | |
| Reval Rake PL Land | 0 | 1,818 | 1,818 | 0 | 0 | 0 | 0 | 0 |
| | <u>146,292</u> | <u>127,305</u> | <u>7,332</u> | <u>(26,319)</u> | <u>147,000</u> | <u>135,000</u> | <u>2,000</u> | <u>(14,000)</u> |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars | Principal 1 July 2016 \$ | New Loans \$ | Principal Repayments | | Principal 30 June 2017 | | Interest Repayments | |
|------------------------------------|--------------------------------|--------------------|-------------------------|--------------|---------------------------|--------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Education and welfare | | | | | | | | |
| Housing | 319,884 | 0 | 31,109 | 31,110 | 288,775 | 288,774 | 12,166 | 12,260 |
| Loan 154 - Staff Housing | | | | | | | | |
| Recreation and culture | | | | | | | | |
| Loan 148A - Kalbarri Library Ext | 77,059 | 0 | 24,654 | 24,654 | 52,405 | 52,405 | 3,024 | 3,350 |
| Transport | | | | | | | | |
| Loan 149 - Plant Purchases | 131,621 | 0 | 63,465 | 63,465 | 68,156 | 68,156 | 9,045 | 9,390 |
| Loan 153 - Plant Purchases | 288,823 | 0 | 36,501 | 36,501 | 252,322 | 252,322 | 12,381 | 13,045 |
| | 817,387 | 0 | 155,729 | 155,730 | 661,658 | 661,657 | 36,616 | 38,045 |
| Self Supporting Loans | | | | | | | | |
| Education and welfare | | | | | | | | |
| Loan 155 - Pioneer Lodge | 0 | 400,000 | 0 | 0 | 400,000 | 0 | 6,979 | 0 |
| Recreation and culture | | | | | | | | |
| Loan 147 - Kalbarri Bowling Club | 3,317 | 0 | 3,317 | 3,315 | 0 | 2 | 84 | 175 |
| Loan 151 - Kalbarri Bowling Club | 14,097 | 0 | 3,222 | 3,220 | 10,875 | 10,877 | 868 | 885 |
| Other property and services | | | | | | | | |
| Loan 152 - Staff Housing | 360,777 | 0 | 15,509 | 15,508 | 345,268 | 345,269 | 23,818 | 23,818 |
| | 378,191 | 400,000 | 22,048 | 22,043 | 756,143 | 356,148 | 31,749 | 24,878 |
| | 1,195,578 | 400,000 | 177,777 | 177,773 | 1,417,801 | 1,017,805 | 68,365 | 62,923 |

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF NORTHAMPTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

| Particulars/Purpose | Amount Borrowed | | Institution | Loan Type | Term (Years) | Total Interest & Charges | Interest Rate | Amount Used | | Balance Unspent |
|---------------------------|-----------------|----------------|-------------|-----------|--------------|--------------------------|---------------|----------------|----------------|-----------------|
| | Actual | Budget | | | | | | Actual | Budget | |
| | \$ | \$ | | | | \$ | % | \$ | \$ | \$ |
| Pioneer Lodge Development | 400,000 | 400,000 | WATC | Fixed | 20 | 182,331 | 3.95% | 400,000 | 400,000 | 0 |
| | <u>400,000</u> | <u>400,000</u> | | | | <u>182,331</u> | | <u>400,000</u> | <u>400,000</u> | <u>0</u> |

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire did not have any overdraft facilities as at 30 June 2017.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ | Differential general rate / general rate |
|---|------------|----------------------|--------------------|------------------|------------------|---------------|------------------|------------------------|------------------------|---------------------|-------------------------|--|
| | | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | | |
| General GRV | 0.0776 | 1,577 | 20,026,809 | 1,552,271 | 10,623 | (480) | 1,562,414 | 1,553,079 | | | | 1,553,079 |
| Unimproved value valuations | | | | | | | | | | | | |
| General UV | 0.0124 | 512 | 179,477,737 | 2,221,036 | 1,938 | (5) | 2,222,969 | 2,221,037 | | | | 2,221,037 |
| Sub-Total | | 2,089 | 199,504,546 | 3,773,307 | 12,561 | (485) | 3,785,383 | 3,774,116 | 0 | 0 | 0 | 3,774,116 |
| Minimum payment | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | | |
| General GRV | 520 | 979 | 3,781,019 | 509,080 | 0 | 0 | 509,080 | 503,880 | | | | 503,880 |
| Unimproved value valuations | | | | | | | | | | | | |
| General UV | 520 | 43 | 655,079 | 22,360 | 0 | 0 | 22,360 | 27,560 | | | | 27,560 |
| Sub-Total | | 1,022 | 4,436,098 | 531,440 | 0 | 0 | 531,440 | 531,440 | 0 | 0 | 0 | 531,440 |
| Discounts/concessions (refer note 26) | | | | | | | | | | | | |
| Total amount raised from general rate | | 3,111 | 203,940,644 | 4,304,747 | 12,561 | (485) | 4,316,823 | 4,305,556 | 0 | 0 | 0 | 4,305,556 |
| Specified Area Rate (refer note 24) | | | | | | | (151,616) | | | | | (142,500) |
| Total amount raised from general and specified area rate | | | | | | | 4,165,207 | | | | | 4,163,056 |
| Ex-gratia rates | | | | | | | 43,121 | | | | | 43,425 |
| Totals | | | | | | | 4,208,328 | | | | | 4,206,481 |
| | | | | | | | 19,289 | | | | | 19,287 |
| | | | | | | | 4,227,617 | | | | | 4,225,768 |

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. NET CURRENT ASSETS

Composition of net current assets

| | 2017 | 2017 | 2016 |
|--|------------------------------|------------------------------|------------------------------|
| | (30 June 2017 | (1 July 2016 | (30 June 2016 |
| | Carried | Brought | Carried |
| | Forward) | Forward) | Forward) |
| | \$ | \$ | \$ |
| Surplus/(Deficit) 1 July 16 brought forward | <u>593,148</u> | <u>809,879</u> | <u>809,879</u> |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 783,615 | 653,612 | 653,612 |
| Restricted - Reserves | 1,023,790 | 1,347,456 | 1,347,456 |
| Restricted - OCDF | 1,994,045 | 2,294,741 | 2,294,741 |
| Receivables | | | |
| Rates outstanding | 263,223 | 229,706 | 229,706 |
| Sundry debtors | 266,764 | 124,784 | 124,784 |
| Rufuse Charge Debtors | 45,034 | 46,487 | 46,487 |
| Emergency Services Levy | 60,500 | 63,798 | 63,798 |
| Provision for Doubtful Debts | (6,528) | (6,528) | (6,528) |
| Accrued Income | 0 | 2,013 | 2,013 |
| Inventories | | | |
| Fuel and Materials | 8,196 | 10,555 | 10,555 |
| Land held for resale - cost | 235,000 | 233,182 | 233,182 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry creditors | (762,355) | (323,695) | (323,695) |
| Accrued interest on debentures | (12,489) | (8,085) | (8,085) |
| Accrued salaries and wages | (14,137) | (707) | (707) |
| Accrued Expenditure | (38,675) | (28,856) | (28,856) |
| Revenue Received in Advance | 0 | (16,631) | (16,631) |
| Revenue Received in Advance (OCDF) | (1,994,045) | (2,294,740) | (2,294,740) |
| Current portion of long term borrowings | | | |
| Secured by floating charge | (197,136) | (177,776) | (177,776) |
| Provisions | | | |
| Provision for annual leave | (304,783) | (263,040) | (263,040) |
| Provision for long service leave | (408,463) | (406,817) | (406,817) |
| Unadjusted net current assets | <u>941,556</u> | <u>1,479,459</u> | <u>1,479,459</u> |
| Adjustments | | | |
| Less: Reserves - restricted cash | (1,023,790) | (1,284,031) | (1,284,031) |
| Less: Land held for resale - cost | (235,000) | (233,182) | (233,182) |
| Add: Secured by floating charge | 197,136 | 177,776 | 177,776 |
| Add: Component of leave liability | 713,246 | 669,857 | 669,857 |
| Adjusted net current assets - surplus/(deficit) | <u><u>593,148</u></u> | <u><u>809,879</u></u> | <u><u>809,879</u></u> |

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

| Specified Area Rate | Basis of Valuation | Rate in \$ | Rateable Value | Rate Revenue \$ | Interim Rate Revenue \$ | Back Rate Revenue \$ | Total Specified Area Rate Revenue | Budget Rate Revenue \$ | Budget Rate Applied to Costs \$ | Budget Rate Set Aside to Reserve \$ | Budget Reserve Applied to Costs \$ |
|---------------------------|--------------------|------------|----------------|-----------------|-------------------------|----------------------|-----------------------------------|------------------------|---------------------------------|-------------------------------------|------------------------------------|
| Port Gregory Water Supply | GRV | 0.0261 | 508,992 | 11,937 | 0 | 0 | 11,937 | 11,925 | 11,925 | 0 | 0 |
| Kalbarri Tourism Rate | GRV | 0.0018 | 16,614,680 | 31,184 | 0 | 0 | 31,184 | 31,500 | 31,500 | 0 | 0 |
| | | | | 43,121 | 0 | 0 | 43,121 | 43,425 | 43,425 | 0 | 0 |

Specified Area Rate

Port Gregory Water Supply
The specified area rate is designated for the operation of the Port Gregory water supply. The amount required has been estimated, as the cost to operate the water supply during 2015/2016.

Kalbarri Tourism Rate

The Kalbarri Tourism Specified Area Rate is levied in accordance with the Kalbarri Town Planning Scheme No 9.

| Purpose of the rate | Area/properties Rate Imposed | Rate Applied to Costs \$ | Rate Set Aside to Reserve \$ | Reserve Applied to Costs \$ | Budget Rate Applied to Costs \$ | Budget Rate Set Aside to Reserve \$ | Budget Reserve Applied to Costs \$ |
|---------------------|---------------------------------|--------------------------|------------------------------|-----------------------------|---------------------------------|-------------------------------------|------------------------------------|
| | Port Gregory Gross Rental Value | 11,937 | 0 | 11,937 | 11,925 | 0 | 11,925 |
| | Kalbarri Gross Rental Value | 31,184 | 0 | 31,184 | 31,500 | 0 | 31,500 |
| | | 43,121 | 0 | 43,121 | 43,425 | 0 | 43,425 |

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

SHIRE OF NORTHAMPTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
 - 2016/17 FINANCIAL YEAR

| Rates Discounts | | Discount | Discount | Actual | Budget | Circumstances in which Discount is Granted |
|-----------------------|------------------|----------|----------|----------------|----------------|---|
| Rate or Fee | Discount Granted | % | \$ | \$ | \$ | |
| General/Minimum Rates | Discount | 5.00% | | 151,616 | 142,500 | Discount of 5% is offered to ratepayers paying their rates in full by 4.30pm on 3rd Octol |
| | | | | <u>151,616</u> | <u>142,500</u> | |

SHIRE OF NORTHAMPTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

| | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % | |
|-----------------------------|-----------|---------------------------------|---------------------------------|------------------------------|-------------------------|
| Instalment Options | | | | | |
| Option One | | | | | |
| Single full payment | 3/10/2016 | 0 | 0.00% | 10.00% | |
| Option Two | | | | | |
| First Instalment | 3/10/2016 | 0 | 5.00% | 10.00% | |
| Second Instalment | 5/12/2016 | 5 | 5.00% | 10.00% | |
| Option Three | | | | | |
| First Instalment | 3/10/2016 | 0 | 5.00% | 10.00% | |
| Second Instalment | 5/12/2016 | 5 | 5.00% | 10.00% | |
| Third Instalment | 6/02/2017 | 5 | 5.00% | 10.00% | |
| Fourth Instalment | 3/04/2017 | 5 | 5.00% | 10.00% | |
| | | | | | Budgeted Revenue |
| Interest on unpaid rates | | | | | \$ 35,291 |
| Interest on instalment plan | | | | | 17,737 |
| | | | | | <u>53,028</u> |
| | | | | | <u>28,800</u> |
| | | | | | <u>16,500</u> |
| | | | | | <u>45,300</u> |

SHIRE OF NORTHAMPTON
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| 28. FEES & CHARGES | 2017 | 2016 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Governance | 10,069 | 12,941 |
| Law, order, public safety | 16,594 | 23,874 |
| Health | 11,140 | 11,450 |
| Education and welfare | 124,145 | 113,927 |
| Housing | 32,476 | 16,272 |
| Community amenities | 837,004 | 860,345 |
| Recreation and culture | 13,003 | 12,329 |
| Transport | 2,582 | 2,873 |
| Economic services | 139,822 | 88,259 |
| Other property and services | 30,609 | 18,485 |
| | <u>1,217,444</u> | <u>1,160,755</u> |

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

29. GRANT REVENUE

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

| By Nature or Type: | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating grants, subsidies and contributions | | |
| Governance | 35,233 | 50,716 |
| General purpose funding | 2,319,087 | 756,583 |
| Law, order, public safety | 87,465 | 119,000 |
| Health | 37,623 | 27,286 |
| Education and welfare | 96,716 | 110,097 |
| Housing | 6,394 | 7,405 |
| Community amenities | 35,557 | 166,910 |
| Recreation and culture | 63,001 | 81,193 |
| Transport | 169,971 | 162,082 |
| Economic services | 5,478 | 37,792 |
| Other property and services | 114,238 | 108,138 |
| | <u>2,970,763</u> | <u>1,627,202</u> |
| Non-operating grants, subsidies and contributions | | |
| Governance | 1,334 | 6,273 |
| Education and welfare | 871,111 | 13,080 |
| Community amenities | 22,208 | 888,411 |
| Recreation and culture | 611,430 | 25,230 |
| Transport | 1,222,637 | 1,390,835 |
| Economic services | 191,250 | 118,091 |
| | <u>2,919,970</u> | <u>2,441,920</u> |

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | |
|-----------|-----------|
| <u>41</u> | <u>35</u> |
|-----------|-----------|

31. ELECTED MEMBERS REMUNERATION

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

| | 2017 | 2017 | 2016 |
|------------------------------|---------------|---------------|---------------|
| | \$ | Budget | \$ |
| Meeting Fees | 16,880 | 19,850 | 18,755 |
| President's allowance | 10,500 | 10,500 | 10,000 |
| Deputy President's allowance | 2,500 | 2,500 | 1,000 |
| Travelling expenses | 22,860 | 23,500 | 20,615 |
| Telecommunications allowance | 4,500 | 4,500 | 4,500 |
| | <u>57,240</u> | <u>60,850</u> | <u>54,870</u> |

**SHIRE OF NORTHAMPTON
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FOR THE YEAR ENDED 30TH JUNE 2017**

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

**2017
\$**

The total of remuneration paid to KMP of the Shire during the year are as follows:

| | |
|------------------------------|---------|
| Short-term employee benefits | 637,207 |
| Post-employment benefits | 80,377 |
| Other long-term benefits | 51,389 |
| | 768,973 |

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

**2017
\$**

Associated companies/individuals:

| | |
|----------------------------|--------|
| Sale of goods and services | 52,452 |
|----------------------------|--------|

Amounts outstanding from related parties:

| | |
|------------------------------|---------|
| Loans to associated entities | 345,268 |
|------------------------------|---------|

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/17 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.

SHIRE OF NORTHAMPTON
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FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT

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

The Shire 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 Shire held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 3,801,450 | 4,295,809 | 3,801,450 | 4,295,809 |
| Receivables | <u>1,037,968</u> | <u>881,400</u> | <u>1,037,968</u> | <u>881,400</u> |
| | <u><u>4,839,418</u></u> | <u><u>5,177,209</u></u> | <u><u>4,839,418</u></u> | <u><u>5,177,209</u></u> |
| Financial liabilities | | | | |
| Payables | 2,821,701 | 2,672,714 | 2,821,701 | 2,672,714 |
| Borrowings | <u>1,417,801</u> | <u>1,195,578</u> | <u>1,458,194</u> | <u>1,242,575</u> |
| | <u><u>4,239,502</u></u> | <u><u>3,868,292</u></u> | <u><u>4,279,895</u></u> | <u><u>3,915,289</u></u> |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF NORTHAMPTON
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35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire'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). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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 is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash | | |
| - Equity | 38,015 | 42,958 |
| - Statement of Comprehensive Income | 38,015 | 42,958 |

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire'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. The Shire 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 the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire 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.

The Shire 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 Shire's credit risk at balance date was:

| | 2017 | 2016 |
|--|-------------|-------------|
| Percentage of rates and annual charges | | |
| - Current | 0% | 0% |
| - Overdue | 100% | 100% |
| Percentage of other receivables | | |
| - Current | 96% | 17% |
| - Overdue | 4% | 83% |

SHIRE OF NORTHAMPTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
 Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire 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 the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

| | <u>2017</u> | | | | |
|------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
| Payables | 2,821,701 | 0 | 0 | 2,821,701 | 2,821,701 |
| Borrowings | 72,440 | 359,832 | 1,784,057 | 2,216,329 | 1,417,801 |
| | <u>2,894,141</u> | <u>359,832</u> | <u>1,784,057</u> | <u>5,038,030</u> | <u>4,239,502</u> |
| | | | | | |
| Payables | 2,672,714 | 0 | 0 | 2,672,714 | 2,672,714 |
| Borrowings | 240,694 | 790,982 | 522,464 | 1,554,140 | 1,195,578 |
| | <u>2,913,408</u> | <u>790,982</u> | <u>522,464</u> | <u>4,226,854</u> | <u>3,868,292</u> |

SHIRE OF NORTHAMPTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

35. 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. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

| | <1 year \$ | >1<2 years \$ | >2<3 years \$ | >3<4 years \$ | >4<5 years \$ | >5 years \$ | Total \$ | Weighted Average Effective Interest Rate % |
|---|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--|
| Year ended 30 June 2017 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debtentures | 68,156 | 52,406 | 10,875 | - | - | 1,286,364 | 1,417,801 | 3.77% |
| Weighted average Effective interest rate | 7.26% | 4.09% | 5.92% | 0.00% | 0.00% | 4.16% | | |
| Year ended 30 June 2016 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debtentures | 3,317 | 131,621 | 77,059 | 14,097 | 288,823 | 680,661 | 1,195,578 | 4.58% |
| Weighted average Effective interest rate | 6.40% | 7.26% | 4.09% | 5.92% | 4.02% | 4.31% | | |

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

Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of the Shire of Northampton (the Shire), which comprises the statement of financial position as at 30 June 2017, 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.

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 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

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

Annual Financial report

The annual financial report for the year ended 30 June 2016 was not submitted to the Department of Local Government within 30 days of receiving the auditor's report as required by Local Government (Financial Management) Regulation 51(2).

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) Except as noted above, no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995 (as amended)*, the *Local Government (Financial Management) Regulations 1996 (as amended)* or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is 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.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council for the Financial Report

Management is responsible for the preparation of this 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.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 25 October 2017
Perth, WA

**SHIRE OF NORTHAMPTON
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

| | 2017 | 2016 | 2015 |
|-----------------------------|------|------|------|
| Asset consumption ratio | 0.69 | 0.69 | 0.75 |
| Asset renewal funding ratio | 1.00 | 1.00 | 1.00 |

The above ratios are calculated as follows:

| | |
|-----------------------------|---|
| Asset consumption ratio | $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$ |
| Asset renewal funding ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |