



2013/2014 ANNUAL REPORT



COUNCILLORS



Cr Gordon WILSON

Shire President, Northampton Ward

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Elected 1999 Retires 2015



Cr Craig SIMKIN

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Cr Sandra STOCK-STANDEN

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Elected 2004 Retires 2017



Cr Terry CARSON

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Elected 2009 Retires 2015



Cr Des Stanich

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Elected 2013 Retires 2017



Cr Patricia GLIDDON

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Elected 1995 Retires 2015



Cr Des Pike

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Elected: 2013 Retires: 2015



Cr Malcolm Scott

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Elected 2013 Retires 2017



Cr Mac Holt

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Elected: 2013 Retires: 2017

COUNCIL & COMMITTEE MEETINGS

COUNCIL MEETINGS

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

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

Meeting dates and times are subject to change and if this does occur notice of such 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 2014.

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

Audit Committee

Cr's Wilson, Simkin, Gliddon, Stock Standen & Carson

Disability Services Committee

Cr's Simkin, Gliddon, and Building Surveyor/Environmental Health Officer

Staff Occupational, Health & Safety Committee

Cr's Wilson, Carson, & Gliddon

Senior Staff Employment Performance Review Committee

Cr's G Wilson, Simkin, Gliddon, Carson & CEO



PRESIDENTS REPORT

It is with pleasure as President of the Northampton Shire Council, I present my 2013/14 Annual Report.

Council adopted a responsible budget. Projects and infrastructure are continuing and I feel good progress is being made in a difficult climate of funding.

October 2013 was the bi-annual election with all current members returning unopposed with the exception of then Cr Brad Cripps who did not seek re-election. The bi-annual election also resulted in insufficient nominations for the Northampton Ward which resulted in an extraordinary election where Des Stanich was elected.

Following the bi-annual election then Cr Jessica Booth resigned and another extraordinary election for the Kalbarri Ward was conducted which resulted in Cr Mac Holt being elected unopposed.

With the changes I was re-elected as the President and Cr Craig Simkin was elected as Deputy President.

A review of ward representation was undertaken as per the requirements of the Local Government Act 1995 and the status quo remains with two wards, Northampton and Kalbarri, with Northampton represented by five (5) Councillors and Kalbarri represented by four (4) Councillors.

Investigations and remediation on lead tailings in Northampton is continuing and further developments in that area will be made to residents of Northampton. The Departments of Lands and Health are controlling this issue.

Aged care is an ongoing commitment by Council and management and many avenues are being progressed to fulfill a suitable outcome for both Northampton and Kalbarri. Council is pursuing aged self contained living units and actual care facilities with various Federal and State Government agencies however the progress is slow and funding is limited.

Northampton's 150th Anniversary was recognized and celebrated on the 19th February 2014, the day the town was proclaimed, with the unveiling of the Commemorative Wall by older citizens in the town. A very successful recognition of 150 years culminating in a get together of many people in the town, old and new. In addition the Council hosted a family concert which was held at the Northampton Community Centre with many past and present residents attending. I must thank all those involved in organizing the event.

The Northampton Shire continues to support scholarships to both sporting and academic achievers in our shire. Scholarships are awarded into the Geraldton University Centre and for this year the Scholarship was awarded to Rachel Clancy to further her studies in education.

April 2014 saw the opening of a significant tourist project in the Kalbarri National Park. A sealed road of 12 kilometers and also upgrades to ablutions, car parks, signage, seating and walkways. The project was opened by the Environment Minister Albert Jacobs. The project was a \$7.7 million dollar commitment by the State Government through the Royalties for Regions programme.

Continuing with Royalties for Regions funding, Council was able to utilise its allocation from 2012/13 Country Local Government Fund for the construction of a new Skate Park at Kalbarri. This facility has proven to be very popular with many ages taking up the challenge the park offers in various degrees of skating.

In addition, with the use of Royalties for Regions funding, the development of the Northampton Light Industrial area commenced. This will no doubt be an asset to the Northampton town with two units already being tenanted by local businesses and two to new businesses.

In recognition of 22 years of service to the Northampton Shire Council, Mr George Parker was bestowed with the honor of being made a Freeman of the Shire. This is well deserved award for George as many projects that the residents use and enjoy today, George was a part of either in its planning or during its construction phases.

I end my report, thanking the management team at the Shire for their commitment and implementing policy for the betterment of the Shire.

I extend a special thank you to my fellow Councillors for their contribution throughout the year and their commitment to deliver a better place to be.

CR GORDON WILSON
SHIRE PRESIDENT





CHIEF EXECUTIVE OFFICERS REPORT

It is with pleasure to present my annual report on the 2013/2014 year of operations of the Shire of Northampton.

MANAGEMENT STAFF

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

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

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

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

BUDGETING

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

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

Finance

The Shire had an estimated surplus cash position at 30 June 2014 of \$1,234,702. This surplus cash position includes restricted cash of \$475,414 associated with Ogilvie East Road and the Northampton Light Industrial development.

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

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

General Purpose Grant

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

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

It is with regret that the Federal Government has also resolved to freeze indexation on the above grant for the next three years which will result in a loss of income for this Council of \$233,000 if an indexation of 5% per annum is used.

Major Sources of Income

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

Rates	\$3,596,475
Specified Area Rates	\$ 14,250
Road Grants	\$ 970,254
Refuse Charges	\$ 774,290
Other Government Grants	\$ 722,823
Royalties for Regions Grant	\$ 456,630
Fees/Charges, reimbursements	\$ 727,142
Interest on Investments	\$ 102,525
Emergency Services Levy	\$ 107,286
Use of Reserve Funds	\$ 28,900

Major/Capital Expenditure

Some major projects and purchases made during the 2013/2014 year that have not been reported in other sectors of the Annual Report include:

- Redevelopment of the Northampton Netball/tennis courts by collocating
- Completion of construction of the Kalbarri Skate Park
- Completion of Kalbarri northern boat ramp and trailer parking area
- Horrocks Beach access platform



Kalbarri Skate Park



Northampton Tennis & Netball Courts redevelopment

In comparison to previous years the major capital projects undertaken have reduced and is primarily due to the Council being able to deliver major projects in previous years with grant funding. In addition grants that were readily available, namely the Royalties for Regions Country Local Government Fund have now ceased and such funding must be applied for and the projects must be within the Mid West Development Commission Infrastructure Plan.

CORPORATE BUSINESS PLAN

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

Community Strategic Plan

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

Corporate Business Plan

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

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

The Corporate Business Plan also has the following supporting documents:

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

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

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

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

Reporting Requirements

The operations of the Strategic Community Plan and Corporate Business Plan are to be reported. 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 2014/15

1. Kalbarri Hotel Car Park reseal works, cash cost \$11,650
2. Ogilvie West Road realign corner, still waiting on clearing
review of conditions from Dept of Environment
cash cost \$13,950
3. Northampton Industrial Development ongoing and project be completed in 2014/15
4. Kalbarri Tennis Courts Relocation – transfer project to 2014/15 and project is subject to re-instatement of Royalties for Regions funding

Modifications made to Corporate Business Plan

The first review of the plan was undertaken in June 2014 and the following amendments were made:

Transport Services

1. Include in the 2014/15 programme the following road works due to them not being undertaken in 2013/14:

Kalbarri Hotel Car Park	reseal works, cash cost \$11,650
Ogilvie West Road	realign corner, still waiting on clearing review of conditions from Dept of Environment cash cost \$13,950

2. Remove White Cliffs Road and Binu West Road projects from the AMP due to funding now not forthcoming through the Royalties for Regional Programme. This effects years 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19.

If an appeal that has been lodged to the Mid West Development Commission for these above works is successful then the road projects be re-instated into the AMP.

3. Include the following project in 2014/15

Kalbarri Road	Pavement repairs and culvert widening SLK 11.0, project is an approved Regional Road Project but omitted from AMP.
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4. Include the following project in 2015/16

Kalbarri Road	Reseal section SLK 46.0 to 52.0, total cost \$220,000, to be funded by Regional Road Group \$146,670 and Council \$73,330
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Buildings

1. Remove the provision of \$30,000 for construction of Transfer Station at Port Gregory refuse site as now not required.
2. Construction of new ablutions at Hampton Gardens, year be changed from 2017/18 to 2014/15 as urgently required.
3. Relocation of Northampton Bowling Club to be deferred until 2020/21 as is a more realistic timeframe.
4. Cost for the proposed Horrocks Community Centre be amended to \$800,000.
5. Kalbarri Community Centre – be deferred until 2020/21 as is a more realistic time frame and cost is estimated at \$1.0m
6. That the following new projects be included within the plan:
 - Northampton RSL Hall – construct disabled toilets \$65,000 for 2015/16

- Northampton RSL Hall – construct memorabilia room \$470,000 for 2017/18 and construction is subject to receipt of grants to cover costs.
- Tourism Interpretive Signage – construct shelters for interpretive signage, four of at Northampton, Kalbarri, Horrocks and Port Gregory as per following:

2015/16	two structures	\$30,000
2016/17	two structures	\$30,000

Recreation

1. The provision of new playground at the Northampton Lions Park of \$20,000 be within the 2014/15 year
2. The provision for new shelters at Port Gregory to be deleted.

STATE RECORDS ACT 2000 – STANDARD 2/PRINCIPAL 6

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

Item 6.1 - Staff Training, Information Sessions, Publications.

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

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

Item 6.2 – Performance Indicators in place

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

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

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

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

Item 6.3 – Agency Evaluation

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

CONCLUSION

Each year the Council is faced with many challenges and requests from residents for major infrastructure and some of these have been achieved over the years. We cannot accommodate every request however the Council and staff do work towards long term planning in an endeavour to continue to provide services that are needed and to maintain existing. Some of the projects achieved in 2013/2014 have been planned for many years and there are more on the planning board for the future to make this Shire not only a great place to visit but a great place to live.

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

I also take this opportunity to thank the many residents who have assisted Council in some form in achieving its goals and objectives throughout 2013/2014.

GARRY L KEEFFE
CHIEF EXECUTIVE OFFICER



Horrocks Beach Access Path



WORKS & TECHNICAL SERVICES

NEIL BROADHURST MANAGER FOR WORKS & TECHNICAL SERVICES

OVERVIEW OF WORKS

Major projects undertaken have been the continuation of Councils program to upgrade the rural road network in particular the 3 year program to construct and seal approximately 10.5 kilometres of Ogilvie East Road (Stage 3A (corners) to primerseal and Stage 3B to gravel). Previously completed primerseal areas (stage 1 and 2) received reseals. Reseal of Nabawa Roads 2011/2012 corner realignment and pavement repair works. Edge reinstatement works on the Kalbarri Road west of the North West Coastal Highway to the Kalbarri airport. George Grey Drive adjacent to the Eco Flora subdivision area received much needed drainage improvements and seal widening and concrete kerbing works.

Within town sites a significant section of Grey Street at Kalbarri commenced from the IGA north to the northern shopping precinct received works to enhance the traffic and pedestrian facilities within the area. Northampton town street improvements included street enhancements to the CBD area of Mary Street and widening and drainage works to Forrest Street.

Mid West Investment Plan Funding through the Royalties for Region Programme works completed at the Northampton Light Industrial Area Subdivision to supply 4 serviced lots adjacent to the Northampton depot site.

Various 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.

Dual Use Pathway works continued with the construction of a new section on Stephen Street in Northampton from Forrest Street to Brook Street and replacement of various sections of the aging Malaleuca coastal pathway. Asphaltting of some of the internal pathways at the Bicentennial Park in Northampton was also completed.

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

Both the landowners and the Shire employees have been able to work well together and the efforts of the two parties involved should be commended for their efforts during the 2013/2014 year.

OPERATIONS

Major Capital Works (Grant works)

Regional Road Group Funded Projects.

Ajana to Kalbarri Road – bitumen edge reinstatement works.
(North West Coastal Highway west to Airport entry.)

George Grey Drive – reconstruct shoulder, seal shoulder and improve drainage
(Eco Flora frontage).

Nabawa Road – Reseal previous pavement repairs and corner realignment.

Roads to Recovery Funded Projects

Kalbarri, Grey Street – Reconstruction, drainage, asphalt seal, new dual use pathway
(Commenced – Carry over to 2014/2015, part Black Spot funding).

Northampton, Mary Street – Street improvements, asphalt, drainage and improve pedestrian paving and facilities. (North West Coastal Highway to Barlow Street)

Northampton, Forrest Street – Reconstruction, drainage and kerbing.
(Stephen Street south to floodway)

Royalties for Regions

Ogilvie East Road – Stage 1 and 2 - resealed.

Ogilvie East Road – Stage 3A - Constructed to primerseal stage (Corners)

Ogilvie East Road – Stage 3B - Constructed to gravel stage (last 2.2km)

Mid West Investment Fund – Royalties for Region Program

Northampton Light Industrial Area – 4 Lots – Road construction and drainage completed

Black Spot Funding

Kalbarri, Grey Street – reconstruction, drainage, asphalt seal, new dual use pathway

Municipal Fund Construction

Northampton

Bateman Street – Reseal 2012/2013 works (Essex to Shea)

Essex Street – Reseal works and replace kerb on north side.

Fifth Avenue – Reseal North West Coastal Highway to Fourth Avenue.

Fourth Avenue – Reseal.

Gwalla Street – Reseal North West Coastal Highway to Brook Street.

Harney Street – Install kerb south side from Bruce Road to Barron Street.

Third Avenue – Install solar street light to south end cul-de-sac.

Guide Street – Construct, seal and drainage to playground car park.

Footpath *Bicentennial Park*, red oxide asphalt to internal pathways.

Stephen Street – Forrest Street to Brook Street.

Kalbarri

Auger Street – Reseal Smith Street to Mortimer Street.

Hasleby Street – Reseal Smith Street to Penn Street.

Atkinson Crescent - Storm water drainage enhancements completed.

Boat hire car park – Reseal and line marking.

Kalbarri Skate Park – Rock wall construction to western end.

Malaleuca Pathway – Various concrete repair works.

CONCLUSION

From a management perspective it is believed the Construction and Maintenance arm of the Council have had a very successful year with all major projects planned for 2013/2014 being completed in a timely manner and within budget provisions.

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



Grey Street Works



ENVIRONMENTAL HEALTH & BUILDING SERVICES

GLENN BANGAY
ENVIRONMENTAL HEALTH OFFICER/BUILDING SURVEYOR
ENVIRONMENTAL HEALTH OFFICER - THOMAS LACHLAN

Areas of responsibility include:

ENVIRONMENTAL HEALTH

Inspection of Food Premises, including stall holders and mobile food vendors;
Surveillance of Food Standards;
Ensuring currency of Legislation;
Attendance as required on recall of food product;
Hairdressing establishments;
Body piercing establishments;
Chiropractic and physiotherapy establishments;
Caravan Parks and Camping Grounds;
Other public and private accommodation;
Public buildings;
Public swimming pools (eg at motels and resorts);
Approval and inspection of effluent disposal systems;
Waste Management – recycling, refuse and rubbish;
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

Assessment of Building Applications for compliance with the Building Code of Australia and relevant Australian Standards (Shire of Northampton and Shire of Shark Bay);

Issue of Certificate of Design Compliance for Class 1 & 10 buildings;

Issue of Building Permits;
Issue of Demolition Permits;

Inspection of building works during the course of construction and on completion, including site works, concrete footings and slabs, timber floor, wall and roof framing, masonry work, anchorage and tie down details, practical completion;

Initial and periodic compliance inspections of private swimming pools 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.

RESOURCE SHARING

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

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

• Water sampling and inspection of Public Swimming Pools (Monthly)	24
• Water sampling of potable water in premises with own water supply, including roadhouses and caravan parks (Quarterly)	14
• Private swimming pool inspections (Minimum every four years)	150+
• Food premises inspections (Monthly or more regularly as required)	91
• B & B, hostels, short term accommodation (Annually)	21
• Public buildings (Annually)	33
• Effluent sampling (Kalbarri Golf Course) (Monthly)	2

- Landfill water sampling (Kalbarri Refuse Site) (Every six months) 2
- Caravan Parks (Every six months or more regularly as required) 19
- Farm/station stay accommodation 5
- Roadhouses on the North West Highway 2
- 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 programmes and implementation.
- Council building asset maintenance and management, including building maintenance and health department budget management for two Local Authorities.
- Preparing and implementing Health and Building Department budgets for two Local Authorities.
- Management and review of three Local Authority Waste Management programmes.
- Management of 7 landfill sites, including dealing with all the requirements of 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).
- Advice on, and dealing with dangerous materials issues, including asbestos containing products and lead.
- Management and maintenance of the Kalbarri Age Persons Units and the Denham Aged Persons Units, including building maintenance and repairs, dealing with the daily request for assistance and maintenance from leaking taps, blocked gutters, damaged fly screens, changing light bulbs, and numerous other incidental items that are important to the individual tenants.

DISABLED ACCESS

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

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

WASTE MANAGEMENT

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

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

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

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

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

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

Two 20m x 6m Recycle and Reuse Sheds have been constructed at the Kalbarri and Northampton Refuse Sites, funding provided by regional waste grants, and are being utilized to store materials that can be offered for sale or reuse to the general public. The two refuse site supervisors have undertaken recycling programs to maximize the available fill space at the refuse sites, timber framed mattresses are dismantled and the furniture grade timber is on sold or used to manufacture amateur craypots, the steel is stockpiled and collected by Sims Metal.

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. Public swimming pools in the Shire of Shark Bay are carried out on a regular basis under instruction from the Department of Health, approximately on three monthly intervals. The Department of Health had issued "Closure Notices" on 7 public pools in Kalbarri until the required works had been carried out and applications to reopen were received by the Department. The Department of Health has now approved 6 of these pools and they have been added to the regular monthly sampling list, fees apply for this service. Currently there is only one pool that is still the subject of a closure notice, and requires certain works to be carried out to bring the pool into legislative compliance, the pool at the Big River Ranch.

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

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

Due to the employment of the new Environmental Health Officer in 2009 a more comprehensive environmental health service is being offered by the Shire and a noticeable raising of standards in all matters relating to environmental health have been achieved.

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

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

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

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

NOISE COMPLAINTS

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

BUILDING CONTROL

109 Building Licences and 19 demolition licences were issued during the year 1/7/13 to 30/6/14 at a total value of \$4,967,918.00.

A significant increase in the number of Demolition Licences issued is due to the requirement of a Demolition Licence if more than 10m² of asbestos containing material is being removed.

General Statistics, for the 2013/2014 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 programme will be implemented to enable a more efficient and cost effective maintenance programme to be carried out and to assist with setting annual budgets.

CARAVAN PARKS AND CAMPING GROUNDS.

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

Murchison Caravan Park has developed the land to the east of the existing caravan park and the area has been provided with a new ablution block and is in use.

The Horrocks Beach Caravan Park is changing hands and will be the subject of some major upgrading and redevelopment works in the near future.

Anchorage Caravan Park has constructed a new ablution block.

Tudor Caravan Park has upgraded the chalet/cabins and installed a covered bouncy kids entertaining area and is currently upgrading all the ablution blocks.

The PCYC Overflow facility in Kalbarri operated very successfully over the Christmas and Easter holiday period with only minor management issues.

KALBARRI	2008/2009		2009/2010		2010/2011		2011/2012	
	No	Value	No	Value	No	Value	No	Value
Houses	17	\$4,078,110	14	\$ 4,521,260	9	\$ 2,084,072	5	\$ 2,063,706
Additions/Alterations	22	\$1,122,629	30	\$ 866,961	22	\$ 1,022,462	21	\$ 646,660
Outbuildings	28	\$400,466	25	\$ 457,878	17	\$ 192,995	16	\$ 503,030
Comm./Ind./Public	2	57,000	11	\$ 3,198,392	2	\$ 82,500	1	\$ 200,000
Demolitions	1		1		1		3	
TOTALS	72	\$5,658,205	81	\$ 9,044,491	51	\$ 3,382,029	46	\$ 3,413,396

KALBARRI	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	8	\$2,665,384	10	\$2,674,399				
Additions/Alterations	13	\$376,174	21	\$244,482				
Outbuildings	19	\$312,038	17	\$271,440				
Comm./Ind./Public	1	\$1,347,896	2	\$205,290				
Demolitions	3	\$22,000	14					
TOTALS	44	\$4,723,492	64	\$3,395,611				

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

NORTHAMPTON	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	2	\$390,000	1	\$50,000				
Additions/Alterations	9	\$178,668	9	\$495,356				
Outbuildings	8	\$254,829	7	\$150,485				
Comm./Ind./Public	1	\$50,000						
Demolitions			3					
TOTALS	20	\$873,497	20	\$695,841				

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

HORROCKS	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	3	\$913,000	1	\$321,000				
Additions/Alterations	3	\$94,436	2	\$36,000				
Outbuildings	3	\$39,500	5	\$78,930				
Comm./Ind./Public	1	\$200,000						
Demolitions								
TOTALS	10	\$1,246,936	8	\$435,930				

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

OTHER LOCALITIES	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	1	\$160,000						
Additions/Alterations	2	\$32,000	7	\$253,396				
Outbuildings	4	\$130,600	8	\$187,140				
Comm./Ind./Public	6	\$1,050,000						
Demolitions			2					
TOTALS	13	\$1,372,600	17	\$440,536				

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

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

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

<u>WHOLE OF SHIRE</u>	2012/2013		2013/2014		2014/15		2015/16	
	No	Value	No	Value	No	Value	No	Value
<u>TOTALS</u>	87	\$8,216,525	109	\$4,967,918				



HAYLEY WILLIAMS - PRINCIPAL PLANNER

PLANNING

The following summarises the major planning activities undertaken or initiated within the 2013/14 financial year.

Kalbarri Foreshore and Coastal Management Strategy

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

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

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

Planning work commenced during the 2013/14 Financial Year. The appointed planning consultant and Shire staff has facilitated three workshops in Kalbarri for the community to have input into the preparation of the draft coastal management plans. The draft plan is now with the WA Planning Commission for consent to advertise.

Horrocks Coastal Plan

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

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

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

Planning work commenced during the 2013/14 Financial Year. The appointed planning consultant and Shire staff has facilitated three workshops in Horrocks for the community to have input into the preparation of the draft coastal management plans. The draft plan is now with the WA Planning Commission for consent to advertise.

Kalbarri Townsite Local Planning Strategy

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

This document has now been fully adopted and is being used to guide Council decision making on a range of strategic and statutory town planning matters. Council has sought some amendments to the *Kalbarri Townsite Local Planning Strategy* through the increase in height limits to three storey's along Grey Street (C1) and Retail Precinct. Advertising of the proposed amendments will occur concurrently with amendments proposed by Browne's Farm to decrease density.

A full scale review of *Town Planning Scheme No. 9 – Kalbarri Townsite* has commenced during 2013-14 based on the strategic recommendations of the *Kalbarri Townsite Local Planning Strategy*.

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

A review of *Town Planning Scheme No. 9 – Kalbarri Townsite* is presently underway. The document has been drafted and is now waiting consent to advertise from the WA Planning Commission and then will be forwarded to the Environmental Protection Authority.

Horrocks Beach Expansion Strategy

At the Ordinary Meeting of Council held on 19 March, 2013 Council resolved to adopt the final draft of the Horrocks Beach Expansion Strategy, under the format of a local planning strategy and this was forwarded to the Western Australian Planning Commission for consent to advertise. The WA Planning Commission has required a suite of modifications to be made to the document and plans to bring it into line with current planning guidelines. This work has taken considerable time and it will be during the 2014-15 Financial Year that advertising will occur.

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

Municipal Heritage Inventory Review / Revitalisation Plan – Northampton Townsite

The Shire of Northampton has received funding through the Northern Planning Program to undertake a review of the Municipal Heritage Inventory and prepare a revitalisation plan for the Northampton Townsite.

A large amount of background work occurred during the later part of 2013-14 with a community reference group and public workshops scheduled to occur in the 2014-15 financial year.

The review of the Municipal Inventory is concentrated to built heritage of which there is a large number of places in the Shire of Northampton. The review will update the MI and include the GPS coordinates so that places on the MI can be put into a mapping layer on Synergy.

The revitalisation plan seeks to identify and build upon opportunities in the Northampton Townsite by consolidating on the plan a number of revitalisation proposals which address the three key areas: social, economic and environment.

Subdivision Applications and Subdivision Clearances

Subdivision activity in the Shire has again had another slow period during the 2013-14 financial year. Subdivision referrals during the 2013/14 financial year have generally been on a smaller infill scale and boundary rationalisation in the rural areas of the Shire.

Year	Subdivision Referrals	Clearances	Total
2013/14	6	3	9
2012/13	6	3	9
2011/12	8	1	9
2010/11	8	4	12
2009/10	11	9	19
2009/10	11	13	24
2007/08	12	12	24
2006/07	16	6	22
2005/06	17	5	22
2004/05	10	3	13
2003/04	11	5	16

Applications for Planning Approval

Applications for planning approval within the Shire have decreased slightly during the 2013/14 financial year, although still substantially down from the 2009/10 financial year. Applications have been generally smaller in nature and have included two storey single dwellings, construction of outbuildings, with some larger tourism, grouped and multiple dwelling developments.

Year	Council Items	Delegated Approvals	Total
2013/14	11(17%)	57(83%)	68
2012/13	21(28%)	53(72%)	74
2011/12	15 (25%)	46 (75%)	61
2010/11	17 (25%)	51 (75%)	68
2009/10	21 (14 %)	124 (86 %)	145
2009/10	28 (24 %)	89 (76%)	117
2007/08	39 (50%)	40 (50%)	79
2006/07	40 (40%)	59 (60%)	99
2005/06	33 (49%)	34 (51%)	67
2004/05	26 (35%)	49 (65%)	75
2003/04	19 (54%)	16 (46%)	35

Scheme Amendments

No Scheme Amendments were finalised during the 2013-14 financial year.

Conclusion

In summary, the above illustrates the steady planning activity taking place within the Shire of Northampton during the 2013/14 financial year. The aforementioned also illustrates the increasing role of the Local Authority in terms of strategic planning. Whilst matters are relatively quiet on the statutory planning front it is an opportune time to undertake strategic projects and consolidate other policies and processes.

NATIONAL COMPETITION POLICY - CLAUSE 7

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

Principle CN.10

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

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

Principle SR.4

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

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

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

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

Principle LR.8

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

No review undertaken during 2013/14.

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	935 km
Population (permanent) (2011 Census)	3,192
Number of Employees	39 (FTE)

Suburbs & Localities

Northampton, Kalbarri, Horrocks Beach, Port Gregory, Binnu, 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 Stephen Williams on (08) 99341202, your local Fire Control Officer or the Shire Office.

Burning permits are required for the period 17 September to 14 October and 16 February to 15 April of each year and burning is prohibited for the period 15 October to 15 February of each year, with the exception of

small heaps of rubbish on the ground between 6pm and 11pm within a low, moderate or high fire weather warning.

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

Citizenship Ceremonies

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

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Pink Lakes – Port Gregory



## **PART 2**

### **AUDIT REPORT**

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### **ANNUAL FINANCIAL STATEMENTS**



Grant Middleton – Deputy CEO

**SHIRE OF NORTHAMPTON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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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 2014**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Northampton being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northampton at 30th June 2014 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 9th day of December 2014



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Garry Keefe  
Chief Executive Officer

**SHIRE OF NORTHAMPTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                                   | NOTE | 2014<br>\$                      | 2014<br>Budget<br>\$           | 2013<br>\$                     |
|---------------------------------------------------|------|---------------------------------|--------------------------------|--------------------------------|
| <b>Revenue</b>                                    |      |                                 |                                |                                |
| Rates                                             | 22   | 3,552,259                       | 3,576,181                      | 3,391,104                      |
| Operating Grants, Subsidies and Contributions     | 28   | 1,525,009                       | 1,254,090                      | 2,515,683                      |
| Fees and Charges                                  | 27   | 1,084,954                       | 1,075,622                      | 1,180,382                      |
| Interest Earnings                                 | 2(a) | 144,462                         | 142,500                        | 129,561                        |
| Other Revenue                                     |      | 361,488                         | 56,693                         | 2,290,337                      |
|                                                   |      | <u>6,668,172</u>                | <u>6,105,086</u>               | <u>9,507,067</u>               |
| <b>Expenses</b>                                   |      |                                 |                                |                                |
| Employee Costs                                    |      | (2,299,134)                     | (2,234,685)                    | (2,197,222)                    |
| Materials and Contracts                           |      | (2,184,865)                     | (2,361,944)                    | (2,165,460)                    |
| Utility Charges                                   |      | (385,456)                       | (322,960)                      | (366,193)                      |
| Depreciation on Non-Current Assets                | 2(a) | (1,669,569)                     | (2,005,044)                    | (1,783,387)                    |
| Interest Expenses                                 | 2(a) | (84,801)                        | (71,232)                       | (76,339)                       |
| Insurance Expenses                                |      | (246,532)                       | (244,270)                      | (266,957)                      |
| Other Expenditure                                 |      | (269,964)                       | (339,361)                      | (897,586)                      |
|                                                   |      | <u>(7,140,321)</u>              | <u>(7,579,496)</u>             | <u>(7,753,144)</u>             |
|                                                   |      | (472,149)                       | (1,474,410)                    | 1,753,923                      |
| Non-Operating Grants, Subsidies and Contributions | 28   | 1,322,457                       | 2,629,369                      | 2,176,188                      |
| Profit on Asset Disposals                         | 20   | 25,183                          | 51,000                         | 2,180                          |
| Loss on Asset Disposals                           | 20   | (575,532)                       | (12,500)                       | (64,292)                       |
| <b>NET RESULT</b>                                 |      | <b>299,959</b>                  | <b>1,193,459</b>               | <b>3,867,999</b>               |
| <b>Other Comprehensive Income</b>                 |      |                                 |                                |                                |
| Changes on Revaluation of Non-Current Assets      | 12   | 15,202,537                      | 0                              | 0                              |
| <b>Total Other Comprehensive Income</b>           |      | <u><b>15,202,537</b></u>        | <u><b>0</b></u>                | <u><b>0</b></u>                |
| <b>Total Comprehensive Income</b>                 |      | <u><u><b>15,502,496</b></u></u> | <u><u><b>1,193,459</b></u></u> | <u><u><b>3,867,999</b></u></u> |

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

**SHIRE OF NORTHAMPTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                                          | NOTE        | 2014<br>\$         | 2014<br>Budget<br>\$ | 2013<br>\$         |
|----------------------------------------------------------|-------------|--------------------|----------------------|--------------------|
| <b>Revenue</b>                                           |             |                    |                      |                    |
| Governance                                               |             | 33,615             | 23,650               | 462,375            |
| General Purpose Funding                                  |             | 4,444,654          | 4,455,227            | 4,855,578          |
| Law, Order, Public Safety                                |             | 103,558            | 72,764               | 128,638            |
| Health                                                   |             | 34,889             | 33,300               | 56,544             |
| Education and Welfare                                    |             | 106,037            | 55,545               | 51,926             |
| Housing                                                  |             | 36,639             | 24,096               | 25,022             |
| Community Amenities                                      |             | 994,278            | 840,318              | 936,557            |
| Recreation and Culture                                   |             | 158,457            | 122,444              | 2,424,664          |
| Transport                                                |             | 131,439            | 149,590              | 123,638            |
| Economic Services                                        |             | 108,384            | 142,683              | 143,634            |
| Other Property and Services                              |             | 516,222            | 185,469              | 296,308            |
|                                                          | <b>2(a)</b> | <u>6,668,172</u>   | <u>6,105,086</u>     | <u>9,504,884</u>   |
| <b>Expenses</b>                                          |             |                    |                      |                    |
| Governance                                               |             | (770,480)          | (797,608)            | (414,002)          |
| General Purpose Funding                                  |             | (126,958)          | (93,580)             | (265,510)          |
| Law, Order, Public Safety                                |             | (272,481)          | (308,602)            | (326,273)          |
| Health                                                   |             | (236,163)          | (203,467)            | (240,404)          |
| Education and Welfare                                    |             | (124,776)          | (75,013)             | (109,097)          |
| Housing                                                  |             | (116,164)          | (86,689)             | (119,889)          |
| Community Amenities                                      |             | (1,379,643)        | (1,202,467)          | (1,102,851)        |
| Recreation & Culture                                     |             | (1,373,462)        | (1,354,908)          | (1,402,920)        |
| Transport                                                |             | (2,349,852)        | (3,208,638)          | (3,113,487)        |
| Economic Services                                        |             | (172,612)          | (200,885)            | (234,292)          |
| Other Property and Services                              |             | (132,929)          | 23,594               | (345,896)          |
|                                                          | <b>2(a)</b> | <u>(7,055,520)</u> | <u>(7,508,263)</u>   | <u>(7,674,621)</u> |
| <b>Financial Costs</b>                                   |             |                    |                      |                    |
| Recreation & Culture                                     |             | (10,187)           | (4,568)              | (11,960)           |
| Transport                                                |             | (47,884)           | (39,935)             | (42,136)           |
| Other Property and Services                              |             | (26,730)           | (26,730)             | (22,243)           |
|                                                          | <b>2(a)</b> | <u>(84,801)</u>    | <u>(71,233)</u>      | <u>(76,339)</u>    |
| <b>Non-Operating Grants, Subsidies and Contributions</b> |             |                    |                      |                    |
| Governance                                               |             | 0                  | 21,000               | 0                  |
| Law, Order, Public Safety                                |             | 273,648            | 10,000               | 83,859             |
| Education and Welfare                                    |             | 446                | 0                    | 0                  |
| Community Amenities                                      |             | 0                  | 11,200               | 0                  |
| Recreation & Culture                                     |             | 204,718            | 952,931              | 524,134            |
| Transport                                                |             | 843,645            | 1,259,238            | 1,268,195          |
| Other Property and Services                              |             | 0                  | 375,000              | 300,000            |
|                                                          |             | <u>1,322,457</u>   | <u>2,629,369</u>     | <u>2,176,188</u>   |

**SHIRE OF NORTHAMPTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                              | NOTE | 2014<br>\$        | 2014<br>Budget<br>\$ | 2013<br>\$       |
|----------------------------------------------|------|-------------------|----------------------|------------------|
| <b>Profit/(Loss) on Disposal of Assets</b>   |      |                   |                      |                  |
| Governance                                   |      | (149)             | (5,500)              | 0                |
| General Purpose Funding                      |      | 0                 | (7,000)              | 0                |
| Law, Order, Public Safety                    |      | (1,332)           | 0                    | (17,810)         |
| Housing                                      |      | 0                 | 0                    | (561)            |
| Recreation & Culture                         |      | (2,959)           | 0                    | (7,520)          |
| Transport                                    |      | 20,130            | 51,000               | (38,402)         |
| Other Property and Services                  |      | (566,039)         | 0                    | 2,180            |
|                                              |      | <u>(550,349)</u>  | <u>38,500</u>        | <u>(62,113)</u>  |
| <b>Net Result</b>                            |      | <b>299,959</b>    | <b>1,193,459</b>     | <b>3,867,999</b> |
| <b>Other Comprehensive Income</b>            |      |                   |                      |                  |
| Changes on revaluation of non-current assets | 12   | 15,202,537        | 0                    | 0                |
| <b>Total Other Comprehensive Income</b>      |      | <b>15,202,537</b> | <b>0</b>             | <b>0</b>         |
| <b>Total Comprehensive Income</b>            |      | <b>15,502,496</b> | <b>1,193,459</b>     | <b>3,867,999</b> |

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

**SHIRE OF NORTHAMPTON  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2014**

|                                         | NOTE | 2014<br>\$        | 2013<br>\$        |
|-----------------------------------------|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                   |      |                   |                   |
| Cash and Cash Equivalents               | 3    | 2,367,537         | 3,614,001         |
| Trade and Other Receivables             | 4    | 593,797           | 342,405           |
| Inventories                             | 5    | 329,310           | 329,469           |
| <b>TOTAL CURRENT ASSETS</b>             |      | <b>3,290,644</b>  | <b>4,285,875</b>  |
| <b>NON-CURRENT ASSETS</b>               |      |                   |                   |
| Other Receivables                       | 4    | 453,924           | 473,204           |
| Property, Plant and Equipment           | 6    | 32,225,969        | 17,066,220        |
| Infrastructure                          | 7    | 62,163,891        | 60,719,023        |
| <b>TOTAL NON-CURRENT ASSETS</b>         |      | <b>94,843,784</b> | <b>78,258,447</b> |
| <b>TOTAL ASSETS</b>                     |      | <b>98,134,428</b> | <b>82,544,322</b> |
| <b>CURRENT LIABILITIES</b>              |      |                   |                   |
| Trade and Other Payables                | 8    | 601,620           | 426,216           |
| Current Portion of Long Term Borrowings | 9    | 131,207           | 194,432           |
| Provisions                              | 10   | 514,588           | 450,603           |
| <b>TOTAL CURRENT LIABILITIES</b>        |      | <b>1,247,415</b>  | <b>1,071,251</b>  |
| <b>NON-CURRENT LIABILITIES</b>          |      |                   |                   |
| Long Term Borrowings                    | 9    | 1,014,163         | 1,142,078         |
| Provisions                              | 10   | 89,047            | 49,686            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>    |      | <b>1,103,210</b>  | <b>1,191,764</b>  |
| <b>TOTAL LIABILITIES</b>                |      | <b>2,350,625</b>  | <b>2,263,015</b>  |
|                                         |      | <b>95,783,803</b> | <b>80,281,307</b> |
| <b>EQUITY</b>                           |      |                   |                   |
| Retained Surplus                        |      | 79,317,120        | 79,072,925        |
| Reserves - Cash Backed                  | 11   | 1,264,146         | 1,208,382         |
| Revaluation Surplus                     | 12   | 15,202,537        | 0                 |
| <b>TOTAL EQUITY</b>                     |      | <b>95,783,803</b> | <b>80,281,307</b> |

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 2014**

|                                              | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVES<br>CASH<br>BACKED<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|----------------------------------------------|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| <b>Balance as at 1 July 2012</b>             |      | <b>75,105,822</b>         | <b>1,307,486</b>                 | <b>0</b>                     | <b>76,413,308</b>     |
| Comprehensive Income                         |      |                           |                                  |                              |                       |
| Net Result                                   |      | 3,867,999                 | 0                                | 0                            | 3,867,999             |
| Changes on Revaluation of Non-Current Assets | 12   | 0                         | 0                                | 0                            | 0                     |
| Total Comprehensive Income                   |      | 3,867,999                 | 0                                | 0                            | 3,867,999             |
| Transfers from/(to) Reserves                 |      | 99,104                    | (99,104)                         | 0                            | 0                     |
| <b>Balance as at 30 June 2013</b>            |      | <b>79,072,925</b>         | <b>1,208,382</b>                 | <b>0</b>                     | <b>80,281,307</b>     |
| Comprehensive Income                         |      |                           |                                  |                              |                       |
| Net Result                                   |      | 299,959                   | 0                                | 0                            | 299,959               |
| Changes on Revaluation of Non-Current Assets | 12   | 0                         | 0                                | 15,202,537                   | 15,202,537            |
| Total Comprehensive Income                   |      | 299,959                   | 0                                | 15,202,537                   | 15,502,496            |
| Transfers from/(to) Reserves                 |      | (55,764)                  | 55,764                           | 0                            | 0                     |
| <b>Balance as at 30 June 2014</b>            |      | <b>79,317,120</b>         | <b>1,264,146</b>                 | <b>15,202,537</b>            | <b>95,783,803</b>     |

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



**SHIRE OF NORTHAMPTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2014**

|                                                             | NOTE  | 2014<br>\$              | 2014<br>Budget<br>\$    | 2013<br>\$              |
|-------------------------------------------------------------|-------|-------------------------|-------------------------|-------------------------|
| <b>Cash Flows From Operating Activities</b>                 |       |                         |                         |                         |
| <b>Receipts</b>                                             |       |                         |                         |                         |
| Rates                                                       |       | 3,584,336               | 3,576,181               | 3,419,425               |
| Operating Grants, Subsidies and Contributions               |       | 1,257,396               | 1,254,090               | 2,535,333               |
| Fees and Charges                                            |       | 1,084,954               | 1,075,622               | 1,443,511               |
| Interest Earnings                                           |       | 144,462                 | 142,500                 | 135,666                 |
| Goods and Services Tax                                      |       | (15,662)                | 350,000                 | 0                       |
| Other Revenue                                               |       | 361,488                 | 56,693                  | 27,160                  |
|                                                             |       | <u>6,416,974</u>        | <u>6,455,086</u>        | <u>7,561,095</u>        |
| <b>Payments</b>                                             |       |                         |                         |                         |
| Employee Costs                                              |       | (2,276,168)             | (2,234,685)             | (2,176,008)             |
| Materials and Contracts                                     |       | (1,920,103)             | (2,361,944)             | (2,498,664)             |
| Utility Charges                                             |       | (385,456)               | (322,960)               | (366,193)               |
| Interest Expenses                                           |       | (93,620)                | (71,233)                | (63,729)                |
| Insurance Expenses                                          |       | (246,532)               | (244,270)               | (266,957)               |
| Goods and Services Tax                                      |       | 0                       | (350,000)               | (335,183)               |
| Other Expenditure                                           |       | (269,964)               | (339,361)               | (408,416)               |
|                                                             |       | <u>(5,191,843)</u>      | <u>(5,924,453)</u>      | <u>(6,115,150)</u>      |
| <b>Net Cash Provided By (Used In) Operating Activities</b>  | 13(b) | <u>1,225,131</u>        | <u>530,633</u>          | <u>1,445,945</u>        |
| <b>Cash Flows from Investing Activities</b>                 |       |                         |                         |                         |
| Payments for Development of Land Held for Resale            |       | 0                       | (683,912)               | 0                       |
| Payments for Purchase of Property, Plant & Equipment        |       | (1,320,999)             | (648,106)               | (586,361)               |
| Payments for Construction of Infrastructure                 |       | (2,474,454)             | (3,539,854)             | (1,507,346)             |
| Non-Operating Grants, Subsidies and Contributions           |       | 1,322,457               | 2,466,869               | 2,176,188               |
| Proceeds from Sale of Fixed Assets                          |       | 173,455                 | 162,500                 | 147,635                 |
|                                                             |       | <u>(2,299,541)</u>      | <u>(2,242,503)</u>      | <u>230,116</u>          |
| <b>Net Cash Provided by (Used in) Investment Activities</b> |       | <u>(2,299,541)</u>      | <u>(2,242,503)</u>      | <u>230,116</u>          |
| <b>Cash Flows from Financing Activities</b>                 |       |                         |                         |                         |
| Repayment of Debentures                                     |       | (192,626)               | (194,433)               | (155,469)               |
| Proceeds from Self Supporting Loans                         |       | 19,086                  | 47,488                  | 5,130                   |
| Loan Adjustment                                             |       | 1,486                   | 0                       | (13,190)                |
| Proceeds from New Debentures                                |       | 0                       | 0                       | 390,000                 |
| <b>Net Cash Provided By (Used In) Financing Activities</b>  |       | <u>(172,054)</u>        | <u>(146,945)</u>        | <u>226,471</u>          |
| <b>Net Increase (Decrease) in Cash Held</b>                 |       | <u>(1,246,464)</u>      | <u>(1,858,815)</u>      | <u>1,902,532</u>        |
| Cash at Beginning of Year                                   |       | 3,614,001               | 3,614,002               | 1,711,469               |
| <b>Cash and Cash Equivalents at the End of the Year</b>     | 13(a) | <u><u>2,367,537</u></u> | <u><u>1,755,187</u></u> | <u><u>3,614,001</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 2014**

|                                                            | NOTE         | 2014<br>Actual<br>\$      | 2014<br>Budget<br>\$      | 2013<br>Actual<br>\$      |
|------------------------------------------------------------|--------------|---------------------------|---------------------------|---------------------------|
| <b>Revenue</b>                                             |              |                           |                           |                           |
| Governance                                                 |              | 33,615                    | 44,650                    | 462,375                   |
| General Purpose Funding                                    |              | 906,645                   | 866,796                   | 1,502,296                 |
| Law, Order, Public Safety                                  |              | 381,709                   | 65,764                    | 212,497                   |
| Health                                                     |              | 34,889                    | 33,300                    | 56,544                    |
| Education and Welfare                                      |              | 106,483                   | 55,545                    | 51,926                    |
| Housing                                                    |              | 36,639                    | 24,096                    | 25,022                    |
| Community Amenities                                        |              | 994,278                   | 839,398                   | 936,557                   |
| Recreation and Culture                                     |              | 363,175                   | 1,040,533                 | 2,948,795                 |
| Transport                                                  |              | 995,764                   | 1,310,628                 | 1,391,833                 |
| Economic Services                                          |              | 108,384                   | 142,683                   | 143,634                   |
| Other Property and Services                                |              | 516,222                   | 510,500                   | 618,138                   |
|                                                            |              | <u>4,477,803</u>          | <u>4,933,893</u>          | <u>8,349,617</u>          |
| <b>Expenses</b>                                            |              |                           |                           |                           |
| Governance                                                 |              | (770,629)                 | (797,608)                 | (431,811)                 |
| General Purpose Funding                                    |              | (126,958)                 | (93,580)                  | (265,510)                 |
| Law, Order, Public Safety                                  |              | (278,316)                 | (308,602)                 | (326,835)                 |
| Health                                                     |              | (236,163)                 | (203,467)                 | (240,404)                 |
| Education and Welfare                                      |              | (124,776)                 | (75,013)                  | (109,097)                 |
| Housing                                                    |              | (116,164)                 | (86,689)                  | (119,889)                 |
| Community Amenities                                        |              | (1,379,643)               | (1,202,467)               | (1,102,851)               |
| Recreation and Culture                                     |              | (1,386,608)               | (1,359,476)               | (1,422,400)               |
| Transport                                                  |              | (2,398,286)               | (3,190,169)               | (3,194,025)               |
| Economic Services                                          |              | (172,612)                 | (200,885)                 | (234,292)                 |
| Other Property and Services                                |              | (725,698)                 | (3,136)                   | (368,139)                 |
|                                                            |              | <u>(7,715,853)</u>        | <u>(7,521,092)</u>        | <u>(7,815,253)</u>        |
| <b>Net Result Excluding Rates</b>                          |              | <b>(3,238,050)</b>        | <b>(2,587,199)</b>        | <b>534,364</b>            |
| <b>Adjustments for Cash Budget Requirements:</b>           |              |                           |                           |                           |
| Initial Recognition of Assets Due to Change to Regulations |              |                           |                           |                           |
| - Land                                                     |              | 0                         | 0                         | (2,263,177)               |
| Revaluation gain recognised through revenue                |              | 0                         | 0                         | 473,274                   |
| (Profit)/Loss on Asset Disposals                           | 20           | 550,349                   | (38,500)                  | 62,113                    |
| Movement in Deferred Pensioner Rates (Non-Current)         |              | 194                       | 0                         | (4,778)                   |
| Movement in Employee Benefit Provisions (Non-current)      |              | 103,346                   | 0                         | 17,908                    |
| Depreciation and Amortisation on Assets                    | 2(a)         | 1,669,569                 | 2,005,044                 | 1,783,387                 |
| <b>Capital Expenditure and Revenue</b>                     |              |                           |                           |                           |
| Purchase Land Held for Resale                              |              | 0                         | (683,912)                 | 0                         |
| Purchase Land and Buildings                                | 6(a)         | (530,540)                 | (1,225,365)               | (465,239)                 |
| Purchase Furniture and Equipment                           | 6(a)         | (33,195)                  | (43,264)                  | 0                         |
| Purchase Plant and Equipment                               | 6(a)         | (757,264)                 | (604,842)                 | (121,122)                 |
| Purchase Roads                                             | 7(a)         | (1,638,177)               | (1,999,739)               | (1,313,282)               |
| Purchase Footpaths                                         | 7(a)         | (87,610)                  |                           | (29,896)                  |
| Purchase Parks & Ovals                                     | 7(a)         | (748,667)                 | (314,750)                 | (164,168)                 |
| Proceeds from Disposal of Fixed Assets                     | 20           | 173,455                   | 162,500                   | 147,635                   |
| Repayment of Debentures                                    | 21(a)        | (192,626)                 | (194,433)                 | (155,469)                 |
| Proceeds from New Debentures                               | 21(a)        | 0                         | 0                         | 390,000                   |
| Loan Adjustments                                           | 21(a)        | 1,486                     | 0                         | (13,190)                  |
| Proceeds from Self Supporting Loans                        |              | 19,086                    | 47,488                    | 5,130                     |
| Transfers to Reserves (Restricted Assets)                  | 11           | (106,472)                 | (107,600)                 | (224,423)                 |
| Transfers from Reserves (Restricted Assets)                | 11           | 50,708                    | 67,143                    | 323,527                   |
| <b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd        | 22(b)        | 2,333,095                 | 1,955,498                 | (2,781)                   |
| <b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd      | 22(b)        | 1,106,696                 | 0                         | 2,333,095                 |
| <b>Total Amount Raised from General Rate</b>               | <b>22(a)</b> | <b><u>(3,538,009)</u></b> | <b><u>(3,561,931)</u></b> | <b><u>(3,353,282)</u></b> |

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 2014**

**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 also 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 Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

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

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

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(c) 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.

**(d) 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.

**(e) 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 Council's intentions to release for sale.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(f) 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.

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or-
      - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

***Land Under Control***

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(f) Fixed Assets (Continued)**

***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 Council 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.

***Transitional Arrangements***

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

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

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

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

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(f) Fixed Assets (Continued)**

***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 Council.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(f) 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       |
| 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.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

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



**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(g) Fair Value of Assets and Liabilities**

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

Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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 Council 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 Council 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 2014**

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

**(g) 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 Council 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 and 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 at least every 3 years.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (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 2014**

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

**(h) 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 Council 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 non-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 2014**

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

**(h) 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 Council 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.

**(i) Impairment of Assets**

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (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.

**(j) Trade and Other Payables**

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

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(k) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Council'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 Council'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 Council'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 or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

**(l) 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.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(m) Provisions**

Provisions are recognised when the Council 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.

**(n) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability 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.

**(o) Investment in Associates**

An associate is an entity over which the Council 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 Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

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

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

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council 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 Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(p) 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 Council'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 16.

**(q) 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.

**(r) Superannuation**

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

**(s) Current and Non-Current Classification**

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

**(t) Rounding Off Figures**

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

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(u) Comparative Figures**

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, 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.

**(v) 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 2014**

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

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

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

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

| <b>Title</b>                                                                                                                                       | <b>Issued / Compiled</b> | <b>Applicable <sup>(1)</sup></b> | <b>Impact</b>                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) AASB 9 – Financial Instruments                                                                                                                 | December 2013            | 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 Council, it is not anticipated the standard will have any material effect. |
| (ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)                                                | December 2013            | 1 January 2018                   | Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).                                                                                          |
| [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] |                          |                                  |                                                                                                                                                                                                                                                                                                            |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

| Title                                                                                                                                                                                                                                                                                                 | Issued / Compiled | Applicable <sup>(1)</sup> | Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]<br><br>[AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] | December 2012     | 1 January 2014            | Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.<br><br>It is not expected to have a significant impact on Council.                                                                                                                                                                                                                                                                                                             |
| (iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities<br><br>[AASB 132]                                                                                                                                                             | June 2012         | 1 January 2014            | This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.<br><br>This Standard is not expected to significantly impact the Council's financial statements. |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

| Title                                                                                                                                                                                                                                                                                       | Issued / Compiled | Applicable <sup>(1)</sup> | Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets                                                                                                                                                                                         | June 2013         | 1 January 2014            | This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.<br><br>It is not expected to have a significant impact on Council.                                                                                                                                                                                                                                                                                                                                               |
| (vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities<br><br>[AASB 10, 12 & 1049]                                                                                              | October 2013      | 1 January 2014            | This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.<br><br>It is not expected to have a significant impact on Council.                                                                                                                                                                                                                                                                                                                                                                |
| (vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments<br><br>[Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015] | December 2013     | Refer Title column        | Part A of this standard makes various editorial corrections to Australian Accounting Standards.<br><br>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.<br><br>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.<br><br>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council. |

Notes:

<sup>(1)</sup> 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 2014**

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

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

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

These new and revised standards were:

|          |                |                |
|----------|----------------|----------------|
| AASB 10  | AASB 128       | AASB 2012 - 2  |
| AASB 11  | AASB 2011 - 7  | AASB 2012 - 3  |
| AASB 12  | AASB 2011 - 9  | AASB 2012 - 5  |
| AASB 119 | AASB 2011 - 10 | AASB 2012 - 10 |
| AASB 127 |                |                |

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

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUE AND EXPENSES**

**2014**  
**\$**

**2013**  
**\$**

**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

**Auditors Remuneration**

|                                                                   |        |        |
|-------------------------------------------------------------------|--------|--------|
| - Audit of the annual financial report                            | 17,624 | 17,526 |
| - Financial Management Review                                     | 0      | 6,500  |
| - Assistance with the finalisation of the annual financial report | 6,950  | 19,054 |
| - Acquittals                                                      | 4,200  | 0      |

**Depreciation**

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Buildings               | 387,957          | 393,283          |
| Furniture and Equipment | 16,625           | 25,035           |
| Plant and Equipment     | 235,400          | 400,275          |
| Roads                   | 852,902          | 816,270          |
| Footpaths               | 36,300           | 35,803           |
| Drainage                | 21,224           | 22,281           |
| Parks & Ovals           | 96,303           | 67,582           |
| Airports                | 22,858           | 22,858           |
|                         | <u>1,669,569</u> | <u>1,783,387</u> |

**Interest Expenses (Finance Costs)**

|                                |               |               |
|--------------------------------|---------------|---------------|
| Debentures (refer Note 21.(a)) | 84,801        | 76,339        |
|                                | <u>84,801</u> | <u>76,339</u> |

(ii) Crediting as Revenue:

**Significant Revenue**

|                             |                |                  |
|-----------------------------|----------------|------------------|
| Recreation and Culture      | 0              | 2,263,177        |
| Other Property and Services | 361,488        | 27,160           |
|                             | <u>361,488</u> | <u>2,290,337</u> |

The significant revenues in 2013 related to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations. They have been classified as Other Revenue by Nature or Type.

**Other Revenue**

|                                   |                |                  |
|-----------------------------------|----------------|------------------|
| Reimbursements and Recoveries     | 361,000        | 0                |
| Significant Revenue (Refer Above) | 0              | 2,263,177        |
| Other                             | 488            | 27,160           |
|                                   | <u>361,488</u> | <u>2,290,337</u> |

**2014**  
**Actual**  
**\$**

**2014**  
**Budget**  
**\$**

**2013**  
**Actual**  
**\$**

**Interest Earnings**

|                                        |                |                |                |
|----------------------------------------|----------------|----------------|----------------|
| - Self Supporting Loans                | 0              | 0              |                |
| - Reserve Funds                        | 44,334         | 35,824         | 52,636         |
| - Other Funds                          | 58,192         | 54,176         | 33,126         |
| Other Interest Revenue (refer note 26) | 41,936         | 52,500         | 43,799         |
|                                        | <u>144,462</u> | <u>142,500</u> | <u>129,561</u> |

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 staff and elderly residents housing.

**Activities:**

Provision and maintenance of staff and elderly residents housing.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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, 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 well being of the community.

**Activities:**

Maintenance of public halls, civic centres, beaches and foreshores, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, maintenance of heritage sites 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, cycleways, parking facilities and street lighting, signage and maintenance of the airstrip.

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion. Operation of the Port Gregory water supply, building control expenses and water standpipes.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

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

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(c) Conditions Over Grants/Contributions**

| <b>Grant/Contribution</b> | <b>Function/<br/>Activity</b> | <b>Opening<br/>Balance <sup>(1)</sup><br/>1/07/12<br/>\$</b> | <b>Received <sup>(2)</sup><br/>2012/13<br/>\$</b> | <b>Expended <sup>(3)</sup><br/>2012/13<br/>\$</b> | <b>Closing<br/>Balance <sup>(1)</sup><br/>30/06/13<br/>\$</b> | <b>Received <sup>(2)</sup><br/>2013/14<br/>\$</b> | <b>Expended <sup>(3)</sup><br/>2013/14<br/>\$</b> | <b>Closing<br/>Balance<br/>30/06/14<br/>\$</b> |
|---------------------------|-------------------------------|--------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| Roads to Recovery         | Transport                     | 104,722                                                      | 320,676                                           | (425,398)                                         | 0                                                             | 320,675                                           | (206,261)                                         | 114,414                                        |
| Royalties for Regions     | Transport                     | 123,270                                                      | 800,000                                           | (474,193)                                         | 449,077                                                       | 0                                                 | (88,077)                                          | 361,000                                        |
| <b>Total</b>              |                               | <b>227,992</b>                                               | <b>1,120,676</b>                                  | <b>(899,591)</b>                                  | <b>449,077</b>                                                | <b>320,675</b>                                    | <b>(294,338)</b>                                  | <b>475,414</b>                                 |

**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 2014**

|                                                                                                       | Note | 2014<br>\$              | 2013<br>\$              |
|-------------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| <b>3. CASH AND CASH EQUIVALENTS</b>                                                                   |      |                         |                         |
| Cash on hand - Unrestricted                                                                           |      | 1,350                   | 1,350                   |
| Cash at Bank - Municipal                                                                              |      | 1,102,041               | 2,404,269               |
| Restricted Reserves                                                                                   |      | <u>1,264,146</u>        | <u>1,208,382</u>        |
|                                                                                                       |      | <u><u>2,367,537</u></u> | <u><u>3,614,001</u></u> |
|                                                                                                       |      |                         |                         |
| Cash at Bank - Municipal                                                                              |      |                         |                         |
| Unrestricted Cash                                                                                     |      | 626,627                 | 1,955,192               |
| Restricted Cash - Unspent Grants (refer to note 2(c))                                                 |      | <u>475,414</u>          | <u>449,077</u>          |
|                                                                                                       |      | <u><u>1,102,041</u></u> | <u><u>2,404,269</u></u> |
|                                                                                                       |      |                         |                         |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |      |                         |                         |
|                                                                                                       |      |                         |                         |
| Leave Reserve                                                                                         | 11   | 153,424                 | 100,143                 |
| Roadworks Reserve                                                                                     | 11   | 49,920                  | 49,920                  |
| Kalbarri Airport Reserve                                                                              | 11   | 4,314                   | 20,533                  |
| Computer and Office Reserve                                                                           | 11   | 29,019                  | 27,081                  |
| Plant Reserve                                                                                         | 11   | 6,358                   | 5,989                   |
| House and Building Reserve                                                                            | 11   | 58,157                  | 54,539                  |
| Kalbarri Aged Persons Accommodation Reserve                                                           | 11   | 215,038                 | 186,104                 |
| Northampton Aged Persons Reserve                                                                      | 11   | 113,894                 | 106,657                 |
| Town Planning Scheme Reserve                                                                          | 11   | 12,691                  | 23,282                  |
| Townscape Car Park Reserve                                                                            | 11   | 5,758                   | 5,385                   |
| Sport and Recreation Reserve                                                                          | 11   | 5,955                   | 5,585                   |
| Coastal Management Reserve                                                                            | 11   | 101,270                 | 94,626                  |
| Specified Area Rate Reserve                                                                           | 11   | 3,059                   | 2,201                   |
| Northampton 150th Anniversary Reserve                                                                 | 11   | 0                       | 21,048                  |
| Land Development Reserve                                                                              | 11   | <u>505,289</u>          | <u>505,289</u>          |
|                                                                                                       |      | <u><u>1,264,146</u></u> | <u><u>1,208,382</u></u> |
|                                                                                                       |      |                         |                         |
| <b>4. TRADE AND OTHER RECEIVABLES</b>                                                                 |      |                         |                         |
|                                                                                                       |      |                         |                         |
| <b>Current</b>                                                                                        |      |                         |                         |
| Rates Outstanding                                                                                     |      | 212,107                 | 244,184                 |
| Refuse Charge Debtors                                                                                 |      | 46,196                  | 36,643                  |
| Sundry Debtors                                                                                        |      | 280,778                 | 17,648                  |
| Emergency Services Levy                                                                               |      | 43,784                  | 48,660                  |
| Provision for Doubtful Debts                                                                          |      | (4,730)                 | (4,730)                 |
| GST Receivable                                                                                        |      | <u>15,662</u>           | <u>0</u>                |
|                                                                                                       |      | <u><u>593,797</u></u>   | <u><u>342,405</u></u>   |
|                                                                                                       |      |                         |                         |
| <b>Non-Current</b>                                                                                    |      |                         |                         |
| Rates Outstanding - Pensioners                                                                        |      | 35,780                  | 35,974                  |
| Loans - CEO Self Supporting                                                                           |      | 389,178                 | 402,418                 |
| Loans - Clubs/Institutions                                                                            |      | <u>28,966</u>           | <u>34,812</u>           |
|                                                                                                       |      | <u><u>453,924</u></u>   | <u><u>473,204</u></u>   |
|                                                                                                       |      |                         |                         |
| <b>5. INVENTORIES</b>                                                                                 |      |                         |                         |
|                                                                                                       |      |                         |                         |
| <b>Current</b>                                                                                        |      |                         |                         |
| Fuel and Materials                                                                                    |      | 11,128                  | 11,287                  |
| Land Held for Resale - Cost                                                                           |      |                         |                         |
| Development Costs                                                                                     |      | <u>318,182</u>          | <u>318,182</u>          |
|                                                                                                       |      | <u><u>329,310</u></u>   | <u><u>329,469</u></u>   |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                                     | 2014<br>\$         | 2013<br>\$         |
|-----------------------------------------------------|--------------------|--------------------|
| <b>6. PROPERTY, PLANT AND EQUIPMENT</b>             |                    |                    |
| Land and Buildings                                  |                    |                    |
| Freehold Land at:                                   |                    |                    |
| - Independent Valuation 2014                        | 6,286,000          | 0                  |
| - Cost                                              | <u>0</u>           | <u>1,553,445</u>   |
|                                                     | 6,286,000          | 1,553,445          |
| Land Vested In and Under the Control of Council at: |                    |                    |
| - Independent Valuation 2014                        | 2,258,925          | 0                  |
| - Cost                                              | <u>0</u>           | <u>2,263,177</u>   |
|                                                     | 2,258,925          | 2,263,177          |
| Total Land                                          | <u>8,544,925</u>   | <u>3,816,622</u>   |
| Non-Specialised Buildings at:                       |                    |                    |
| - Independent Valuation 2014                        | 1,305,000          | 0                  |
| - Cost                                              | 0                  | 1,411,959          |
| Less: Accumulated Depreciation                      | <u>0</u>           | <u>(382,102)</u>   |
|                                                     | 1,305,000          | 1,029,857          |
| Specialised Buildings at:                           |                    |                    |
| - Independent Valuation 2014                        | 19,669,435         | 0                  |
| - Cost                                              | 0                  | 15,768,112         |
| Less: Accumulated Depreciation                      | <u>0</u>           | <u>(5,871,351)</u> |
|                                                     | 19,669,435         | 9,896,761          |
| Total Buildings                                     | <u>20,974,435</u>  | <u>10,926,618</u>  |
| Total Land and Buildings                            | <u>29,519,360</u>  | <u>14,743,240</u>  |
| Furniture and Equipment at:                         |                    |                    |
| - Management Valuation 2013                         | 420,776            | 387,582            |
| Less Accumulated Depreciation                       | <u>(328,701)</u>   | <u>(312,077)</u>   |
|                                                     | 92,075             | 75,505             |
| Plant and Equipment at:                             |                    |                    |
| - Management Valuation 2013                         | 3,328,000          | 3,328,000          |
| - Additions after Valuation - Cost                  | 593,563            | 0                  |
| Less Accumulated Depreciation                       | <u>(1,307,029)</u> | <u>(1,080,525)</u> |
|                                                     | 2,614,534          | 2,247,475          |
|                                                     | <u>32,225,969</u>  | <u>17,066,220</u>  |

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**Land and Buildings:**

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

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

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

The revaluation of these assets resulted in an overall increase of \$15,202,537 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as Changes on Revaluation of Non-current Assets in the Statement of Comprehensive Income.

With regard to land vested in and under control of Council, these assets were originally recognised as at 30 June 2013 at deemed cost where cost was effectively the fair value at the date of recognition.

As land vested in and under control of Council is Crown Land restricted as to usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage.

These include both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is deemed to have been valued using Level 3 inputs.

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

Due to the mandatory fair value measurement framework as detailed in Note 1(f), Land Vested in and under the control of Council required a fair value assessment to occur in the current year.

This was performed by management at 30 June 2014 on the same basis as the prior year deemed cost valuation was arrived at.

The revaluation of land vested in and under the control of Council resulted in a decrease in value of \$5,252.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**Furniture and Equipment**

**Plant and Equipment:**

Both furniture and equipment and plant and equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulations 17A.

Whilst the additions since that time are shown at 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. Thus, the value is considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(a) 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.

|                                                    |           | <b>Balance<br/>at the<br/>Beginning<br/>of the Year<br/>\$</b> | <b>Additions<br/>\$</b> | <b>(Disposals)<br/>\$</b> | <b>Revaluation<br/>Increments/<br/>(Decrements)<br/>\$</b> | <b>Impairment<br/>(Losses)/<br/>Reversals<br/>\$</b> | <b>Depreciation<br/>(Expense)<br/>\$</b> | <b>Transfers<br/>\$</b> | <b>Carrying<br/>Amount<br/>at the<br/>End of Year<br/>\$</b> |
|----------------------------------------------------|-----------|----------------------------------------------------------------|-------------------------|---------------------------|------------------------------------------------------------|------------------------------------------------------|------------------------------------------|-------------------------|--------------------------------------------------------------|
| Freehold Land                                      | (Level 2) | 1,553,445                                                      | 192,173                 | (279,700)                 | 4,747,034                                                  | 0                                                    | 0                                        | 73,047                  | 6,286,000                                                    |
| Land Vested In and Under the<br>Control of Council | (Level 3) | 2,263,177                                                      | 1,000                   | 0                         | (5,252)                                                    | 0                                                    | 0                                        | 0                       | 2,258,925                                                    |
| <b>Total Land</b>                                  |           | <b>3,816,622</b>                                               | <b>193,173</b>          | <b>(279,700)</b>          | <b>4,741,782</b>                                           | <b>0</b>                                             | <b>0</b>                                 | <b>73,047</b>           | <b>8,544,925</b>                                             |
| Non-Specialised Buildings                          | (Level 2) | 1,029,857                                                      | 0                       | 0                         | 304,881                                                    | 0                                                    | (29,738)                                 | 0                       | 1,305,000                                                    |
| Specialised Buildings                              | (Level 3) | 9,896,761                                                      | 337,367                 | (289,301)                 | 10,155,874                                                 | 0                                                    | (358,219)                                | (73,047)                | 19,669,435                                                   |
| <b>Total Buildings</b>                             |           | <b>10,926,618</b>                                              | <b>337,367</b>          | <b>(289,301)</b>          | <b>10,460,755</b>                                          | <b>0</b>                                             | <b>(387,957)</b>                         | <b>(73,047)</b>         | <b>20,974,435</b>                                            |
| <b>Total Land and Buildings</b>                    |           | <b>14,743,240</b>                                              | <b>530,540</b>          | <b>(569,001)</b>          | <b>15,202,537</b>                                          | <b>0</b>                                             | <b>(387,957)</b>                         | <b>0</b>                | <b>29,519,360</b>                                            |
| Furniture and Equipment                            | (Level 3) | 75,505                                                         | 33,195                  | 0                         | 0                                                          | 0                                                    | (16,625)                                 | 0                       | 92,075                                                       |
| Plant and Equipment                                | (Level 2) | 2,247,475                                                      | 757,264                 | (154,805)                 | 0                                                          | 0                                                    | (235,400)                                | 0                       | 2,614,534                                                    |
| <b>Total Property, Plant and Equipment</b>         |           | <b>17,066,220</b>                                              | <b>1,320,999</b>        | <b>(723,806)</b>          | <b>15,202,537</b>                                          | <b>0</b>                                             | <b>(639,982)</b>                         | <b>0</b>                | <b>32,225,969</b>                                            |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                               | <b>2014</b>              | <b>2013</b>              |
|-------------------------------|--------------------------|--------------------------|
|                               | <b>\$</b>                | <b>\$</b>                |
| <b>7. INFRASTRUCTURE</b>      |                          |                          |
| Roads                         |                          |                          |
| - Cost                        | 72,292,479               | 70,654,300               |
| Less Accumulated Depreciation | <u>(15,084,445)</u>      | <u>(14,231,541)</u>      |
|                               | 57,208,034               | 56,422,759               |
| Footpaths                     |                          |                          |
| - Cost                        | 1,966,837                | 1,879,227                |
| Less Accumulated Depreciation | <u>(353,690)</u>         | <u>(317,390)</u>         |
|                               | 1,613,147                | 1,561,837                |
| Drainage                      |                          |                          |
| - Cost                        | 557,857                  | 557,857                  |
| Less Accumulated Depreciation | <u>(234,746)</u>         | <u>(213,523)</u>         |
|                               | 323,111                  | 344,334                  |
| Parks & Ovals                 |                          |                          |
| - Cost                        | 2,620,026                | 1,871,360                |
| Less Accumulated Depreciation | <u>(486,737)</u>         | <u>(390,435)</u>         |
|                               | 2,133,289                | 1,480,925                |
| Airports                      |                          |                          |
| - Cost                        | 1,142,914                | 1,142,914                |
| Less Accumulated Depreciation | <u>(256,604)</u>         | <u>(233,746)</u>         |
|                               | 886,310                  | 909,168                  |
|                               | <u><u>62,163,891</u></u> | <u><u>60,719,023</u></u> |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**7. INFRASTRUCTURE (Continued)**

**(a) 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.

|               | <b>Balance<br/>as at the<br/>Beginning<br/>of the Year<br/>\$</b> | <b>Additions<br/>\$</b> | <b>(Disposals)<br/>\$</b> | <b>Revaluation<br/>Increments/<br/>(Decrements)<br/>\$</b> | <b>Impairment<br/>(Losses)/<br/>Reversals<br/>\$</b> | <b>Depreciation<br/>(Expense)<br/>\$</b> | <b>Carrying<br/>Amount<br/>at the<br/>End of Year<br/>\$</b> |
|---------------|-------------------------------------------------------------------|-------------------------|---------------------------|------------------------------------------------------------|------------------------------------------------------|------------------------------------------|--------------------------------------------------------------|
| Roads         | 56,422,759                                                        | 1,638,177               | 0                         | 0                                                          | 0                                                    | (852,902)                                | 57,208,034                                                   |
| Footpaths     | 1,561,837                                                         | 87,610                  | 0                         | 0                                                          | 0                                                    | (36,300)                                 | 1,613,147                                                    |
| Drainage      | 344,334                                                           | 0                       | 0                         | 0                                                          | 0                                                    | (21,224)                                 | 323,110                                                      |
| Parks & Ovals | 1,480,925                                                         | 748,667                 | 0                         | 0                                                          | 0                                                    | (96,303)                                 | 2,133,289                                                    |
| Airports      | 909,168                                                           | 0                       | 0                         | 0                                                          | 0                                                    | (22,858)                                 | 886,310                                                      |
| <b>Total</b>  | <b>60,719,023</b>                                                 | <b>2,474,454</b>        | <b>0</b>                  | <b>0</b>                                                   | <b>0</b>                                             | <b>(1,029,587)</b>                       | <b>62,163,890</b>                                            |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                    | <b>2014</b>    | <b>2013</b>    |
|------------------------------------|----------------|----------------|
|                                    | <b>\$</b>      | <b>\$</b>      |
| <b>8. TRADE AND OTHER PAYABLES</b> |                |                |
| <b>Current</b>                     |                |                |
| Sundry Creditors                   | 441,183        | 165,647        |
| Accrued Interest on Debentures     | 11,452         | 20,271         |
| Accrued Salaries and Wages         | 69,774         | 59,974         |
| Accrued Expenditure                | 54,806         | 89,624         |
| GST Payable                        | 0              | 90,180         |
| Debtors - Loan Repayment Credit    | 9,280          | 520            |
| Revenue Received in Advance        | 15,125         | 0              |
|                                    | <u>601,620</u> | <u>426,216</u> |

**9. LONG-TERM BORROWINGS**

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| <b>Current</b>                        |                  |                  |
| Secured by Floating Charge Debentures | 131,207          | 194,432          |
|                                       | <u>131,207</u>   | <u>194,432</u>   |
| <b>Non-Current</b>                    |                  |                  |
| Secured by Floating Charge Debentures | 1,014,163        | 1,142,078        |
|                                       | <u>1,014,163</u> | <u>1,142,078</u> |

Additional detail on borrowings is provided in Note 21.

The Shire did not have any long term borrowings at the reporting date.

**10. PROVISIONS**

Analysis of Total Provisions

|             |                |                |
|-------------|----------------|----------------|
| Current     | 514,588        | 450,603        |
| Non-Current | 89,047         | 49,686         |
|             | <u>603,635</u> | <u>500,289</u> |

|                                | <b>Provision for<br/>Annual<br/>Leave<br/>\$</b> | <b>Provision for<br/>Long Service<br/>Leave<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------------|--------------------------------------------------|--------------------------------------------------------|---------------------|
| Opening balance at 1 July 2013 | 213,983                                          | 286,306                                                | 500,289             |
| Additional provision           | 31,146                                           | 72,200                                                 | 103,346             |
| Balance at 30 June 2014        | <u>245,129</u>                                   | <u>358,506</u>                                         | <u>603,635</u>      |



**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                                        | 2014<br>\$     | 2014<br>Budget<br>\$ | 2013<br>\$     |
|--------------------------------------------------------|----------------|----------------------|----------------|
| <b>11. RESERVES - CASH BACKED</b>                      |                |                      |                |
| <b>(a) Leave Reserve</b>                               |                |                      |                |
| Opening Balance                                        | 100,143        | 100,143              | 94,180         |
| Amount Set Aside / Transfer to Reserve                 | 53,281         | 52,080               | 5,963          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|                                                        | <u>153,424</u> | <u>152,223</u>       | <u>100,143</u> |
| <b>(b) Roadworks Reserve</b>                           |                |                      |                |
| Opening Balance                                        | 49,920         | 49,920               | 46,948         |
| Amount Set Aside / Transfer to Reserve                 | 0              | 0                    | 2,972          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|                                                        | <u>49,920</u>  | <u>49,920</u>        | <u>49,920</u>  |
| <b>(c) Kalbarri Airport Reserve</b>                    |                |                      |                |
| Opening Balance                                        | 20,533         | 20,533               | 19,311         |
| Amount Set Aside / Transfer to Reserve                 | 1,481          | 1,200                | 1,222          |
| Amount Used / Transfer from Reserve                    | (17,700)       | (17,700)             | 0              |
|                                                        | <u>4,314</u>   | <u>4,033</u>         | <u>20,533</u>  |
| <b>(d) Computer and Office Reserve</b>                 |                |                      |                |
| Opening Balance                                        | 27,081         | 27,081               | 25,469         |
| Amount Set Aside / Transfer to Reserve                 | 1,938          | 1,600                | 1,612          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|                                                        | <u>29,019</u>  | <u>28,681</u>        | <u>27,081</u>  |
| <b>(e) Plant Reserve</b>                               |                |                      |                |
| Opening Balance                                        | 5,989          | 5,989                | 5,632          |
| Amount Set Aside / Transfer to Reserve                 | 369            | 300                  | 357            |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|                                                        | <u>6,358</u>   | <u>6,289</u>         | <u>5,989</u>   |
| <b>(f) House and Building Reserve</b>                  |                |                      |                |
| Opening Balance                                        | 54,539         | 54,539               | 51,291         |
| Amount Set Aside / Transfer to Reserve                 | 3,618          | 3,000                | 3,248          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|                                                        | <u>58,157</u>  | <u>57,539</u>        | <u>54,539</u>  |
| <b>(g) Kalbarri Aged Persons Accommodation Reserve</b> |                |                      |                |
| Opening Balance                                        | 186,104        | 186,104              | 175,023        |
| Amount Set Aside / Transfer to Reserve                 | 28,934         | 26,720               | 11,081         |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|                                                        | <u>215,038</u> | <u>212,824</u>       | <u>186,104</u> |
| <b>(h) Northampton Aged Persons Reserve</b>            |                |                      |                |
| Opening Balance                                        | 106,657        | 106,657              | 100,307        |
| Amount Set Aside / Transfer to Reserve                 | 7,237          | 6,000                | 6,350          |
| Amount Used / Transfer from Reserve                    | 0              | 0                    | 0              |
|                                                        | <u>113,894</u> | <u>112,657</u>       | <u>106,657</u> |
| <b>(i) Town Planning Scheme Reserve</b>                |                |                      |                |
| Opening Balance                                        | 23,282         | 23,282               | 21,896         |
| Amount Set Aside / Transfer to Reserve                 | 549            | 504                  | 1,386          |
| Amount Used / Transfer from Reserve                    | (11,140)       | (22,400)             | 0              |
|                                                        | <u>12,691</u>  | <u>1,386</u>         | <u>23,282</u>  |

**SHIRE OF NORTHAMPTON**  
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|                                                  | 2014<br>\$     | 2014<br>Budget<br>\$ | 2013<br>\$    |
|--------------------------------------------------|----------------|----------------------|---------------|
| <b>(j) Townscape Car Park Reserve</b>            |                |                      |               |
| Opening Balance                                  | 5,385          | 5,385                | 5,065         |
| Amount Set Aside / Transfer to Reserve           | 373            | 300                  | 320           |
| Amount Used / Transfer from Reserve              | 0              | 0                    | 0             |
|                                                  | <u>5,758</u>   | <u>5,685</u>         | <u>5,385</u>  |
| <b>(k) Refuse Management Reserve</b>             |                |                      |               |
| Opening Balance                                  | 0              | 0                    | 353           |
| Amount Set Aside / Transfer to Reserve           | 0              | 0                    | 7             |
| Amount Used / Transfer from Reserve              | 0              | 0                    | (360)         |
|                                                  | <u>0</u>       | <u>0</u>             | <u>0</u>      |
| <b>(l) Sport and Recreation Reserve</b>          |                |                      |               |
| Opening Balance                                  | 5,585          | 5,585                | 5,252         |
| Amount Set Aside / Transfer to Reserve           | 370            | 300                  | 333           |
| Amount Used / Transfer from Reserve              | 0              | 0                    | 0             |
|                                                  | <u>5,955</u>   | <u>5,885</u>         | <u>5,585</u>  |
| <b>(m) Coastal Management Reserve</b>            |                |                      |               |
| Opening Balance                                  | 94,626         | 94,627               | 88,992        |
| Amount Set Aside / Transfer to Reserve           | 6,644          | 5,500                | 5,634         |
| Amount Used / Transfer from Reserve              | 0              | 0                    | 0             |
|                                                  | <u>101,270</u> | <u>100,127</u>       | <u>94,626</u> |
| <b>(n) Kalbarri Youth Activities Reserve</b>     |                |                      |               |
| Opening Balance                                  | 0              | 0                    | 775           |
| Amount Set Aside / Transfer to Reserve           | 0              | 0                    | 16            |
| Amount Used / Transfer from Reserve              | 0              | 0                    | (791)         |
|                                                  | <u>0</u>       | <u>0</u>             | <u>0</u>      |
| <b>(o) Specified Area Rate Reserve</b>           |                |                      |               |
| Opening Balance                                  | 2,201          | 2,201                | 12,452        |
| Amount Set Aside / Transfer to Reserve           | 858            | 700                  | 349           |
| Amount Used / Transfer from Reserve              | 0              | 0                    | (10,600)      |
|                                                  | <u>3,059</u>   | <u>2,901</u>         | <u>2,201</u>  |
| <b>(p) Footpath Reserve</b>                      |                |                      |               |
| Opening Balance                                  | 0              | 0                    | 440           |
| Amount Set Aside / Transfer to Reserve           | 0              | 0                    | 10            |
| Amount Used / Transfer from Reserve              | 0              | 0                    | (450)         |
|                                                  | <u>0</u>       | <u>0</u>             | <u>0</u>      |
| <b>(q) Northampton Industrial Units Reserve</b>  |                |                      |               |
| Opening Balance                                  | 0              | 0                    | 304,907       |
| Amount Set Aside / Transfer to Reserve           | 0              | 0                    | 6,419         |
| Amount Used / Transfer from Reserve              | 0              | 0                    | (311,326)     |
|                                                  | <u>0</u>       | <u>0</u>             | <u>0</u>      |
| <b>(r) Northampton 150th Anniversary Reserve</b> |                |                      |               |
| Opening Balance                                  | 21,048         | 21,048               | 10,000        |
| Amount Set Aside / Transfer to Reserve           | 820            | 820                  | 11,048        |
| Amount Used / Transfer from Reserve              | (21,868)       | (21,868)             | 0             |
|                                                  | <u>0</u>       | <u>0</u>             | <u>21,048</u> |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                              | 2014<br>\$           | 2014<br>Budget<br>\$ | 2013<br>\$           |
|----------------------------------------------|----------------------|----------------------|----------------------|
| <b>(s) Land Development Reserve</b>          |                      |                      |                      |
| Opening Balance                              | 505,289              | 505,289              | 339,193              |
| Amount Set Aside / Transfer to Reserve       | 0                    | 0                    | 166,096              |
| Amount Used / Transfer from Reserve          | 0                    | (10,000)             | 0                    |
|                                              | <u>505,289</u>       | <u>495,289</u>       | <u>505,289</u>       |
| <br>TOTAL RESERVES                           | <br><u>1,264,146</u> | <br><u>1,235,439</u> | <br><u>1,208,382</u> |
| <br>Total Opening Balance                    | <br>1,208,382        | <br>1,208,383        | <br>1,307,486        |
| Total Amount Set Aside / Transfer to Reserve | 106,472              | 99,024               | 224,423              |
| Total Amount Used / Transfer from Reserve    | (50,708)             | (71,968)             | (323,527)            |
| TOTAL RESERVES                               | <u>1,264,146</u>     | <u>1,235,439</u>     | <u>1,208,382</u>     |

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.

#### **11. RESERVES - CASH BACKED (continued)**

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

**Leave Reserve**

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

**Roadworks Reserve**

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

**Kalbarri Airport Reserve**

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

**Computer and Office Reserve**

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

**Plant Reserve**

- to be used for the purchase of major plant.

**House and Building Reserve**

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

**Kalbarri Aged Persons Accommodation Reserve**

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

**Northampton Aged Persons Reserve**

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

**Town Planning Scheme Reserve**

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

**Townscape Car Park Reserve**

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

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

**11. RESERVES - CASH BACKED (continued)**

Sport and Recreation Reserve

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

Coastal Management Reserve

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

Specified Area Rate Reserve

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

Northampton 150th Anniversary Reserve

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

Land Development Reserve

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

The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**12. REVALUATION SURPLUS**

**2014**  
**\$**

**2013**  
**\$**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

**(a) Land & Buildings**

|                       |                   |          |
|-----------------------|-------------------|----------|
| Opening Balance       | 0                 | 0        |
| Revaluation Increment | 15,202,537        | 0        |
| Revaluation Decrement | 0                 | 0        |
|                       | <u>15,202,537</u> | <u>0</u> |

**TOTAL ASSET REVALUATION SURPLUS**

|                   |          |
|-------------------|----------|
| <u>15,202,537</u> | <u>0</u> |
|-------------------|----------|

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**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:

|                           | <b>2014</b><br><b>\$</b> | <b>2014</b><br><b>Budget</b><br><b>\$</b> | <b>2013</b><br><b>\$</b> |
|---------------------------|--------------------------|-------------------------------------------|--------------------------|
| Cash and Cash Equivalents | <u>2,367,537</u>         | <u>1,755,187</u>                          | <u>3,614,001</u>         |

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

|                                                                          |                  |                |                  |
|--------------------------------------------------------------------------|------------------|----------------|------------------|
| Net Result                                                               | 299,959          | 1,193,459      | 3,867,999        |
| Depreciation                                                             | 1,669,569        | 2,005,044      | 1,783,387        |
| (Profit)/Loss on Sale of Asset                                           | 550,349          | (38,500)       | 62,112           |
| (Increase)/Decrease in Receivables                                       | (251,198)        | 88,253         | 329,815          |
| (Increase)/Decrease in Inventories                                       | 159              | 1,404          | (1,601)          |
| Increase/(Decrease) in Payables                                          | 175,404          | (121,558)      | (650,891)        |
| Increase/(Decrease) in Employee Provisions                               | 103,346          | 31,900         | 21,215           |
| Grants Contributions for the Development of Assets                       | (1,322,457)      | (2,629,369)    | (2,176,188)      |
| Profit on Revaluation of Fixed Assets                                    | 0                |                | 473,274          |
| Non-Current Assets recognised due to changes in legislative requirements | 0                | 0              | (2,263,177)      |
| Net Cash from Operating Activities                                       | <u>1,225,131</u> | <u>530,633</u> | <u>1,445,945</u> |

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

|                                      | <b>2014</b><br><b>\$</b> | <b>2013</b><br><b>\$</b> |
|--------------------------------------|--------------------------|--------------------------|
| Bank Overdraft limit                 | 500,000                  | 500,000                  |
| Bank Overdraft at Balance Date       | 0                        | 0                        |
| Credit Card limit                    | 5,000                    | 5,000                    |
| Credit Card Balance at Balance Date  | (1,262)                  | (1,278)                  |
| <b>Total Amount of Credit Unused</b> | <u>503,738</u>           | <u>503,722</u>           |

**Loan Facilities**

|                                                |                  |                  |
|------------------------------------------------|------------------|------------------|
| Loan Facilities - Current                      | 131,207          | 194,432          |
| Loan Facilities - Non-Current                  | 1,014,163        | 1,142,078        |
| <b>Total Facilities in Use at Balance Date</b> | <u>1,145,370</u> | <u>1,336,510</u> |

**Unused Loan Facilities at Balance Date**

NIL

NIL

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**14. CONTINGENT LIABILITIES**

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

|  | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

Contracted for:

|                                |         |   |
|--------------------------------|---------|---|
| - capital expenditure projects | 411,665 | 0 |
|--------------------------------|---------|---|

The capital expenditure project outstanding at the end of the current reporting period represents the construction of four industrial units at Kitson Circuit Northampton.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**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%.

|                                | <b>2014</b>    | <b>2013</b>    |
|--------------------------------|----------------|----------------|
|                                | <b>\$</b>      | <b>\$</b>      |
| <b>Non-Current Assets</b>      |                |                |
| Land & Buildings               | 144,545        | 144,545        |
| Less: Accumulated Depreciation | (34,570)       | (31,680)       |
|                                | <u>109,975</u> | <u>112,865</u> |

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

|                             | <b>2014</b>       | <b>2013</b>       |
|-----------------------------|-------------------|-------------------|
|                             | <b>\$</b>         | <b>\$</b>         |
| Governance                  | 1,212,415         | 503,261           |
| General Purpose Funding     | 247,887           | 476,026           |
| Law, Order, Public Safety   | 845,328           | 538,749           |
| Health                      | 955,295           | 604,927           |
| Education and Welfare       | 498,530           | 167,250           |
| Housing                     | 2,345,762         | 1,160,233         |
| Community Amenities         | 1,211,905         | 867,837           |
| Recreation and Culture      | 19,656,178        | 9,172,256         |
| Transport                   | 63,600,618        | 61,682,750        |
| Economic Services           | 176,192           | 49,684            |
| Other Property and Services | 4,494,285         | 2,562,270         |
| Unallocated                 | 2,890,033         | 4,759,079         |
|                             | <u>98,134,428</u> | <u>82,544,322</u> |



**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

|                                   | 2014   | 2013  | 2012   |
|-----------------------------------|--------|-------|--------|
| <b>18. FINANCIAL RATIOS</b>       |        |       |        |
| Current Ratio                     | 1.42   | 2.71  | 0.84   |
| Asset Sustainability Ratio        | 2.17   | 0.93  | 2.80   |
| Debt Service Cover Ratio          | 2.64   | 15.32 | 3.92   |
| Operating Surplus Ratio           | (0.20) | 0.36  | (0.14) |
| Own Source Revenue Coverage Ratio | 0.67   | 0.61  | 0.62   |

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 66 of this document.

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

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

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

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

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

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

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**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:

|                                          | Balance<br>1 July 2013<br>\$ | Amounts<br>Received<br>\$ | Amounts<br>Paid<br>(\$) | Balance<br>30 June 2014<br>\$ |
|------------------------------------------|------------------------------|---------------------------|-------------------------|-------------------------------|
| Town Planning - Security Bonds           | 5,000                        | 0                         | 0                       | 5,000                         |
| Galena Donations                         | 431                          | 0                         | 0                       | 431                           |
| Transportable Housing Bond               | 16,515                       | 520                       | (520)                   | 16,515                        |
| Footpath Deposits                        | 49,820                       | 3,000                     | (5,000)                 | 47,820                        |
| Horrocks Retention Fee - Parking/Stage 2 | 1,800                        | 0                         | 0                       | 1,800                         |
| Retentions - Subdivisions                | 164,737                      | 0                         | 0                       | 164,737                       |
| Building Levies (BCITF & BRB)            | 9,850                        | 0                         | (2,605)                 | 7,245                         |
| Community Bus Bond                       | 4,600                        | 400                       | (200)                   | 4,800                         |
| Safer WA Funds                           | 4,330                        | 0                         | (4,330)                 | 0                             |
| Northampton Cemetery Funds               | 920                          | 0                         | (920)                   | 0                             |
| Unclaimed Monies - Rates                 | 2,730                        | 858                       | (758)                   | 2,830                         |
| Nomination Deposits                      | 0                            | 320                       | 0                       | 320                           |
| DOLA - Parks & Gardens Development       | 0                            | 0                         | 0                       | 0                             |
| Aged Unit Bond                           | 1,506                        | 100                       | 0                       | 1,606                         |
| Council Housing Bonds                    | 1,460                        | 0                         | 0                       | 1,460                         |
| BROC - Management Funds                  | 1,174                        | 0                         | 0                       | 1,174                         |
| Kalbarri Youth Space Project Funds       | 1,125                        | 500                       | (1,125)                 | 500                           |
| Burning Off Fees                         | 216                          | 0                         | 0                       | 216                           |
| RSL Hall Key Bond                        | 430                          | 220                       | 0                       | 650                           |
| Peet Park Donations                      | 0                            | 0                         | 0                       | 0                             |
| Willa Guthurra                           | 0                            | 0                         | 0                       | 0                             |
| Special Series Plates                    | 1,090                        | 220                       | (20)                    | 1,290                         |
| Auction                                  | 0                            | 0                         | 0                       | 0                             |
| Kidsport                                 | 17,218                       | 11,000                    | (7,663)                 | 20,555                        |
| Public Open Space                        | 0                            | 0                         | 0                       | 0                             |
| ReDone (Kalbarri Park/Beach Shelters)    | 10,785                       | 0                         | (10,750)                | 35                            |
| NCCA                                     | 11,000                       | 25,000                    | (10,000)                | 26,000                        |
| Horrocks Memorial Wall                   | 0                            | 4,270                     | (743)                   | 3,527                         |
| One Life                                 | 0                            | 13,303                    | (8,840)                 | 4,463                         |
|                                          | <u>306,737</u>               |                           |                         | <u>312,974</u>                |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR**

The following assets were disposed of during the year.

|                              | Net Book Value |                | Sale Price     |                | Profit (Loss)    |               |
|------------------------------|----------------|----------------|----------------|----------------|------------------|---------------|
|                              | Actual<br>\$   | Budget<br>\$   | Actual<br>\$   | Budget<br>\$   | Actual<br>\$     | Budget<br>\$  |
| <b>Plant and Equipment</b>   |                |                |                |                |                  |               |
| Governance                   |                |                |                |                |                  |               |
| Toyota Kluga (DCEO)          | 19,240         | 26,500         | 19,091         | 21,000         | (149)<br>0       | (5,500)<br>0  |
| Law, Order, Public Safety    |                |                |                |                |                  |               |
| Ford Ranger - Kalbarri       | 17,533         | 19,000         | 13,636         | 12,000         | (3,897)          | (7,000)       |
| Fast Attack - Horrocks       | 13,270         | 0              | 17,773         | 0              | 4,503            | 0             |
| Fast Attack - Isseka         | 11,938         | 0              | 10,000         | 0              | (1,938)          | 0             |
| Recreation & Culture         |                |                |                |                |                  |               |
| Front Deck Mower - Horrocks  | 2,959          | 0              | 0              | 0              | (2,959)          | 0             |
| Transport                    |                |                |                |                |                  |               |
| Nissan Patrol - MWS          | 26,005         | 22,000         | 25,455         | 28,000         | (550)            | 6,000         |
| Front Deck Mower             | 4,500          | 36,000         | 4,500          | 4,500          | 0                | (31,500)      |
| Volvo Loader                 | 62,320         | 22,500         | 83,000         | 89,000         | 20,680           | 66,500        |
| Mitsubishi Tip Truck         | 0              | 0              | 0              | 10,000         | 0                | 10,000        |
| Other Property and Services  |                |                |                |                |                  |               |
| Write off - Land/Buildings * | 566,039        | 0              | 0              | 0              | (566,039)<br>0   | 0<br>0        |
|                              | <b>723,804</b> | <b>126,000</b> | <b>173,455</b> | <b>164,500</b> | <b>(550,349)</b> | <b>38,500</b> |

|        |                  |               |
|--------|------------------|---------------|
| Profit | 25,183           | 82,500        |
| Loss   | (575,532)        | (44,000)      |
|        | <u>(550,349)</u> | <u>38,500</u> |

\* Land and Buildings included in Council's asset register were reviewed as part of the Fair Value process. Any Land or Building items included in the asset register but no longer owned by Council were subsequently written off. The write-off included significant items such as land associated with Vic Location 1512 & 480 Horrocks totalling \$190,000 that no longer existed due to a prior subdivision and sale of land. Also the write-off included \$271,452 associated with the shared Emergency Services building in Kalbarri. Ownership of the building was transferred to the Department of Fire and Emergency Services in 2009.

**SHIRE OF NORTHAMPTON**  
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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

| Particulars                          | Principal<br>1 July<br>2013<br>\$ | Loan<br>Adjustment<br>\$ | Principal<br>Repayments |              | Principal<br>30 June 2014 |              | Interest<br>Repayments |              |
|--------------------------------------|-----------------------------------|--------------------------|-------------------------|--------------|---------------------------|--------------|------------------------|--------------|
|                                      |                                   |                          | Actual<br>\$            | Budget<br>\$ | Actual<br>\$              | Budget<br>\$ | Actual<br>\$           | Budget<br>\$ |
| <b>Other Property</b>                |                                   |                          |                         |              |                           |              |                        |              |
| 152 - Staff Housing*                 | 402,422                           |                          | 13,239                  | 13,240       | 389,183<br>0              | 395,638      | 26,730                 | 26,730       |
| <b>Recreation &amp; Culture</b>      |                                   |                          |                         |              |                           |              |                        |              |
| 147 - Kalbarri Bowling Club*         | 12,104                            |                          | 2,746                   | 2,746        | 9,358                     | 9,357        | 1,009                  | 746          |
| 148 - Kalbarri Library Extensions *  | 9,238                             |                          | 10,723                  | 12,529       | (1,485)                   | 110,716      | 7,758                  | 2,500        |
| 148A - Kalbarri Library Extensions * | 123,471                           | 1,486                    |                         |              | 124,957                   | 0            |                        |              |
| 151 - Kalbarri Bowling Club*         | 22,709                            |                          | 2,705                   | 2,705        | 20,004<br>0<br>0          | 20,005       | 1,420                  | 1,322        |
| <b>Transport</b>                     |                                   |                          |                         |              |                           |              |                        |              |
| 149 - Plant Purchases                | 296,987                           |                          | 51,241                  | 51,241       | 245,746                   | 245,746      | 22,281                 | 20,943       |
| 150 - Plant Purchases                | 79,579                            |                          | 79,579                  | 79,579       | 0                         | 0            | 3,419                  | 3,419        |
| 153 - Plant Purchases                | 390,000                           |                          | 32,393                  | 32,393       | 357,607                   | 357,607      | 22,184                 | 15,573       |
|                                      | 1,336,510                         | 1,486                    | 192,626                 | 194,433      | 1,145,370                 | 1,139,069    | 84,801                 | 71,233       |

All debenture repayments are to be financed by general purpose revenue with the exception of loans 147, 151 and 152 which are self supporting loans.

\* Loan 147 & 151 are funded by the Kalbarri Bowling Club.

\* Loan 152 is funded by the CEO, Mr Garry Keeffe.

\* Loan 148 was re-financed during 2013/14 as Loan 148A.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

(b) New Debentures - 2013/14

| Particulars/Purpose                | Amount Borrowed |           | Institution | Loan Type | Term (Years) | Total Interest & Charges \$ | Interest Rate % | Amount Used |           | Balance Unspent \$ |
|------------------------------------|-----------------|-----------|-------------|-----------|--------------|-----------------------------|-----------------|-------------|-----------|--------------------|
|                                    | Actual \$       | Budget \$ |             |           |              |                             |                 | Actual \$   | Budget \$ |                    |
| 148A - Kalbarri Library Extensions | 0               | 123,471   | WATC        | FIXED     | 10           |                             | 3.62            |             |           |                    |
|                                    | 0               | 123,471   |             |           |              | 0                           |                 | 0           | 0         | 0                  |

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$500,000 with the National Bank of Australia does exist. It is not anticipated that this facility will be required to be utilised during 2013/14.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. RATING INFORMATION - 2013/14 FINANCIAL YEAR**

| (a) Rates                                       | Rate in<br>\$         | Number<br>of<br>Properties | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Interim<br>Rates<br>\$ | Back<br>Rates<br>\$ | Total<br>Revenue<br>\$ | Budget<br>Rate<br>Revenue<br>\$ | Budget<br>Interim<br>Rate<br>\$ | Budget<br>Back<br>Rate<br>\$ | Budget<br>Total<br>Revenue<br>\$ |
|-------------------------------------------------|-----------------------|----------------------------|-------------------------|-----------------------|------------------------|---------------------|------------------------|---------------------------------|---------------------------------|------------------------------|----------------------------------|
| <b>RATE TYPE</b>                                |                       |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| <b>Differential General Rate / General Rate</b> |                       |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| General GRV                                     | 0.067410              | 2,537                      | 19,662,083              | 1,325,421             | 192                    | 0                   | 1,325,613              | 1,325,421                       | 0                               | 0                            | 1,325,421                        |
| General UV                                      | 0.009844              | 519                        | 194,708,350             | 1,916,709             | (3,946)                | 0                   | 1,912,763              | 1,916,710                       | 0                               | 0                            | 1,916,710                        |
| <b>Sub-Totals</b>                               |                       | 3,056                      | 214,370,433             | 3,242,130             | (3,754)                | 0                   | 3,238,376              | 3,242,131                       | 0                               | 0                            | 3,242,131                        |
| <b>Minimum Payment</b>                          | <b>Minimum<br/>\$</b> |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| General GRV                                     | 450                   | 999                        | 5,201,246               | 449,550               | 0                      | 0                   | 449,550                | 444,600                         | 0                               | 0                            | 444,600                          |
| General UV                                      | 450                   | 44                         | 1,980,199               | 20,250                | 0                      | 0                   | 20,250                 | 25,200                          | 0                               | 0                            | 25,200                           |
| <b>Sub-Totals</b>                               |                       | 1,043                      | 7,181,445               | 469,800               | 0                      | 0                   | 469,800                | 469,800                         | 0                               | 0                            | 469,800                          |
| Discounts (refer note 25.)                      |                       |                            |                         |                       |                        |                     | 3,708,176<br>(170,167) |                                 |                                 |                              | 3,711,931<br>(150,000)           |
| <b>Total Amount Raised From General Rate</b>    |                       |                            |                         |                       |                        |                     | <b>3,538,009</b>       |                                 |                                 |                              | <b>3,561,931</b>                 |
| Specified Area Rate (refer note 23.)            |                       |                            |                         |                       |                        |                     | 14,250                 |                                 |                                 |                              | 14,250                           |
| <b>Totals</b>                                   |                       |                            |                         |                       |                        |                     | <b>3,552,259</b>       |                                 |                                 |                              | <b>3,576,181</b>                 |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)**

**(b) Information on Surplus/(Deficit) Brought Forward**

|                                                        | <b>2014</b><br><b>(30 June 2014</b><br><b>Carried Forward)</b><br><b>\$</b> | <b>2014</b><br><b>(1 July 2013</b><br><b>Brought Forward)</b><br><b>\$</b> | <b>2013</b><br><b>(30 June 2013</b><br><b>Carried Forward)</b><br><b>\$</b> |
|--------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>Surplus/(Deficit) 1 July 13 Brought Forward</b>     | <u>1,106,696</u>                                                            | <u>2,333,095</u>                                                           | <u>2,333,095</u>                                                            |
| <b><u>Comprises:</u></b>                               |                                                                             |                                                                            |                                                                             |
| Cash and Cash Equivalents                              |                                                                             |                                                                            |                                                                             |
| Unrestricted                                           | 1,103,391                                                                   | 2,405,619                                                                  | 2,405,619                                                                   |
| Restricted                                             | 1,264,146                                                                   | 1,208,382                                                                  | 1,208,382                                                                   |
| Receivables                                            |                                                                             |                                                                            |                                                                             |
| Rates Outstanding                                      | 212,107                                                                     | 244,184                                                                    | 244,184                                                                     |
| Refuse Charge Debtors                                  | 46,196                                                                      | 36,643                                                                     | 36,643                                                                      |
| Sundry Debtors                                         | 280,778                                                                     | 17,648                                                                     | 17,648                                                                      |
| Emergency Services Levy                                | 43,784                                                                      | 48,660                                                                     | 48,660                                                                      |
| Provision for Doubtful Debts                           | (4,730)                                                                     | (4,730)                                                                    | (4,730)                                                                     |
| GST Receivable                                         | 15,662                                                                      | 0                                                                          | 0                                                                           |
| Inventories                                            |                                                                             |                                                                            |                                                                             |
| Fuel and Materials                                     | 11,128                                                                      | 11,287                                                                     | 11,287                                                                      |
| Land Held for Resale - Cost                            |                                                                             |                                                                            |                                                                             |
| Development Costs                                      | 318,182                                                                     | 318,182                                                                    | 318,182                                                                     |
| <b><u>Less:</u></b>                                    |                                                                             |                                                                            |                                                                             |
| Trade and other Payables                               |                                                                             |                                                                            |                                                                             |
| Sundry Creditors                                       | (441,183)                                                                   | (165,647)                                                                  | (165,647)                                                                   |
| Accrued Interest on Debentures                         | (11,452)                                                                    | (20,271)                                                                   | (20,271)                                                                    |
| Accrued Salaries and Wages                             | (69,774)                                                                    | (59,974)                                                                   | (59,974)                                                                    |
| Accrued Expenditure                                    | (54,806)                                                                    | (89,624)                                                                   | (89,624)                                                                    |
| GST Payable                                            | 0                                                                           | (90,180)                                                                   | (90,180)                                                                    |
| Debtors - Loan Repayment Credit                        | (9,280)                                                                     | (520)                                                                      | (520)                                                                       |
| Revenue Received in Advance                            | (15,125)                                                                    | 0                                                                          | 0                                                                           |
| Current Portion of Long Term Borrowings                |                                                                             |                                                                            |                                                                             |
| Secured by Floating Charge Debentures                  | (131,207)                                                                   | (194,432)                                                                  | (194,432)                                                                   |
| Current employee Benefits Provision                    | (514,588)                                                                   | (450,603)                                                                  | (450,603)                                                                   |
| <b><u>Net Current Assets</u></b>                       | <u><b>2,043,229</b></u>                                                     | <u><b>3,214,624</b></u>                                                    | <u><b>3,214,624</b></u>                                                     |
| Less:                                                  |                                                                             |                                                                            |                                                                             |
| Reserves - Restricted Cash                             | (1,264,146)                                                                 | (1,208,382)                                                                | (1,208,382)                                                                 |
| Land Held for Resale - Cost                            |                                                                             |                                                                            |                                                                             |
| Development Costs                                      | (318,182)                                                                   | (318,182)                                                                  | (318,182)                                                                   |
| Add:                                                   |                                                                             |                                                                            |                                                                             |
| Secured by Floating Charge Debentures                  | 131,207                                                                     | 194,432                                                                    | 194,432                                                                     |
| Component of leave liability not required to be funded | 514,588                                                                     | 450,603                                                                    | 450,603                                                                     |
| <b>Surplus/(Deficit)</b>                               | <u><b>1,106,696</b></u>                                                     | <u><b>2,333,095</b></u>                                                    | <u><b>2,333,095</b></u>                                                     |

**Difference**

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF NORTHAMPTON**  
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**23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR**

|                           | Rate in<br>\$ | Basis<br>of<br>Rate | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Budget<br>Rate<br>Revenue<br>\$ | Applied<br>to Costs<br>\$ | Budget<br>Applied<br>to Costs<br>\$ |
|---------------------------|---------------|---------------------|-------------------------|-----------------------|---------------------------------|---------------------------|-------------------------------------|
| Port Gregory Water Supply | 0.027996      | GRV                 | 508,992                 | 14,250                | 14,250                          | 10,632                    | 14,250                              |
|                           |               |                     |                         | 14,250                | 14,250                          | 10,632                    | 14,250                              |

**Port Gregory Water Supply**

The specified area rate for the Port Gregory Water Supply 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 2013/2014. There will be no transfer to or from a reserve.

**24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2013/14 FINANCIAL YEAR**

|                       | Type      | Disc % | Total<br>Cost/<br>Value<br>\$ | Budget<br>Cost/<br>Value<br>\$ |
|-----------------------|-----------|--------|-------------------------------|--------------------------------|
| Write-off             | Write-off | Nil    | 12,580                        | 0                              |
| General/Minimum Rates | Discount  | 6.00%  | 157,587                       | 150,000                        |
|                       |           |        | 170,167                       | 150,000                        |

A discount on rates is granted upon full payment of rates within 35 days of the date of service appearing on the rate notice.

**26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR**

|                                      | Interest<br>Rate<br>% | Admin.<br>Charge<br>\$ | Revenue<br>\$ | Budgeted<br>Revenue<br>\$ |
|--------------------------------------|-----------------------|------------------------|---------------|---------------------------|
| Interest on Unpaid Rates             | 10.00%                |                        | 15,664        | 35,000                    |
| Interest/Charges on Instalments Plan | 5.00%                 | 5.00                   | 26,272        | 17,500                    |
|                                      |                       |                        | 41,936        | 52,500                    |

Ratepayers had the option of paying rates in four equal instalments, due on 1st October 2013, 3rd December 2013, 4th February 2014 and 8th April 2014. Administration charges and interest applied for the final three instalments.



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| <b>27. FEES &amp; CHARGES</b> | <b>2014</b><br><b>\$</b> | <b>2013</b><br><b>\$</b> |
|-------------------------------|--------------------------|--------------------------|
| Governance                    | 10,420                   | 10,388                   |
| General Purpose Funding       | 0                        | 14,142                   |
| Law, Order, Public Safety     | 15,640                   | 15,059                   |
| Health                        | 560                      | 15,638                   |
| Education and Welfare         | 74,920                   | 51,272                   |
| Housing                       | 25,116                   | 19,398                   |
| Community Amenities           | 810,487                  | 890,141                  |
| Recreation and Culture        | 13,557                   | 16,886                   |
| Transport                     | 3,140                    | 5,809                    |
| Economic Services             | 74,757                   | 80,376                   |
| Other Property and Services   | 56,357                   | 61,273                   |
|                               | <u>1,084,954</u>         | <u>1,180,382</u>         |

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

**28. GRANT REVENUE**

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

|                                                   | <b>2014</b><br><b>\$</b> | <b>2013</b><br><b>\$</b> |
|---------------------------------------------------|--------------------------|--------------------------|
| <b>By Nature or Type:</b>                         |                          |                          |
| Operating Grants, Subsidies and Contributions     | 1,525,009                | 2,515,683                |
| Non-Operating Grants, Subsidies and Contributions | 1,322,457                | 2,176,188                |
|                                                   | <u>2,847,466</u>         | <u>4,691,871</u>         |
| <b>By Program:</b>                                |                          |                          |
| Governance                                        | 22,182                   | 451,988                  |
| General Purpose Funding                           | 763,195                  | 1,352,487                |
| Law, Order, Public Safety                         | 361,566                  | 197,438                  |
| Health                                            | 34,329                   | 40,905                   |
| Education and Welfare                             | 31,563                   | 654                      |
| Housing                                           | 11,523                   | 5,625                    |
| Community Amenities                               | 183,791                  | 46,416                   |
| Recreation and Culture                            | 349,618                  | 641,572                  |
| Transport                                         | 971,944                  | 1,386,025                |
| Economic Services                                 | 19,377                   | 25,437                   |
| Other Property and Services                       | 98,378                   | 562,974                  |
|                                                   | <u>2,847,466</u>         | <u>4,711,521</u>         |

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

|           |           |
|-----------|-----------|
| <u>34</u> | <u>35</u> |
|-----------|-----------|

**SHIRE OF NORTHAMPTON**  
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| <b>30. ELECTED MEMBERS REMUNERATION</b>                                                        | <b>2014<br/>\$</b> | <b>2014<br/>Budget<br/>\$</b> | <b>2013<br/>\$</b> |
|------------------------------------------------------------------------------------------------|--------------------|-------------------------------|--------------------|
| The following fees, expenses and allowances were paid to council members and/or the president. |                    |                               |                    |
| Meeting Fees                                                                                   | 18,110             | 18,950                        | 16,380             |
| President's Allowance                                                                          | 10,000             | 10,000                        | 10,000             |
| Deputy President's Allowance                                                                   | 1,000              | 1,000                         | 1,000              |
| Travelling Expenses                                                                            | 4,269              | 6,000                         | 6,025              |
| Telecommunications Allowance                                                                   | 4,000              | 4,500                         | 1,200              |
|                                                                                                | <u>37,379</u>      | <u>40,450</u>                 | <u>34,605</u>      |

**31. MAJOR LAND TRANSACTIONS**

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

(a) Details

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

|                               | <b>2014<br/>\$</b> | <b>2014<br/>Budget<br/>\$</b> | <b>2013<br/>\$</b> |
|-------------------------------|--------------------|-------------------------------|--------------------|
| (b) Current year transactions |                    |                               |                    |
| <b>Operating Revenue</b>      |                    |                               |                    |
| - Profit on sale              | 0                  | 0                             | (2,180)            |
| <b>Capital Revenue</b>        |                    |                               |                    |
| - Sale Proceeds               | 0                  | 0                             | 147,635            |
| <b>Capital Expenditure</b>    |                    |                               |                    |
| - Purchase of Land            | 0                  | 0                             | 0                  |
| - Development Costs           | 0                  | 0                             | 666,196            |
|                               | <u>0</u>           | <u>0</u>                      | <u>666,196</u>     |

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

|                       | <b>2015<br/>\$</b> | <b>2016<br/>\$</b> | <b>2017<br/>\$</b> | <b>2018<br/>\$</b> | <b>Total<br/>\$</b> |
|-----------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Cash Outflows</b>  |                    |                    |                    |                    |                     |
| - Development Costs   |                    | 0                  | 0                  | 0                  | 0                   |
| - Loan Repayments     | 0                  | 0                  | 0                  | 0                  | 0                   |
|                       | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>            |
| <b>Cash Inflows</b>   |                    |                    |                    |                    |                     |
| - Loan Proceeds       | 0                  | 0                  | 0                  | 0                  | 0                   |
| - Lease Fees          | 0                  | 0                  | 0                  | 0                  | 0                   |
|                       | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>            |
| <b>Net Cash Flows</b> | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>            |

**SHIRE OF NORTHAMPTON**  
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**31. MAJOR LAND TRANSACTIONS (Con't)**

**Northampton light Industrial Subdivision**

(a) Details

Land owned freehold by Council, has been subdivided on the northern side of Lot 74 Seventh Avenue, Northampton. Development of the industrial subdivision was started in 2010/2011 and scheduled for completion during 2014/2015 with the construction of four industrial units. The industrial units will be leased on completion.

|                               | 2014<br>\$     | 2014<br>Budget<br>\$ | 2013<br>\$     |
|-------------------------------|----------------|----------------------|----------------|
| (b) Current year transactions |                |                      |                |
| <b>Operating Revenue</b>      |                |                      |                |
| - Profit on sale              | 0              | 0                    | 0              |
| <b>Capital Revenue</b>        |                |                      |                |
| - Sale Proceeds               | 0              | 0                    | 0              |
| <b>Capital Expenditure</b>    |                |                      |                |
| - Purchase of Land            | 0              | 0                    | 0              |
| - Development Costs           | 371,151        | 618,412              | 475,746        |
|                               | <u>371,151</u> | <u>618,412</u>       | <u>475,746</u> |

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

|                       | 2015<br>\$     | 2016<br>\$    | 2017<br>\$    | 2018<br>\$    | Total<br>\$    |
|-----------------------|----------------|---------------|---------------|---------------|----------------|
| <b>Cash Outflows</b>  |                |               |               |               |                |
| - Development Costs   | 411,665        | 0             | 0             | 0             | 411,665        |
| - Loan Repayments     | 0              | 0             | 0             | 0             | 0              |
|                       | <u>411,665</u> | <u>0</u>      | <u>0</u>      | <u>0</u>      | <u>411,665</u> |
| <b>Cash Inflows</b>   |                |               |               |               |                |
| - Loan Proceeds       | 0              | 0             | 0             | 0             | 0              |
| - Lease Fees          | 0              | 25,000        | 25,750        | 26,500        | 77,250         |
|                       | <u>0</u>       | <u>25,000</u> | <u>25,750</u> | <u>26,500</u> | <u>77,250</u>  |
| <b>Net Cash Flows</b> | <u>411,665</u> | <u>25,000</u> | <u>25,750</u> | <u>26,500</u> | <u>488,915</u> |

Council did not participate in any major land transactions during the 2013/14.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Council held the following financial instruments at balance date:*

|                              | <b>Carrying Value</b> |                  | <b>Fair Value</b> |                  |
|------------------------------|-----------------------|------------------|-------------------|------------------|
|                              | <b>2014</b>           | <b>2013</b>      | <b>2014</b>       | <b>2013</b>      |
|                              | <b>\$</b>             | <b>\$</b>        | <b>\$</b>         | <b>\$</b>        |
| <b>Financial Assets</b>      |                       |                  |                   |                  |
| Cash and cash equivalents    | 2,367,537             | 3,614,001        | 2,367,537         | 3,614,001        |
| Receivables                  | 1,047,721             | 815,609          | 1,032,059         | 815,609          |
|                              | <u>3,415,258</u>      | <u>4,429,610</u> | <u>3,399,596</u>  | <u>4,429,610</u> |
| <b>Financial Liabilities</b> |                       |                  |                   |                  |
| Payables                     | 601,620               | 426,216          | 601,620           | 426,216          |
| Borrowings                   | 1,145,370             | 1,336,510        | 989,764           | 1,124,526        |
|                              | <u>1,746,990</u>      | <u>1,762,726</u> | <u>1,591,384</u>  | <u>1,550,742</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  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**33. 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**

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

|                                                                  | <b>2014</b>           | <b>2013</b>           |
|------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                  | <b>\$</b>             | <b>\$</b>             |
| Impact of a 1% <sup>(1)</sup> movement in interest rates on cash |                       |                       |
| - Equity                                                         | 36,343                | 36,140                |
| - Statement of Comprehensive Income                              | 36,343 <sup>(2)</sup> | 36,140 <sup>(*)</sup> |

**Notes:**

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

<sup>(2)</sup> Maximum impact.

**SHIRE OF NORTHAMPTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(b) Receivables**

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

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

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

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

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

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

|                                        | <b>2014</b> | <b>2013</b> |
|----------------------------------------|-------------|-------------|
| Percentage of Rates and Annual Charges |             |             |
| - Current                              | 0.00%       | 0.00%       |
| - Overdue                              | 100.00%     | 100.00%     |
| Percentage of Other Receivables        |             |             |
| - Current                              | 95.14%      | 20.62%      |
| - Overdue                              | 4.86%       | 79.38%      |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(c) Payables**

**Borrowings**

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

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

|                    | <b>Due<br/>within<br/>1 year<br/>\$</b> | <b>Due<br/>between<br/>1 &amp; 5 years<br/>\$</b> | <b>Due<br/>after<br/>5 years<br/>\$</b> | <b>Total<br/>contractual<br/>cash flows<br/>\$</b> | <b>Carrying<br/>values<br/>\$</b> |
|--------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|----------------------------------------------------|-----------------------------------|
| <b><u>2014</u></b> |                                         |                                                   |                                         |                                                    |                                   |
| Payables           | 601,620                                 | 0                                                 | 0                                       | 601,620                                            | 601,620                           |
| Borrowings         | 188,839                                 | 676,514                                           | 621,989                                 | 1,487,342                                          | 1,145,370                         |
|                    | <u>790,459</u>                          | <u>676,514</u>                                    | <u>621,989</u>                          | <u>2,088,962</u>                                   | <u>1,746,990</u>                  |
| <b><u>2013</u></b> |                                         |                                                   |                                         |                                                    |                                   |
| Payables           | 426,216                                 | 0                                                 | 0                                       | 426,216                                            | 426,216                           |
| Borrowings         | 230,320                                 | 639,906                                           | 886,516                                 | 1,756,742                                          | 1,336,510                         |
|                    | <u>656,536</u>                          | <u>639,906</u>                                    | <u>886,516</u>                          | <u>2,182,958</u>                                   | <u>1,762,726</u>                  |

**SHIRE OF NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(c) Payables**  
**Borrowings (Continued)**

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

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

|                                             | <1 year<br>\$ | >1<2 years<br>\$ | >2<3 years<br>\$ | >3<4 years<br>\$ | >4<5 years<br>\$ | >5 years<br>\$ | Total<br>\$ | Weighted<br>Average<br>Effective<br>Interest Rate<br>% |
|---------------------------------------------|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--------------------------------------------------------|
| <b><u>Year Ended 30 June 2014</u></b>       |               |                  |                  |                  |                  |                |             |                                                        |
| <b>Borrowings</b>                           |               |                  |                  |                  |                  |                |             |                                                        |
| <b>Fixed Rate</b>                           |               |                  |                  |                  |                  |                |             |                                                        |
| Debentures                                  | 0             | 0                | 9,357            | 245,746          | 123,471          | 766,795        | 1,145,369   | 5.19%                                                  |
| Weighted Average<br>Effective Interest Rate | 0.00%         | 0.00%            | 6.40%            | 7.26%            | 4.09%            | 4.69%          |             |                                                        |
| <b><u>Year Ended 30 June 2013</u></b>       |               |                  |                  |                  |                  |                |             |                                                        |
| <b>Borrowings</b>                           |               |                  |                  |                  |                  |                |             |                                                        |
| <b>Fixed Rate</b>                           |               |                  |                  |                  |                  |                |             |                                                        |
| Debentures                                  | 219,906       | 0                | 0                | 12,098           | 296,897          | 807,609        | 1,336,510   | 5.75%                                                  |
| Weighted Average<br>Effective Interest Rate | 4.95%         | 0.00%            | 0.00%            | 6.40%            | 7.36%            | 5.36%          |             |                                                        |



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

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Northampton, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

### **AUDITOR'S OPINION**

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2014 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).

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 66 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 10 December 2014  
Perth, WA

**SHIRE OF NORTHAMPTON  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2014**

**RATIO INFORMATION**

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

|                             | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|-----------------------------|-------------|-------------|-------------|
| Asset Consumption Ratio     | 0.73        | 0.61        | N/A         |
| Asset Renewal Funding Ratio | 0.74        | 0.75        | N/A         |

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 | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |

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

10 December 2014

Mr G Keeffe  
Chief Executive Officer  
Shire of Northampton  
PO Box 61  
NORTHAMPTON WA 6535



Dear Garry

**AUDIT OF SHIRE OF NORTHAMPTON  
FOR THE YEAR ENDED 30 JUNE 2014**

We advise that we have completed the audit of your Shire for the year ended 30<sup>th</sup> June 2014 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely

GREG GODWIN  
PARTNER

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

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Northampton, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

### **AUDITOR'S OPINION**

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2014 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).

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 66 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 10 December 2014  
Perth, WA

10 December 2014

The Shire President  
Shire of Northampton  
PO Box 61  
NORTHAMPTON WA 6535

Dear Cr Wilson

16 Lakeside Corporate | 24 Parkland Road  
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## MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2014

We advise that we have completed our audit procedures for the year ended 30th June 2014 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures, or all audit matters of interest to Council, which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions, which, we hope, will be useful to you.

## COMMENT ON FINANCIAL POSITION

Last year (the year ended 30 June 2013) we saw the introduction of new financial reporting ratios for local governments in Western Australia.

This year (the year ended 30 June 2014) is the second year of these new ratios and the information relating to these ratios is summarised below:

|                                   | Target Ratio <sup>1</sup> | Council's Actual Ratios |         |        | 3 Year Trend <sup>2</sup> |
|-----------------------------------|---------------------------|-------------------------|---------|--------|---------------------------|
|                                   |                           | 2014                    | 2013    | 2012   |                           |
| Current Ratio                     | ≥ 1                       | 1.42                    | 2.71    | 0.84   | ↓                         |
| Asset Sustainability Ratio        | ≥ 1.1                     | 2.17                    | 0.93    | 2.80   | ↑                         |
| Debt Service Cover Ratio          | ≥ 15                      | 2.64                    | 7.60*   | 3.92   | ↓                         |
| Operating Surplus Ratio           | ≥ 0.15                    | (0.20)                  | (0.02)* | (0.14) | ↓                         |
| Own Source Revenue Coverage Ratio | ≥ 0.9                     | 0.67                    | 0.64*   | 0.62   | ↑                         |
| Asset Consumption Ratio           | ≥ 0.75                    | 0.73                    | 0.61    | N/A    | ↑                         |
| Asset Renewal Funding Ratio       | ≥ 1.05                    | 0.74                    | 0.75    | N/A    | ↓                         |

**Above target as per guidelines**

**Within acceptable banding as per guidelines**

**Below acceptable banding as per guidelines**

<sup>1</sup> Target ratios per Department of Local Government and Communities Guidelines (DLGC) except the Debt Service Cover Ratio which is a target devised by UHY Haines Norton (and based on experience). For information, DLGC Guidelines establish a target Debt Service Cover Ratio of 5.

<sup>2</sup> The 3 year trend compares the 2014 ratio to the average of the last 3 years (except for the Asset Consumption Ratio and Asset Renewal Funding Ratio which is the 2 year trend).

\* Adjusted for "one-off" non-cash items.



## COMMENT OF RATIOS (CONTINUED)

Ratios provide useful information when compared to industry and internal benchmarks and assist in identifying trends. Whilst not conclusive in themselves, understanding ratios, their trends and how they interact is beneficial for the allocation of scarce resources and planning for the future.

We provide commentary on specific ratios (identified as red in the table above) as follows:

### **Debt Service Cover Ratio**

This ratio is well below target levels and trending downwards.

The Debt Service Cover Ratio measures Council's ability to service debt out of its uncommitted or general purpose funds available from its operations.

Whilst we acknowledge borrowings have not increased in recent years (in fact the overall level of borrowings has decreased) the downward trend in the ratio has occurred as a result of Council incurring an operating deficit (refer to our comments regarding the Operating Surplus Ratio below).

### **Operating Surplus Ratio**

This ratio is below target levels and trending downwards.

A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode Council's ability to service debt and maintain both its operational service level and asset base over the longer term whilst a positive ratio which is consistently above 0.15 provides the Shire with greater flexibility in meeting operational service levels and asset management requirements.

Council's Statement of Comprehensive Income indicates the level and downward trend is caused by Council incurring an operating deficit which has been compounded by the write off of land and buildings identified through the revaluation exercise.

### **Asset Renewal Funding Ratio (ARFR)**

This ratio is below target levels and trending downwards.

The Asset Renewal Funding Ratio indicates whether Council's planned capital renewal expenditure over the next 10 years per its Long Term Financial Plan (LTFP) is sufficient to meet the required capital renewal expenditure over the next 10 years per its Asset Management Plans (AMPs).

As this ratio is less than the high risk industry benchmark it indicates Council may not have the financial capacity to fund asset renewal as required by its AMPs.

Interpretation of this ratio should be considered together with the Asset Sustainability Ratio (ASR) (Medium risk at 0.93) and the Asset Consumption Ratio (ACR) (Low risk at 0.61).

### **Summary**

Whilst all ratios (with the exception of the Current Ratio) are new and it may take some time for their implication to be fully understood, they should be duly considered in the context of the Shire's particular circumstances as part of its overall financial management.

We will continue to monitor the ratios in future financial years and suggest it is prudent for Council and management to do so also as they strive to manage the scarce resources of the Shire.

We noted no other matters which we wish to draw to Council's attention.



**UNCORRECTED MISSTATEMENTS**

We advise there were no uncorrected misstatements noted by us during the course of our audit.

We take this opportunity to thank the Chief Executive Officer and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



GREG GODWIN  
PARTER  
Encl.