



2018/2019 ANNUAL REPORT



COUNCILLORS



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COUNCIL & COMMITTEE MEETINGS

COUNCIL MEETINGS

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

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

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

COMMITTEE MEETINGS

Council has no operational standing committees however the following standing committees have been retained and meet on an as needs basis. The members listed are those as at 30 June 2017.

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

Audit Committee

Cr's Simkin, Krakouer, Suckling, Carson & Smith

Disability Services Committee

Cr's Stewart, Suckling, Stock-Standen and Building Surveyor/Environmental Health Officer

Staff Occupational, Health & Safety Committee

Cr's Carson, Stock-Standen & Krakouer

Senior Staff Employment Performance Review Committee

Cr's Simkin, Krakouer, Carson, Stewart, Smith & CEO



PRESIDENTS REPORT – CR CRAIG SIMKIN

It is with great pleasure that as President of the Northampton Shire Council that I present my 2018/19 Annual Report.

The year has once again been a rewarding one with some challenges in local government. We had a change in auditors with different compliant requirements which has no doubt placed additional workload on the management staff who have met these challenges with professional outcomes. There were a couple of variations that had to be met and these were solved with no ramifications to our shire and staff.

Other challenges that are presenting themselves are the reclaiming of unpaid rates which has put another burden on senior staff to address and I wish we didn't have to do this but it puts a strain on the Council budget so we have to pursue through legal avenues the recovery of outstanding rates.

Throughout the year one of the major projects commissioned by State Government was the lead tailings cleanup of the Northampton townsite. Merit Consulting were engaged to undertake the works which took longer than originally estimated however the result of near all lead tailings that could pose a health risk have been removed from various sites within the town.

There have been a few celebrations of significance throughout the year. Two were 60 year anniversaries of the Binnu Primary School and the Kalbarri District High School. I had the pleasure of attending both and can say that they were well presented and attended by past principals, teachers and students. While on schools, Binnu Primary has joined the Independent School Association.

Owen Simkin was presented with the longevity award medal for his services to the Port Gregory/Yallabatharra fire brigades. This event was performed at the Port Gregory caravan park entertainment shed where I did the presentation and must say was a great night, well attended by locals and members of Department of Fire and Emergency Services. Well rewarded.

Another special mention is the state 2018 Local Government Road Safety Award in Category C – Safe System Approach, Local Road Safety Partnerships, received by the Council through the efforts of the Kalbarri Road Wise Committee. The Committee were also nominated for a National Award however were unsuccessful.

It is pleasing to say that the White Cliffs Road building and sealing project has been completed and the asset it brings to our shire in helping locals and tourists connecting Horrocks Beach to Port Gregory and Kalbarri. The Chilimony Road widening has also been completed. Whilst on roads, the Binnu West Road T junction corner is also completed. This item has been on the agenda for many years and would like to thank the family involved for their support to let it proceed.

A major Council funded project within the Corporate Business Plan that has commenced is the redevelopment of the RSL Hall where a new visitors centre and additional memorabilia display area is being constructed as well as improvements to the ablutions and provision of a storeroom. The Northampton RSL Sub Branch are also renovating the kitchen and installing a bar area. Regrettably Council was unable to secure any grant funding for the project and therefore is utilising council loan funds and own resources to fund the project.

There are a number of projects still to begin and Council is working towards these and hopefully will be able to secure grant funding to bring them to fruition in future years.

Pink Lake parking and viewing platforms are in consultation stage with Mid West Development Commission preparing a master plan and when adopted will allow applications for Government funding to install the urgently required infrastructure.

Kalbarri National Park skywalk is still a progress in motion where the two walkways are in place and the infrastructure for car parks, toilets and kiosk are beginning.

The proposed Kalbarri to Shark Bay Coastal Road has once again been raised in the government and tourism circles as a major project for our shire however until such time funding becomes available for the final route survey and land tenure for the road and then its construction, it is unlikely that any further progress will occur for a number of years.

It is with sadness that ex Councillor Mac Holt passed away earlier this year. We pass on our condolences to his wife Chris and family.

To my fellow Councillors, senior management, administration and works staff, I take this opportunity to once again thank you for a job well done and your support throughout year. I believe we have achieved a great deal with reduced Government funding.

To everyone in our shire I thank you for your support as we progress into another year.



White Cliffs Road



CHIEF EXECUTIVE OFFICERS REPORT

It is with pleasure to present my annual report on the 2018/2019 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
Manager of Works and Technical Services	Neil Broadhurst

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

In accordance with provisions of *Regulation 19B of the Local Government (Administration Regulations) Act 1995*, it is reported that the one staff members annual salary is within the band \$150,000 to \$170,000 and two staff members annual salaries are within the band \$100,000 to \$130,000.

BUDGETING

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

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

Finance

The Shire had a surplus cash position at 30 June 2019 of \$1,952,735. This surplus cash position includes restricted cash of \$1,481,012 associated with the following:

Prepaid Financial Assistance Grant	\$839,685
Roads to Recovery Grant unspent – Binnu West Road	\$148,431
Loan – Balance of loan unexpended for RSL Hall	\$412,100
Old School Building Upgrade – RED's Grant	\$ 65,442
ESL for BFS & SES received in advance	\$ 15,354

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

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

General Purpose Grant

Whilst the demand for works and services throughout the Shire is increasing the levels of Government funding, particularly the General Purpose Grant and Roadworks funds has been static in recent years which places extra pressure on Council with costs increasing.

2008/2009	\$1,052,350	2009/2010	\$1,072,083
2010/2011	\$1,148,048	2011/2012	\$1,238,720
2012/2013	\$1,287,165	2013/2014	\$1,440,321
2014/2015	\$1,487,705	2015/2016	\$1,485,645
2016/2017	\$1,485,000	2017/2018	\$1,499,146
		2018/2019	\$1,570,123

The indicative grant for 2019/20 is \$1,637,628 an increase of \$67,505.

Major Sources of Income

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

Rates	\$4,647,850
Road Grants	\$2,132,000
Refuse Charges	\$ 817,179
Other Government Grants	\$1,238,480
Fees/Charges, reimbursements	\$ 501,322
Interest on Investments	\$ 54,982
Reserve Funds utilised	\$ 168,370
Asset Sales	\$ 135,318
Rebates & Commissions	\$ 94,725

COMMUNITY STRATEGIC PLAN & CORPORATE BUSINESS PLAN

Community Strategic Plan

Council undertook a review of the strategic plan within 2017/18. Community input was requested through letter drop advice inviting residents to submit requests/ideas. General advertising of the review was also undertaken. 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.

A full review including community consultation will be undertaken in 2019/20.

Corporate Business Plan

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

- The plan identifies and prioritises the principal strategies and activities Council will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.
- The plan states the services, operations and projects that a local government will deliver over the period of the plan, method for delivering these and the associated cost.
- The plan references resourcing considerations such as asset management plans, finances and workforce plans.
- The plan is to be reviewed annually.

The Corporate Business Plan also has the following supporting documents:

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

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

Workforce Plan (WFP) – This plan has been developed and there are no foreseeable major changes to staffing levels.

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

Reporting Requirements

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

The following changes were made to the respective asset management plans:

Buildings Capital Upgrade – New Works

That the provision of new ablutions at Kings Park in 2020/21 be increased from \$80,000 to \$100,000.

Recreation Capital Renewal

1. Deferred the provision of \$40,000 for a shelter over the Horrocks foreshore playground to 2021/22 at the request of the Horrocks Community Centre.
2. A provision of \$60,000 Outdoor Gym project for consideration in 2021/22.
3. Amended the timing of the purchases of bin surrounds and bollard lights within the Corporate Business Plan, such that the bollard lights form part of Stage 3 works (2019/20) and bin surrounds form part of Stage 4 works (2020/21).
4. Amended the Corporate Business Plan to reflect the above, with a provision of \$159,500 in 2019/20 and \$109,000 in 2020/21 for the Kalbarri foreshore parkland upgrade.

Road Projects & Car Parks

That the following changes to Road Projects and Car Parks asset management plan were made:

1. O'Connor & Lauder Streets sealing - Council list a provision of \$60,000 project for consideration in 2020/21 within the Corporate Business Plan.
2. Parker & Wundi Roads - Council list a provision of \$400,000 for consideration in 2023/24 within the Corporate Business Plan.
3. Burgess Street, Northampton - Council list a provision of \$60,000 for consideration in 2024/25 within the Corporate Business Plan.
4. That the bitumen sealing of the balance of Harvey Road to the intersection of Horry Road, and Horry Road up to entrance of the Northampton aerodrome (a total of 3.4km) be brought forward to 2019/20;
5. Defer the Binnu East Road re-seal to 2020/21 (project cost \$383,484);
6. Allocate the following projects to 2019/20:
 - Harvey and Horry project \$223,000
 - Thornton & Erwood project \$72,000
 - Kalbarri Road shoulders works \$101,700
 - Port Gregory Road shoulder works \$59,667;
7. Transfer reseal of Ogilvie East Road from 2022/23 to 2021/22;
8. Transfer the following projects from 2023/24 to 2022/23:
 - Anchorage Lane reseal - \$13,000
 - Essex Street reseal - \$12,000
 - John Street reseal - \$31,000

9. Deletion of re-sealing of George Grey Drive in 2020/21 as this has already been undertaken.
10. Grey Street, Kalbarri – Parallel Parking - Council list a provision of \$120,000 for consideration in 2021/22.
11. Grey Street, Kalbarri - Council list a provision of \$251,000 for consideration in 2021/22 using own resources and continuing in 2022/23 utilising Roads to Recovery Funding.
12. Porter Street, skate park car park - Council list a provision of \$125,000 for consideration in 2024/25.
13. Kalbarri CBD Car Park - Council list a provision of \$47,000 for consideration in 2019/20.

Footpaths

Council change the Kalbarri footpath plan with the footpath proposed for Gantheaume Crescent, Kalbarri, to be located on the northern side of the street.

Port Gregory - Council list the project for consideration in 2019/20, with the footpath to be constructed from concrete

Current Footpath Plan be amended by:

1. Stephen Street footpath to be rescheduled to occur in 2019/20
2. Delete the footpath planned for Essex Street
3. Defer the Red Bluff Road footpath to occur in 2020/21

Plant Purchases

That Council amend the Plant Replacement Plan by:

2019/20 Year

1. Not replace the EHO/Building Surveyor vehicle due to officer retiring and the position not being filled at this stage.
2. Delete the purchase of a free roller and include this within the changeover of the grader in 2021/22.
3. Transfer the purchase of the tipping trailer that is programmed for 2022/23 for consideration with new truck purchase in 2019/20.

2020/21 Year

4. Item 3 – Ranger Utility, delete as is to be purchased in 2019/20.

2021/22 Year

5. Add replacement of two leading hand utilities, being:
 - Maintenance Leading Hand Northampton purchase \$52,000, trade \$5,000
 - Construction Crew Leading Hand purchase \$54,000, trade \$5,000
6. Defer Kalbarri Loader purchase to 2023/24
7. Defer Tip Truck purchase to 2022/23

2022/23 Year

8. Delete purchase of utility for Kalbarri Gardener as is a duplication.
9. Add replacement of multi wheel roller \$190,000 purchase with trade of \$10,000.

2025/26 Year

10. Delete the purchase of four utilities, being Items 3 to 6 as are listed in error and are to be considered in 2027/28 and 2028/29.

Other Community Projects

Northampton Cemetery Fence

Replacement of the Northampton Cemetery boundary fence on Stone Street and Onslow Street with Bostik fencing at a cost of \$78,500 for consideration in 2019/20 within the Corporate Business Plan.



STATE RECORDS ACT 2000 – STANDARD 2/PRINCIPAL 6

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

Item 6.1 - Staff Training, Information Sessions, Publications.

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

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

Item 6.2 – Performance Indicators in place

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

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

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

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

Item 6.3 – Agency Evaluation

The Shire of Northampton's record keeping system undertook a full review in 2017/2018 and will be continually reviewed and improved where possible in order to pursue best practice for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

CONCLUSION

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

I also take this opportunity to thank the many residents who have assisted Council in some form in achieving its goals and objectives throughout 2018/2019.

GARRY L KEEFFE
CHIEF EXECUTIVE OFFICER



WORKS & TECHNICAL SERVICES

NEIL BROADHURST MANAGER FOR WORKS & TECHNICAL SERVICES

Foreword

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

Regional Road Group Projects consisted of two main works being the continuation of shoulder reconditioning works on Kalbarri Road between 13.00 and 23.00 slk. Competitive tendering allowed for some additional works to be undertaken within the same scope and location of past works. The other works were a reseal of George Grey Drive south of Kalbarri from Stiles Road through to Red Bluff Road.

Roads to Recovery funding for the year assisted:

- with the continuing improvement works associated with sections of Chilimony Road, being Stage 3 works north of North Road which included widening and sealing of this section.
- Porter Street, Kalbarri resealed from Nanda Drive through to the cemetery.
- Reconstruction of the Binu West Road intersection with Chilimony Road, corner realignment works completed with an extension of works allowed into July 2019,
- Hatch Road floodway works commenced however following extensive rain resulted in these works being listed for 2019/2020 once winter conditions have passed.

Royalties for Regions funding completed White Cliffs Road construction to a bitumen road. This road will no doubt be of great benefit to the area with tourism development.

Councils own resources were utilised for:

- completion of a significant reseal program for Northampton and Kalbarri townsites, In Northampton re-seal works undertaken on a section of Stephen Street, Onslow Street plus the entire Northampton Community Centre carpark. In Kalbarri re-seal works undertaken on Atkinson Crescent, Sutherland Street, Porter Street and Stiles Road resealed. In addition a further carpark to the south of Kalbarri IGA was constructed and sealed.

- Dual Use Pathway works continued with the replacement of the aged Dual Use Pathway along Hampton Road from Stephen Street South. Kalbarri saw the installation of a short section of Dual Use Pathway along Nanda Drive connecting to the Malaleuca pathway network plus an upgrade of the Dual Use Pathway from the Clinamen's carpark area to the Chinamen's toilet facilities.

Various other improvements and specific maintenance works to the town sites of Northampton, Kalbarri, Port Gregory and Horrocks were undertaken to enable continual enhancements to these areas to be ongoing. Noticeable works undertaken in this area were the completion of the Northampton Lions Park culvert extension and stone headwall works. New table and chair facilities at Northampton's Kings Park area. The installation of a new set of stairs at the jakes point carpark park area opposite Rainbow Jungle plus new bulk materials bins at the Kalbarri depot.

Plant fleet was upgraded seeing the Shire take delivery of a new Grader and free roller.

The 2018/2019 construction program again utilised contractor resources mainly in shoulder reconditioning works on the Kalbarri Road and full-service bitumen reseal works throughout the Shire. It is anticipated this use of contractors shall continue in works areas that are set in the amount of works required of a routine and known environment.

From a management perspective it is believed the Construction and Maintenance arm, and the Parks and Gardens section of the Council have had a very successful year as per the 2018/2019 financial year program. All major works have been completed in a timely manner and within reasonable budget expectations. Unfortunately and disappointingly many of the smaller type works have not been completed and have since been included as carry over works within the 2019/2020 budget.





ENVIRONMENTAL HEALTH & BUILDING SERVICES

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

Principal Environmental Health Officer/Building Surveyor – Glenn Bangay
Environmental Health Officer - Wendy Dallywater

ENVIRONMENTAL HEALTH (Shire of Northampton, Shire of Chapman Valley & Shire of Shark Bay)

- Inspection of Food Premises, including stall holders and mobile food vendors;
- Surveillance of Food Standards;
- Ensuring currency of Legislation;
- Attendance as required on recall of food product;
- Hairdressing establishments, including body piercing (ears nose, etc.);
- Chiropractic and physiotherapy establishments;
- Inspection and surveillance of seven refuse sites and transfer stations, processing and submitting annual reports to Department of Water and Environmental Regulation, and enforcing any and all restrictions/requirements adhered to those refuse site licences;
- Waste Management – recycling, refuse and rubbish;
- Monitoring Council's refuse contractor's performance and billing process;
- Caravan Parks and Camping Grounds;
- Other public and private accommodation;
- Public buildings;
- Public swimming pools (e.g. at motels, resorts);
- Approval and inspection of effluent disposal systems;
- Follow-up of Notifiable Disease Notifications;
- Sampling of potable water supplies, public swimming pools, reuse treated sewage (golf course) and ground water at the Kalbarri Refuse Site, Port Gregory and other significant ground water sites;
- Noise, dust and other health related complaints;
- Monitor and review Asbestos Register of Council owned buildings and infrastructure;
- General advice to the public on matters relating to environmental health; and
- Any other relevant health matter required to be attended to by Council staff.

BUILDING (Shire of Northampton and Shire of Shark Bay)

- Assessment of Building Applications for compliance with the National Construction Code of Australia and relevant Australian Standards;
- Issue of Certificate of Design Compliance for Class 1 & 10 buildings;
- Process and issue of Building Permits;
- Process and issue of Demolition Permits;
- Monitoring the handling and disposal of any Asbestos Containing Materials and the compliance with the ACM Handling and Disposal Code;
- Inspection of building works during the course of construction and on completion, including site-works, concrete footings and slabs, timber floor, wall and roof framing, masonry work, anchorage and tie down details, practical completion; as and when required by the NCC;
- Initial and periodic compliance inspections of private swimming pools barrier fencing, gates and access points;
- Disability Access and Inclusion Issues including annual reporting;
- Inspection and maintenance of Council controlled and owned buildings including preparing and overseeing Council building maintenance budget;
- Maintain close liaison with builders, architects/draftsmen and owner builders to ensure a satisfactory standard of building construction and compliance with the Building Code of Australia, is maintained; and
- Any other relevant building matter required to be attended to by Council staff.

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

RESOURCE SHARING

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

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 review of disability services within the Shire of Northampton annually and makes recommendations as to future works and projects to enhance disability access to all areas. Note! All new buildings are compliant with disability access, fixtures and services.

New disabled and ambulant compliant ablution blocks have been constructed at the Blue Holes beach in Kalbarri and at the Kalbarri Camp facility.

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 Works and Environmental Regulation requirements.

The Northampton refuse site/transfer station was been downgraded from a putrescible site to inert and green waste site. The Hazardous Waste Area that was developed under licence approval from DWER is being maintained as per approval conditions, this site was developed to receive the chemical contaminated soil from the Woodcock Hardware fire.

The Kalbarri refuse site/transfer station is no longer used as a putrescible site but still maintains the licence as a putrescible site. This provides the Shire with the potential to reopen this site as a putrescible refuse site if required in the future. ACM is received at this site and disposed of in compliance with DWER guidelines.

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

PUBLIC SWIMMING POOLS

Inspections and water sampling of 29 Public Swimming Pools is conducted on a monthly basis, within the Shire of Northampton, Shire of Chapman Valley, and Shire of Shark Bay as per the requirements of the new regulations.

RECYCLED WASTEWATER SAMPLING

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

DRINKING WATER SAMPLING

Sampling is carried out on all food premises, caravan parks or townsites that are supplied with non-scheme water i.e. bore, rainwater or other source of water supply (Roadhouses, station/farm stays, caravan parks, nature based camping areas and some residential areas).

KALBARRI REFUSE SITE MONITORING BORE

As per the conditions of the licence issued by the Department of Water and Environmental Regulation, 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 Water and Environmental Regulation.

FOOD PREMISES

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

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

The new Minimum Requirements for Temporary Food Stalls have been implemented and have been accepted very well and the most recent temporary food stalls complied with the requirements

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

BUILDING CONTROL

85 Building Permits and 14 demolition permits were issued during the year at a total value of \$7,385,261.00.

General Statistics, for the 2018/2019 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 required and or 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 value and integrity of the assets.

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 follow up inspections have been carried out to ensure continued compliance with the relevant legislation.

KALBARRI	2016/2017		2017/2018		2018/2019		No	Value
	No	Value	No	Value	No	Value		
Houses	12	\$3,489,941	8	\$2,005,898	7	\$1,866,374		
Additions/Alterations	13	\$193,054	10	\$111,570	14	\$204,885		
Outbuildings	17	\$570,680	16	\$211,198	13	\$393,500		
Comm./Ind./Public	1	\$150,000	1	\$1,200,000	7	\$2,089,078		
Demolitions	5	\$16,600	4	\$20,870	9	\$56,310		
TOTALS	48	\$4,420,275	39	\$3,549,536	50	\$4,610,147.0		
						0		

NORTHAMPTON	2016/2017		2017/2018		2018/2019		No	Value
	No	Value	No	Value	No	Value		
Houses			2	\$477,360	0	\$0		
Additions/Alterations	5	\$81,079	8	\$93,000	7	\$102,506.00		
Outbuildings	10	\$242,308	4	\$44,500	4	\$90,869.00		
Comm./Ind./Public	4	\$1,581,610	1	\$800,000	1	\$637,982.00		
Demolitions	1	\$4,000	2	\$8,800	1	\$3,000.00		
TOTALS	20	\$1,908,997	17	\$1,423,660	13	\$834,357.00		

HORROCKS	2016/2017		2017/2018		2018/2019		No	Value
	No	Value	No	Value	No	Value		
Houses			2	\$535,391	2	\$1,144,823.0		
Additions/Alterations	1	\$10,000	7	\$130,570	1	\$11,500.00		
Outbuildings	1	\$15,000	2	\$23,000	3	\$50,500.00		
Comm./Ind./Public			2	\$935,000	0	\$0		
Demolitions			5	\$29,622	4	\$31,600.00		
TOTALS	2	\$25,000	18	\$1,653,583	10	\$1,238,423.0		
						0		

OTHER LOCALITIES	2016/2017		2017/2018		2018/2019		No	Value
	No	Value	No	Value	No	Value		
Houses	3	\$620,685	3	\$364,000	3	\$426,513.00		
Additions/Alterations	2	\$13,000	3	\$16,500	6	\$70,071.00		
Outbuildings	7	\$416,635	8	\$200,880	4	\$205,750.00		
Comm./Ind./Public	3	\$310,500			0	\$0		
Demolitions			1	\$65,000	0	\$0		
TOTALS	15	\$1,360,820	15	\$646,380	13	\$702,334.00		

WHOLE OF SHIRE	2016/2017		2017/2018		2018/2019		No	Value
	No	Value	No	Value	No	Value		
TOTALS	85	\$7,715,092	89	\$7,273,159	85	\$7,385,261.00		

PLANNING

HAYLEY WILLIAMS – PLANNING CONSULTANT

DEBBIE CARSON – PLANNING OFFICER

The following summarises the major planning activities undertaken or initiated within the 2018/19 financial year.

Local Planning Strategy Review

Council was successful in obtaining funding to undertake a review of the *Shire of Northampton's Local Planning Strategy* in the 2016/17 financial year, and this review is still currently in progress.

The existing *Local Planning Strategy* was completed in 2008 and it was recommended for review, due to its contents being outdated and requiring adjustment. The *Local Planning Strategy* establishes the planning framework and strategic basis for future *Local Planning Schemes* and sets out the Shire's objectives for future land-use planning and development by addressing the social, environmental, resource management and economic factors that affect/are affected by land use and development.

Council's appointed consultant has provided Shire staff with a draft copy of the revised *Local Planning Strategy* which is currently under review by the Western Australian Planning Commission/Department of Planning, Lands and Heritage, with the Shire currently awaiting the Department's consent to advertise the Strategy so as to seek public comment on the draft Strategy.

Horrocks Beach Coastal Hazard Risk Management and Adaptation Plan (CHRMAP)

Council was successful in obtaining funding to prepare a CHRMAP for Horrocks Beach within the 2018/19 financial year, with the preparation of the draft plan in progress. The purpose of the CHRMAP is to identify coastal hazards, evaluate their likelihood and consequences for specific assets, and identify management and adaptation responses to the risks as well as prioritise these responses.

Council's appointed consultant has completed the first draft of the Coastal Hazard Assessment, which forms the first element of the CHRMAP, and this draft is currently under review.

Local Planning Policies Review

Within the 2018/19 financial year, a review of the Shire of Northampton's *Local Planning Policies* continued, in order to update the existing policies and address provisions and terminology within the newly adopted *Local Planning Scheme No. 11 - Kalbarri*, the *Planning and Development (Local Planning Schemes) Regulations* and to rectify other anomalies. During the financial year, eleven (11) Local Planning Policies were reviewed, and a new Local Planning Policy, guiding the assessment and approval of Mobile Food Vehicles, was proposed and adopted. This review is being led by the Shire's Consultant Planner with assistance from the Planning Officer.

Heritage List and Municipal Heritage Inventory Review

A review of the *Shire of Northampton's Local Planning Scheme No 10's* Heritage List and the Shire's *Municipal Heritage Inventory* continued during the 2018/19 financial year. The proposed addition of significant heritage sites and structures into the Shire's Heritage List will give statutory force to the constraints on demolition and any significant alterations relating to listed places. The review of the Municipal Heritage Inventory aims to update and amend identified errors since the last review in 2015.

Subdivision Applications and Subdivision Clearances

Subdivision activity in the Shire has slightly decreased in the 2018-19 financial year, with three subdivision referrals and no clearances issued during the financial year.

Year	Subdivision Referrals	Clearances	Total
2018/19	3	0	3
2017/18	4	1	5
2016/17	1	2	3
2015/16	1	1	2
2014/15	2	1	3

Applications for Development Approval

Applications for development approval within the Shire have decreased during the 2018/19 financial year, however the previous year saw a large number of approvals issued for the remediation of lead tailings, which was not the case in this financial year. Applications have been generally smaller in nature and have included home occupation renewals, single dwellings, construction of outbuildings and commercial recreation approvals, however one approval was issued for the development of a caravan and chalet park during this financial year.

Year	Council Items	Delegated Approvals	Total
2018/19	18 (22%)	63 (78%)	81
2017/18	16 (18%)	75 (82%)	91
2016/17	17 (27%)	46 (73%)	63
2015/16	16 (20%)	66 (80%)	82
2014/15	10 (17%)	50 (83%)	60

Scheme Amendments and Structure Plans

Two Scheme Amendments were initiated during the financial year by the Shire of Northampton.

Scheme Amendment No. 5 of *Local Planning Scheme No. 10 - Northampton* was initiated to facilitate the expansion of a Caravan Park and Holiday Accommodation within the Horrocks Town Centre, in accordance with the *Horrocks Beach Local Planning Strategy*. The amendment is currently being advertised for public and stakeholder comment.

Scheme Amendment No. 6 of *Local Planning Scheme No. 10 - Northampton* removes Scheme provisions and definitions that are superseded by the deemed provisions contained in Schedule 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015* and aligns the Scheme with the model provisions for local planning schemes. This Amendment is currently with the Western Australian Planning Commission for final consideration.

One Structure Plan Amendment was approved during the financial year, being the Brownes Farm Structure Plan – Amendment 1, which sought to consolidate some minor changes to redefine and realign lot boundaries.

Conclusion

In summary, the above illustrates the steady statutory and strategic planning activities that have taken place within the Shire of Northampton during the 2018/19 financial year. The aforementioned projects illustrate the important role that the Local Authority is taking in terms of strategic planning and, whilst funding is available, is an opportune time to undertake these strategic projects.

NATIONAL COMPETITION POLICY - CLAUSE 7

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

Principle CN.10

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

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

Principle SR.4

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

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

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

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

Principle LR.8

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

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

SHIRE INFORMATION



Contact Details

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

Kalbarri Administration Centre
Phone: (08) 99371097
Fax: (08) 99371466

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

Council Statistics

Distance from Perth	475km
Area	12,499 sqkm
Length of Sealed Roads	371 km
Length of Unsealed Roads	935 km
Population (permanent) (2016 Census)	3,319
Number of Employees	40 (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 and Kalbarri Canoe & Cray Festival.

History

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

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

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

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

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

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

Council Agenda

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

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

Fire Control

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

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

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

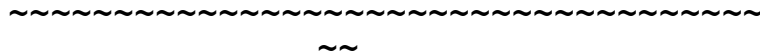
They can be installed by raking, scraping, ploughing, cultivating, scarifying, or chemical spraying. If any of these methods are impracticable please contact the Bush Fire Control Officer, Mr Robert McKenzie on (08) 99341202, your local Fire Control Officer or the Shire Office.

Burning permits are required for the period 1 September to 14 October and 2 March to 15 April of each year and burning is prohibited for the period 15 October to 1 March of each year, with the exception of small heaps of rubbish on the ground between 6pm and 11pm within a low, moderate or high fire weather warning.

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

Citizenship Ceremonies

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



PART 2

AUDIT REPORT

&

ANNUAL FINANCIAL STATEMENTS



Grant Middleton – Deputy CEO

SHIRE OF NORTHAMPTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	52

COMMUNITY VISION

A proud and unique community recognising the past and creating the future.

Principal place of business:
199 Hampton Road
NORTHAMPTON WA 6535

**SHIRE OF NORTHAMPTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Northampton for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Northampton at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 10th day of December 2019

Chief Executive Officer



Garry L Keeffe

SHIRE OF NORTHAMPTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	22(a)	4,574,430	4,622,864	4,332,891
Operating grants, subsidies and contributions	2(a)	2,522,304	1,454,404	2,722,325
Fees and charges	2(a)	1,390,861	1,265,424	1,360,902
Interest earnings	2(a)	108,101	121,750	130,373
Other revenue	2(a)	366,288	0	0
		8,961,984	7,464,442	8,546,491
Expenses				
Employee costs		(3,174,633)	(3,003,415)	(2,977,132)
Materials and contracts		(2,634,247)	(2,288,238)	(2,616,783)
Utility charges		(390,064)	(359,390)	(407,390)
Depreciation on non-current assets	10(b)	(2,132,133)	(3,607,500)	(3,608,056)
Interest expenses	2(b)	(46,990)	(60,159)	(81,469)
Insurance expenses		(276,465)	(251,088)	(225,034)
Other expenditure		(431,712)	(437,137)	(496,676)
		(9,086,244)	(10,006,927)	(10,412,540)
		(124,260)	(2,542,485)	(1,866,049)
Non-operating grants, subsidies and contributions	2(a)	1,559,037	1,123,008	3,101,542
Profit on asset disposals	10(a)	8,549	40,000	6,317
(Loss) on asset disposals	10(a)	(2,685)	(5,000)	(173,949)
		1,564,901	1,158,008	2,933,910
Net result for the period		1,440,641	(1,384,477)	1,067,861
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(58,468,070)
Total other comprehensive income for the period		0	0	(58,468,070)
Total comprehensive income for the period		1,440,641	(1,384,477)	(57,400,209)

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Governance		56,948	55,124	91,970
General purpose funding		6,301,383	5,554,570	5,985,451
Law, order, public safety		554,097	70,395	461,859
Health		39,789	54,497	63,100
Education and welfare		246,957	224,748	222,820
Housing		59,682	56,436	44,033
Community amenities		923,656	908,527	877,158
Recreation and culture		82,505	54,287	121,052
Transport		170,163	106,040	170,680
Economic services		273,889	256,169	284,494
Other property and services		252,915	123,649	223,874
		8,961,984	7,464,442	8,546,491
Expenses				
Governance		(859,198)	(870,344)	(854,649)
General purpose funding		(264,237)	(197,215)	(263,316)
Law, order, public safety		(531,108)	(401,396)	(676,031)
Health		(204,837)	(210,093)	(202,128)
Education and welfare		(344,098)	(284,868)	(348,246)
Housing		(95,568)	(73,516)	(106,906)
Community amenities		(1,493,896)	(1,565,743)	(1,489,454)
Recreation and culture		(1,701,005)	(1,663,727)	(1,644,096)
Transport		(2,928,911)	(4,213,373)	(4,199,462)
Economic services		(466,485)	(443,493)	(486,104)
Other property and services		(149,911)	(23,000)	(60,679)
		(9,039,254)	(9,946,768)	(10,331,071)
Finance Costs				
Education and welfare		(11,634)	(17,777)	(24,146)
Housing		(9,234)	(9,789)	(11,796)
Recreation and culture		(593)	(1,383)	(3,240)
Transport		(3,881)	(9,561)	(19,526)
Other property and services		(21,648)	(21,649)	(22,761)
		(46,990)	(60,159)	(81,469)
		(124,260)	(2,542,485)	(1,866,049)
Non-operating grants, subsidies and contributions	2(a)	1,559,037	1,123,008	3,101,542
Profit on disposal of assets	10(a)	8,549	40,000	6,317
(Loss) on disposal of assets	10(a)	(2,685)	(5,000)	(173,949)
		1,564,901	1,158,008	2,933,910
Net result for the period		1,440,641	(1,384,477)	1,067,861
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(58,468,070)
Total other comprehensive income for the period		0	0	(58,468,070)
Total comprehensive income for the period		1,440,641	(1,384,477)	(57,400,209)

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

SHIRE OF NORTHAMPTON
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,898,521	3,172,714
Trade receivables	5	504,024	532,181
Financial assets at fair value through profit and loss	7(a)	0	0
Other financial assets at amortised cost	7	34,794	34,827
Inventories	6	243,023	246,778
TOTAL CURRENT ASSETS		3,680,362	3,986,500
NON-CURRENT ASSETS			
Trade receivables	5	68,370	60,887
Other financial assets at amortised cost	7(b)	654,387	689,148
Financial assets at fair value through profit and loss	7(b)	70,068	0
Property, plant and equipment	8	30,357,005	30,179,770
Infrastructure	9	95,128,984	93,552,269
TOTAL NON-CURRENT ASSETS		126,278,814	124,482,074
TOTAL ASSETS		129,959,176	128,468,574
CURRENT LIABILITIES			
Trade and other payables	12	743,372	1,033,461
Borrowings	13(a)	157,324	134,246
Employee related provisions	14	735,158	757,961
TOTAL CURRENT LIABILITIES		1,635,854	1,925,668
NON-CURRENT LIABILITIES			
Borrowings	13(a)	1,429,095	1,086,419
Employee related provisions	14	48,350	51,251
TOTAL NON-CURRENT LIABILITIES		1,477,445	1,137,670
TOTAL LIABILITIES		3,113,299	3,063,338
NET ASSETS		126,845,877	125,405,236
EQUITY			
Retained surplus		83,450,432	81,998,078
Reserves - cash backed	4	926,128	937,841
Revaluation surplus	11	42,469,317	42,469,317
TOTAL EQUITY		126,845,877	125,405,236

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 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		80,844,268	1,023,790	100,937,387	182,805,445
Comprehensive income					
Net result for the period		1,067,861	0	0	1,067,861
Other comprehensive income	11	0	0	(58,468,070)	(58,468,070)
Total comprehensive income		1,067,861	0	(58,468,070)	(57,400,209)
Transfers from/(to) reserves		85,949	(85,949)	0	0
Balance as at 30 June 2018		81,998,078	937,841	42,469,317	125,405,236
Comprehensive income					
Net result for the period		1,440,641	0	0	1,440,641
Other comprehensive income	11	0	0	0	0
Total comprehensive income		1,440,641	0	0	1,440,641
Transfers from/(to) reserves		11,713	(11,713)	0	0
Balance as at 30 June 2019		83,450,432	926,128	42,469,317	126,845,877

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,603,545	4,622,864	4,282,733
Operating grants, subsidies and contributions		2,493,484	1,454,404	2,906,455
Fees and charges		1,390,861	1,265,424	1,360,902
Interest received		108,101	121,750	130,373
Goods and services tax received		0	0	(213)
Other revenue		366,288	0	0
		8,962,279	7,464,442	8,680,250
Payments				
Employee costs		(3,194,899)	(3,003,415)	(2,926,869)
Materials and contracts		(2,912,110)	(2,288,238)	(4,472,225)
Utility charges		(390,064)	(359,390)	(407,390)
Interest expenses		(47,549)	(60,159)	(70,687)
Insurance paid		(276,465)	(251,088)	(225,034)
Goods and services tax paid		7,029	0	0
Other expenditure		(431,712)	(437,137)	(496,676)
		(7,245,770)	(6,399,427)	(8,598,881)
Net cash provided by (used in) operating activities	15	1,716,509	1,065,015	81,369
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,144,987)	(1,393,810)	(297,879)
Payments for construction of infrastructure		(2,870,550)	(3,641,827)	(3,407,547)
Payments for financial assets at fair value through profit and loss		(70,068)	0	0
Non-operating grants, subsidies and contributions		1,559,037	1,123,008	3,101,542
Proceeds from self supporting loans		34,794	34,794	34,827
Proceeds from sale of property, plant & equipment		135,318	164,000	56,088
Net cash provided by (used in) investment activities		(2,356,456)	(3,713,835)	(512,969)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(134,246)	(134,246)	(197,136)
Proceeds from new borrowings		500,000	500,000	0
Net cash provided by (used in) financing activities		365,754	365,754	(197,136)
Net increase (decrease) in cash held		(274,193)	(2,283,066)	(628,736)
Cash at beginning of year		3,172,714	3,172,714	3,801,450
Cash and cash equivalents at the end of the year	15	2,898,521	889,648	3,172,714

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

SHIRE OF NORTHAMPTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	1,745,371	2,122,202	593,148
		1,745,371	2,122,202	593,148
Revenue from operating activities (excluding rates)				
Governance		56,948	55,124	91,970
General purpose funding		1,767,220	972,206	1,691,563
Law, order, public safety		554,097	70,395	461,859
Health		39,789	54,497	63,100
Education and welfare		246,957	224,748	222,820
Housing		59,682	56,436	44,033
Community amenities		923,656	908,527	877,158
Recreation and culture		82,505	54,287	121,052
Transport		178,712	146,040	176,997
Economic services		273,889	256,169	284,494
Other property and services		252,915	123,649	223,874
		4,436,370	2,922,078	4,258,920
Expenditure from operating activities				
Governance		(859,198)	(870,344)	(854,649)
General purpose funding		(264,237)	(197,215)	(263,316)
Law, order, public safety		(531,108)	(401,396)	(676,031)
Health		(204,837)	(210,093)	(203,493)
Education and welfare		(355,732)	(302,645)	(372,392)
Housing		(104,802)	(83,305)	(118,702)
Community amenities		(1,493,896)	(1,565,743)	(1,489,663)
Recreation and culture		(1,701,598)	(1,665,110)	(1,647,336)
Transport		(2,935,477)	(4,227,934)	(4,224,124)
Economic services		(466,485)	(443,493)	(486,104)
Other property and services		(171,559)	(44,649)	(250,679)
		(9,088,929)	(10,011,927)	(10,586,489)
Non-cash amounts excluded from operating activities	23(a)	2,045,817	3,572,500	3,810,060
Amount attributable to operating activities		(861,371)	(1,395,147)	(1,924,361)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,559,037	1,123,008	3,101,542
Proceeds from disposal of assets	10(a)	135,318	164,000	56,088
Proceeds from self supporting loans	13(b)	34,794	34,794	34,827
Purchase of property, plant and equipment	8(a)	(1,144,987)	(1,393,810)	(297,879)
Purchase and construction of infrastructure	9(a)	(2,870,550)	(3,641,827)	(3,407,547)
Amount attributable to investing activities		(2,286,388)	(3,713,835)	(512,969)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(134,246)	(134,246)	(197,136)
Proceeds from borrowings	13(c)	500,000	500,000	0
Transfers to reserves (restricted assets)	4	(156,657)	(66,200)	(285,495)
Transfers from reserves (restricted assets)	4	168,370	227,064	371,444
Amount attributable to financing activities		377,467	526,618	(111,187)
Surplus/(deficit) before imposition of general rates		(2,770,292)	(4,582,364)	(2,548,517)
Total amount raised from general rates	22	4,534,163	4,582,364	4,293,888
Surplus/(deficit) after imposition of general rates	23(b)	1,763,871	0	1,745,371

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

1. 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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 to these financial statements.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	45,615	44,674	81,173
General purpose funding	1,659,119	850,456	1,561,189
Law, order, public safety	244,788	54,459	447,194
Health	28,172	43,000	51,857
Education and welfare	93,655	131,641	116,263
Housing	13,476	10,000	10,244
Community amenities	64,039	71,150	20,659
Recreation and culture	67,086	41,329	108,861
Transport	164,315	102,960	167,581
Economic services	8,002	5,600	39,350
Other property and services	134,037	98,649	117,954
	2,522,304	1,453,918	2,722,325
Non-operating grants, subsidies and contributions			
Education and welfare	53,276	0	3,769
Recreation and culture	262,083	195,655	291,677
Transport	1,243,678	927,353	2,608,211
Economic services	0	0	197,885
	1,559,037	1,123,008	3,101,542
Total grants, subsidies and contributions	4,081,341	2,576,926	5,823,867

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

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 21. 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.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019
2. REVENUE AND EXPENSES

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Other	366,288	0	0
	366,288	0	0
Fees and Charges			
Governance	11,333	10,450	10,796
Law, order, public safety	15,088	15,450	14,666
Health	11,617	11,497	11,243
Education and welfare	153,302	93,107	106,556
Housing	46,206	46,436	33,789
Community amenities	859,618	837,377	856,500
Recreation and culture	15,419	12,958	12,192
Transport	3,848	3,080	3,099
Economic services	225,620	210,069	206,141
Other property and services	48,810	25,000	105,920
	1,390,861	1,265,424	1,360,902
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	23,173	31,200	23,430
Rates instalment and penalty interest (refer Note 22(c))	53,119	51,750	51,339
Other interest earnings	31,809	38,800	55,604
	108,101	121,750	130,373

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	40,000	40,000	11,409
	40,000	40,000	11,409
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	46,990	60,159	81,469
	46,990	60,159	81,469

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		2,898,521	3,172,714
		<u>2,898,521</u>	<u>3,172,714</u>
Comprises:			
- Unrestricted cash and cash equivalents		1,411,862	2,091,598
- Restricted cash and cash equivalents		<u>1,486,659</u>	<u>1,081,116</u>
		2,898,521	3,172,714
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave reserve	4	246,008	237,544
Roadworks Reserve	4	27,641	26,250
Kalbarri Airport Reserve	4	65,315	45,172
Build/Housing Reserve	4	109,865	98,118
Kalbarri Aged Persons Accommodation Reserve	4	58,694	227,064
Tourism Infrastructure Reserve	4	100,000	0
Computer Office Equipment Reserve	4	32,944	31,905
Land Development Reserve	4	249,161	235,288
Port Gregory Water Supply Reserve	4	36,500	36,500
		<u>926,128</u>	<u>937,841</u>
Other restricted cash and cash equivalents			
Unspent grants/contributions	21	148,431	143,275
Unspent loans	13(d)	<u>412,100</u>	<u>0</u>
Total restricted cash and cash equivalents		<u>1,486,659</u>	<u>1,081,116</u>

SIGNIFICANT ACCOUNTING POLICIES

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 with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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.

4. RESERVES - CASH BACKED	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	2018	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	237,544	8,464	0	246,008	237,544	10,000	0	247,544	228,314	9,230	0	237,544
(b) Roadworks Reserve	26,250	1,391	0	27,641	26,250	2,000	0	28,250	49,940	1,620	(25,310)	26,250
(c) Kalbarri Airport Reserve	45,172	20,143	0	65,315	45,172	20,200	0	65,372	44,922	20,250	(20,000)	45,172
(d) Build/Housing Reserve	98,118	11,747	0	109,865	98,118	12,500	0	110,618	86,252	11,866	0	98,118
(e) Kalbarri Parkland Redevelopment R	0	0	0	0	0	0	0	0	59,195	0	(59,195)	0
(f) Plant Reserve	0	0	0	0	0	0	0	0	7,319	0	(7,319)	0
(g) Kalbarri Aged Persons Accommoda	227,064	0	(168,370)	58,694	227,064	0	(227,064)	0	245,883	227,064	(245,883)	227,064
(h) Tourism Infrastructure Reserve	0	100,000	0	100,000	0	0	0	0	0	0	0	0
(i) Northampton Aged Persons Reserv	0	0	0	0	0	0	0	0	5,024	0	(5,024)	0
(j) Town Planning Acheme Reserve	0	0	0	0	0	0	0	0	3,596	0	(3,596)	0
(k) Computer Office Equipment Reserv	31,905	1,039	0	32,944	31,905	1,500	0	33,405	30,725	1,180	0	31,905
(l) Kalbarri Tennis Netball Reserve	0	0	0	0	0	0	0	0	78	0	(78)	0
(m) Land Development Reserve	235,288	13,873	0	249,161	235,288	20,000	0	255,288	221,003	14,285	0	235,288
(n) Port Gregory Water Supply Reserve	36,500	0	0	36,500	36,500	0	0	36,500	36,500	0	0	36,500
(o) Specified Area Rate Reserve	0	0	0	0	0	0	0	0	5,039	0	(5,039)	0
	937,841	156,657	(168,370)	926,128	937,841	66,200	(227,064)	776,977	1,023,790	285,495	(371,444)	937,841

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.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Roadworks Reserve	Ongoing	To be used to fund major reseals of bitumen roads and other major road construction works including footpath construction
(c) Kalbarri Airport Reserve	Ongoing	To be used for the maintenance and construction of the Kalbarri Airport
(d) Build/Housing Reserve	Ongoing	To be used for the construction of new housing and upgrades to buildings under Council control
(e) Kalbarri Parkland Redevelopment R	2017/2018	To be used for the development of parkland in Kalbarri
(f) Plant Reserve	2017/2018	To be used for the purchase of major plant
(g) Kalbarri Aged Persons Accommoda	2019/2020	To be used for the construction of live in aged care facilities in Kalbarri
(h) Tourism Infrastructure Reserve	Ongoing	To be used to for the development of tourism infrastructure
(i) Northampton Aged Persons Reserv	2017/2018	To be used for the construction of live in aged care facilities in Northampton
(j) Town Planning Acheme Reserve	2017/2018	To be used for the review of Council's town planning schemes
(k) Computer Office Equipment Reserv	Ongoing	To be used to for the purchase and upgrade of office equipment and computers
(l) Kalbarri Tennis Netball Reserve	2017/2018	To be used for the development of Tennis, Netball and Basketball facilities in Kalbarri.
(m) Land Development Reserve	Ongoing	To be used for the development of Council land for sale on the open market.
(n) Port Gregory Water Supply Reserve	Ongoing	To be used for the replacement of the Port Gregory pipeline.
(o) Specified Area Rate Reserve	Ongoing	To be used for unspent Specified Area Rate monies allocated and not expended during the financial year

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry debtors	
Other debtors - rubbish	
Accrued income	
Emergency services levy	

Non-current

Pensioner's rates	
-------------------	--

	2019	2018
	\$	\$
	300,380	350,328
	108,859	99,260
	38,218	45,247
	14,558	0
	42,009	37,346
	504,024	532,181
	68,370	60,887
	68,370	60,887

SIGNIFICANT ACCOUNTING POLICIES

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

Current

Fuel and materials
 Land held for resale - cost
 Cost of acquisition

	2019	2018
	\$	\$
	8,023	11,778
	235,000	235,000
	243,023	246,778
	246,778	243,195
	(326,341)	(279,032)
	322,586	282,615
	243,023	246,778

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventory expensed during the year
 Inventory purchased during the year

Carrying amount at 30 June

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

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

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing 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 onto the buyer at this point.

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

7. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

	2019	2018
	\$	\$
	34,794	34,827
	<u>34,794</u>	<u>34,827</u>

(b) Non-current assets

Other financial assets at amortised cost

Financial assets at fair value through profit and loss - Local Government House

	654,387	689,148
	70,068	0
	<u>724,455</u>	<u>689,148</u>

Changes in the fair value of Units in Local Government House recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these Statements

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

8. PROPERTY, PLANT AND EQUIPMENT

(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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	4,144,662	1,850,000	5,994,662	21,711,070	27,705,732	39,103	2,985,610	30,730,445
Additions	29,414		29,414		29,414	22,220	246,245	297,879
(Disposals)	0	0	0	0	0	0	(56,481)	(56,481)
Depreciation (expense)	0		0	(398,690)	(398,690)	(8,884)	(384,499)	(792,073)
Carrying amount at 30 June 2018	4,174,076	1,850,000	6,024,076	21,312,380	27,336,456	52,439	2,790,875	30,179,770
Comprises:								
Gross carrying amount at 30 June 2018	4,174,076	1,850,000	6,024,076	21,711,070	27,735,146	81,825	3,604,509	31,421,480
Accumulated depreciation at 30 June 2018	0	0	0	(398,690)	(398,690)	(29,386)	(813,634)	(1,241,710)
Carrying amount at 30 June 2018	4,174,076	1,850,000	6,024,076	21,312,380	27,336,456	52,439	2,790,875	30,179,770
Additions	9,101	0	9,101	246,034	255,135	31,653	858,199	1,144,987
(Disposals)	0	0	0	0	0	0	(129,454)	(129,454)
Depreciation (expense)			0	(399,298)	(399,298)	(13,143)	(425,857)	(838,298)
Carrying amount at 30 June 2019	4,183,177	1,850,000	6,033,177	21,159,116	27,192,293	70,949	3,093,763	30,357,005
Comprises:								
Gross carrying amount at 30 June 2019	4,183,177	1,850,000	6,033,177	21,957,104	27,990,281	113,478	4,291,159	32,394,918
Accumulated depreciation at 30 June 2019	0	0	0	(797,988)	(797,988)	(42,529)	(1,197,396)	(2,037,913)
Carrying amount at 30 June 2019	4,183,177	1,850,000	6,033,177	21,159,116	27,192,293	70,949	3,093,763	30,357,005

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2/3	Market approach using recent observable market data for similar properties	Independent registered valuers	01 June 2017	Price per hectare/ market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land using cost approach using depreciated replacement cost	Management Valuation	01 June 2017	Price per hectare/ market borrowing rate
Buildings	2/3	Market approach using recent observable market data for similar properties	Independent registered valuers	01 June 2017	Replacement cost, residual value, short life/long life split, pattern of consumption and consumption score.
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	01 June 2016	Residual values and remaining useful life
Plant and equipment	2/3	Market approach using recent observable market data & cost approach using depreciated replacement cost	Management Valuation	01 June 2016	Price per item

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

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

9. INFRASTRUCTURE

(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.

	Infrastructure - roads	Infrastructure - Footpaths & Carparks	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Infrastructure - Airports	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	138,706,407	1,552,420	3,523,902	4,986,837	2,826,448	151,596,014
Additions	2,633,340	116,865	0	657,342		3,407,547
(Disposals)	0	0	0	(167,239)	0	(167,239)
Revaluation increments / (decrements) transferred to revaluation surplus	(60,327,309)	774,377	2,238,504	(302,693)	(850,949)	(58,468,070)
Depreciation (expense)	(2,545,599)	(21,355)	(56,148)	(148,198)	(44,683)	(2,815,983)
Carrying amount at 30 June 2018	78,466,839	2,422,307	5,706,258	5,026,049	1,930,816	93,552,269
Comprises:						
Gross carrying amount at 30 June 2018	78,466,839	2,422,307	5,706,258	5,026,049	1,930,816	93,552,269
Carrying amount at 30 June 2018	78,466,839	2,422,307	5,706,258	5,026,049	1,930,816	93,552,269
Additions	2,255,989	455,289	0	159,272	0	2,870,550
Depreciation (expense)	(1,003,795)	(46,407)	(71,328)	(130,020)	(42,285)	(1,293,835)
Carrying amount at 30 June 2019	79,719,033	2,831,189	5,634,930	5,055,301	1,888,531	95,128,984
Comprises:						
Gross carrying amount at 30 June 2019	80,722,828	2,877,596	5,706,258	5,185,321	1,930,816	96,422,819
Accumulated depreciation at 30 June 2019	(1,003,795)	(46,407)	(71,328)	(130,020)	(42,285)	(1,293,835)
Carrying amount at 30 June 2019	79,719,033	2,831,189	5,634,930	5,055,301	1,888,531	95,128,984

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.	Management Valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths & Carparks	3	All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.	Management Valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.	Management Valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks & Ovals	3	Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition.	Management Valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airports	3	Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition.	Management Valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

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

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

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

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

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

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	129,454	135,318	8,549	(2,685)	129,000	164,000	40,000	(5,000)	56,481	56,088	6,317	(6,710)
Infrastructure - Parks & Ovals				0				0	167,239	0	0	(167,239)
	129,454	135,318	8,549	(2,685)	129,000	164,000	40,000	(5,000)	223,720	56,088	6,317	(173,949)
Plant and Equipment												
Transport	129,454	135,318	8,549	(2,685)								
	129,454	135,318	8,549	(2,685)								

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Transport				
Isuzu Dmax (Kalbarri Ranger)	16,399	16,364	0	(35)
Isuzu Dmax (Northampton Gardener)	10,498	10,000	0	(498)
Isuzu Dmax (Kalbarri Gardener)	12,606	10,454	0	(2,152)
Caterpillar 121H Grader	89,951	98,500	8,549	0
Transport Total	129,454	135,318	8,549	(2,685)
	129,454	135,318	8,549	(2,685)
	129,454	135,318	8,549	(2,685)

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings	399,298	399,000	398,690
Furniture and equipment	13,143	9,000	8,884
Plant and equipment	425,857	384,500	384,499
Infrastructure - roads	1,003,795	2,545,000	2,545,599
Infrastructure - Footpaths & Carparks	46,407	21,500	21,355
Infrastructure - Drainage	71,328	56,000	56,148
Infrastructure - Parks & Ovals	130,020	148,000	148,198
Infrastructure - Airports	42,285	44,500	44,683
	2,132,133	3,607,500	3,608,056

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	30 to 50 years
Furniture & Equipment	4 to 10 years
Plant & Equipment	5 to 15 years
Road Formation	Not Depreciated
Road Pavement	40 - 50 years
Bituminous Seal	20 -30 years
Asphalt Seal	20 - 30 Years
Gravel Road Formation	Not Depreciated
Gravel Road Pavement	40 - 50 Years
Gravel Sheet	10 - 20 Years
Formed Roads Pavement	40 - 50 Years
Footpaths	40 - 50 Years
Drainage	50 - 75 Years
Parks and Ovals	40 - 50 Years
Airport	40 - 50 Years
Water Supply Piping and Drainage	50 - 75 Years

Depreciation (Continued)

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:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings	12,882,201	12,882,201	12,882,201	0	0	0	12,882,201
Revaluation surplus - Infrastructure - roads	21,121,451	21,121,451	81,448,760	0	(60,327,309)	(60,327,309)	21,121,451
Revaluation surplus - Infrastructure - Footpaths & Carparks	774,377	774,377	0	774,377	0	774,377	774,377
Revaluation surplus - Infrastructure - Drainage	5,673,060	5,673,060	3,434,556	2,238,504	0	2,238,504	5,673,060
Revaluation surplus - Infrastructure - Parks & Ovals	812,189	812,189	1,114,882	0	(302,693)	(302,693)	812,189
Revaluation surplus - Infrastructure - Airports	1,206,039	1,206,039	2,056,988	0	(850,949)	(850,949)	1,206,039
	42,469,317	42,469,317	100,937,387	3,012,881	(61,480,951)	(58,468,070)	42,469,317

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued salaries and wages	
Accrued expenditure	
Bonds and deposits	
Revenue Received in Advance	
Accrued interest on long term borrowings	
Rates in Advance	

	2019	2018
	\$	\$
	476,241	503,622
	18,755	19,314
	25,635	38,204
	18,007	0
	146,267	401,389
	9,921	23,271
	48,546	47,661
	743,372	1,033,461

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

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 2019

13. INFORMATION ON BORROWINGS

(a) Borrowings	2019	2018
	\$	\$
Current	157,324	134,246
Non-current	1,429,095	1,086,419
	1,586,419	1,220,665

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Budget	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Actual	30 June 2018	30 June 2018	30 June 2018
				Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Principal 1 July 2017	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing																	
Staff Housing	154	WATC	3.27%	256,641	0	33,194	8,844	223,447	256,641	0	33,194	9,789	223,447	288,775	32,134	11,796	256,641
Recreation and culture																	
Kalbarri Library Ext	148A	WATC	4.09%	26,733	0	26,733	(108)	0	26,733	0	26,733	939	0	52,405	25,672	2,534	26,733
RSL Hall Extensions	156	WATC	2.06%	0	500,000	0	717	500,000	0	500,000	0	0	500,000	0	0	0	0
Transport																	
Plant Purchases	153	WATC	5.02%	214,339	0	39,525	4,247	174,814	214,339	0	39,525	9,561	174,814	252,322	37,983	15,241	214,339
Plant Purchases	149	WATC	7.26%	0	0	0	(365)	0	0	0	0	0	0	68,156	68,156	4,285	0
				497,713	500,000	99,452	13,335	898,261	497,713	500,000	99,452	20,289	898,261	661,658	163,945	33,856	497,713
Self Supporting Loans																	
Education and welfare																	
Pioneer Lodge	155	WATC	3.95	386,552	0	13,984	11,634	372,568	386,552	0	13,984	17,777	372,568	400,000	13,448	24,146	386,552
Recreation and culture																	
Kalbarri Bowling Club	151	WATC	5.92	7,459	0	3,621	373	3,838	7,459	0	3,621	444	3,838	10,875	3,416	706	7,459
Other property and services																	
CEO House Loan	152	NAB	5.24	328,941	0	17,189	21,648	311,752	328,941	0	17,189	21,649	311,752	345,268	16,327	22,761	328,941
				722,952	0	34,794	33,655	688,158	722,952	0	34,794	39,870	688,158	756,143	33,191	47,613	722,952
				1,220,665	500,000	134,246	46,990	1,586,419	1,220,665	500,000	134,246	60,159	1,586,419	1,417,801	197,136	81,469	1,220,665

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
156 - RSL Hall	WATC	Fixed	10	2.06%	\$ 500,000	\$ 500,000	\$ 87,900	\$ 500,000	\$ 55,829	\$ 412,100
WATC = WA Treasury Corporation					500,000	500,000	87,900	500,000	55,829	412,100

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2018	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2019
			\$	\$	\$
Loan 156 - RSL Hall Development	06 Dec 19	0	500,000	(87,900)	412,100
WATC = WA Treasury Corporation		0	500,000	(87,900)	412,100

(e) Undrawn Borrowing Facilities

	2019	2018
Credit Standby Arrangements	\$	\$
Credit card limit	10,000	10,000
Credit card balance at balance date	(1,852)	(2,896)
Total amount of credit unused	8,148	7,104
Loan facilities		
Loan facilities - current	157,324	134,246
Loan facilities - non-current	1,429,095	1,086,419
Total facilities in use at balance date	1,586,419	1,220,665
Unused loan facilities at balance date	412,100	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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.

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.

Risk

Information regarding exposure to risk can be found at Note 24.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Opening balance at 1 July 2018

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	302,096	455,865	757,961
Non-current provisions	0	51,251	51,251
	302,096	507,116	809,212

Additional provision

Balance at 30 June 2019

	(28,886)	3,182	(25,704)
	273,210	510,298	783,508
	273,210	461,948	735,158
	0	48,350	48,350
	273,210	510,298	783,508

Comprises

Current	273,210	461,948	735,158
Non-current	0	48,350	48,350
	273,210	510,298	783,508

Amounts are expected to be settled on the following basis:

	2019	2018
	\$	\$
Less than 12 months after the reporting date	735,158	757,961
More than 12 months from reporting date	36,310	39,211
Expected reimbursements from other WA local governments	12,040	12,040
	783,508	809,212

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	2,898,521	889,648	3,172,714
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,440,641	(1,384,477)	1,067,861
Non-cash flows in Net result:			
Depreciation	2,132,133	3,607,500	3,608,056
(Profit)/loss on sale of asset	(5,864)	(35,000)	167,632
Changes in assets and liabilities:			
(Increase)/decrease in receivables	20,674	0	133,759
(Increase)/decrease in inventories	3,755	0	(3,582)
Increase/(decrease) in payables	(290,089)	0	(1,835,901)
Increase/(decrease) in provisions	(25,704)	0	45,086
Grants contributions for the development of assets	(1,559,037)	(1,123,008)	(3,101,542)
Net cash from operating activities	1,716,509	1,065,015	81,369

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	828,521	813,991
General purpose funding	410,759	448,561
Law, order, public safety	894,937	656,541
Health	638,900	654,833
Education and welfare	714,426	720,237
Housing	2,007,954	1,927,370
Community amenities	2,701,079	2,586,983
Recreation and culture	21,480,970	20,102,728
Transport	92,258,371	91,897,174
Economic services	1,334,562	1,392,035
Other property and services	547,932	564,732
Unallocated	6,140,765	6,703,389
	129,959,176	128,468,574

17. CONTINGENT LIABILITIES

The Shire of Northampton has identified the following sites , in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. At the date of this report the value and timing of remediation has not been ascertained.

Current Landfill Sites

Crown Reserve 25328 Northampton - Lot 10603 on Plan 168471 and Lot 300 on Plan 50239.

Crown Reserve 48527, Kalbarri - Lot 12927 on Plan 41490.

Crown Reserve Lot 210, Port Gregory Road

Crown Reserve 49086 Lot 501, Binnu

Shire Depots

Old Northampton Works Depot - 57 / Lot 14 Stephen Street, Northampton

Kalbarri Works Depot - 141 / Lot 558 & 1009 Porter Street, Kalbarri

18. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

	2019	2018
	\$	\$
	610,100	0
	610,100	0

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the RSL Hall extensions in Northampton

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	22,800	23,850	21,575
President's allowance	12,000	12,000	12,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	19,644	5,000	17,629
Telecommunications allowance	4,500	4,500	4,500
	61,444	47,850	58,204

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	615,538	690,788
Post-employment benefits	81,396	84,304
Other long-term benefits	26,916	13,927
Termination benefits	0	5,766
	723,850	794,785

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Purchase of goods and services	65,964	92,133
Amounts outstanding from related parties:		
Loans to key management personnel	311,752	328,941

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

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

20. JOINT ARRANGEMENTS

(a) Carrying amount of investment in associate

The Shire together with the Department of Housing have a joint venture arrangement with regard to the provision of aged care units in Kalbarri. The assets involved are 11 two bedroom units which council has equity of 11.3%. A Deed of Termination and Release was enacted on 28th October 2019 to cease the joint venture arrangement and transfer ownership of the aged care units to Community Housing Ltd.

Non-current assets

Land and buildings
 Less: accumulated depreciation

	2019	2018
	\$	\$
	157,070	157,070
	(5,340)	(2,670)
	151,730	154,400

SIGNIFICANT ACCOUNTING POLICIES

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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
Transport							
Roads to Recovery	(13,249)	659,034	(502,510)	143,275	730,023	(724,867)	148,431
Total	(13,249)	659,034	(502,510)	143,275	730,023	(724,867)	148,431

- 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.

22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
General rate										
Gross rental valuations										
General GRV	7.7230	2,210	21,304,428	1,645,341	(13,791)	844	1,632,394	1,644,791	1,644,791	1,619,472
Unimproved valuations										
General UV	1.3059	461	179,671,031	2,346,324	(2,073)	(29)	2,344,222	2,346,323	2,346,323	2,284,350
Sub-Total		2,671	200,975,459	3,991,665	(15,864)	815	3,976,616	3,991,114	3,991,114	3,903,822
Minimum payment	\$									
Gross rental valuations										
General GRV	550	1,029	7,284,017	565,950	0	0	565,950	561,000	561,000	522,056
Unimproved valuations										
General UV	550	45	2,316,410	24,750	0	0	24,750	30,250	30,250	23,005
Sub-Total		1,074	9,600,427	590,700	0	0	590,700	591,250	591,250	545,061
		3,745	210,575,886	4,582,365	(15,864)	815	4,567,316	4,582,364	4,582,364	4,448,883
Discounts/concessions (refer Note 22(c))							(33,153)		0	(154,995)
Total amount raised from general rate							4,534,163	4,582,364	4,582,364	4,293,888
Specified Area Rate (refer Note 22(b))							40,267	40,500	40,500	39,003
Totals							4,574,430	4,622,864	4,622,864	4,332,891

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

22. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2018/19 Rateable Value	2018/19 Rate Revenue	2018/19 Interim Rate Revenue	2018/19 Back Rate Revenue	2018/19 Total Specified Area Rate Revenue	2018/19 Budget Rate Revenue	2018/19 Budget Back Rate Revenue	2018/19 Budget Interim Rate Revenue	2018/19 Total Budget Revenue	2017/18 Total Actual Revenue
Port Gregory WS	GRV	1.8768	559,464	10,612	0	0	10,612	10,500	0	0	10,500	9,481
Kalbarri Tourism	GRV	0.1746	17,194,206	29,655	0	0	29,655	30,000	0	0	30,000	29,522
				40,267	0	0	40,267	40,500	0	0	40,500	39,003

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2018/19 Actual Rate Applied to Costs	2018/19 Actual Rate Set Aside to Reserve	2018/19 Actual Reserve Applied to Costs	2018/19 Budget Rate Applied to Costs	2018/19 Budget Rate Set Aside to Reserve	2018/19 Budget Reserve Applied to Costs
Port Gregory WS	Revenue to cover operational costs of non potable water supply.	Port Gregory Properties	9,481	0	0	10,500	0	0
Kalbarri Tourism	Revenue to cover advertising costs.	Kalbarri Properties	29,522	0	0	30,000	0	0
			39,003	0	0	40,500	0	0

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted

Type	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$
Waiver	Legal Fees	0	33,153	0	0
Discount	Rates	0	0	0	154,995
			33,153	0	154,995

22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One	05 Oct 2018	0.00	0.00%	0.00%
Option Two	05 Oct 2018	5.00	0.00%	10.00%
	07 Dec 2018	5.00	5.00%	10.00%
Option Three	05 Oct 2018	5.00	0.00%	10.00%
	07 Dec 2018	5.00	5.00%	10.00%
	01 Feb 2019	5.00	5.00%	10.00%
	05 Apr 2019	5.00	5.00%	10.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	29,913	35,000	34,818
Interest on instalment plan	23,206	16,750	16,521
	<u>53,119</u>	<u>51,750</u>	<u>51,339</u>

23. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a)	(8,549)	(40,000)
Less: Fair value adjustments to financial assets at amortised cost		(70,068)	0
Movement in pensioner deferred rates (non-current)		(7,483)	(10,714)
Movement in employee benefit provisions (non-current)		(2,901)	45,086
Add: Loss on disposal of assets	10(a)	2,685	5,000
Add: Depreciation on assets	10(b)	2,132,133	3,607,500
Non cash amounts excluded from operating activities		2,045,817	3,572,500
(b) Surplus/(deficit) after imposition of general rates			
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>			
Adjustments to net current assets			
Less: Reserves - restricted cash	3	(926,128)	(776,977)
Less: Land held for resale - cost		(235,000)	(235,000)
Add: Borrowings	13(a)	122,530	0
Add: component of leave liability not expected to be settled in the next 12 months		757,961	713,246
Total adjustments to net current assets		(280,637)	(298,731)
Net current assets used in the Rate Setting Statement			
Total current assets		3,680,362	1,631,658
Less: Total current liabilities		(1,635,854)	(1,332,927)
Less: Total adjustments to net current assets		(280,637)	(298,731)
Net current assets used in the Rate Setting Statement		1,763,871	0

24. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.14%	2,898,521	1,072,396	1,826,125	0
2018					
Cash and cash equivalents	1.54%	3,172,714	1,847,959	1,324,755	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

Impact of a 1% movement in interest rates on profit and loss and equity*

	2019	2018
	\$	\$
	28,985	31,727

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	156,201	70,191	47,289	26,699	300,380
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	166,027	113,142	57,005	28,903	365,077
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	101,541	1,260	370	5,688	108,859
Loss allowance	0	0	0	0	0
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	96,257	1,189	75	1,739	99,260
Loss allowance	0	0	0	0	0

The loss allowance calculated above is immaterial.

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(e).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	743,372	0	0	743,372	743,372
Borrowings	4,041	193,711	1,764,234	1,961,986	1,586,419
	<u>747,413</u>	<u>193,711</u>	<u>1,764,234</u>	<u>2,705,358</u>	<u>2,329,791</u>
2018					
Payables	1,033,461	0	0	1,033,461	1,033,461
Borrowings	27,672	250,902	1,377,816	1,656,390	1,220,665
	<u>1,061,133</u>	<u>250,902</u>	<u>1,377,816</u>	<u>2,689,851</u>	<u>2,254,126</u>

25. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	Re-classification	30 June 2019
	\$	\$	\$	\$	\$
Transportable Housing Bonds	9,500	10,000	0	(19,500)	0
Footpaths Deposits	25,820	0	(17,706)	(8,114)	0
Retentions - Subdivisions	30,681	0	(40,289)	9,608	0
Building Levies (BCITF & BRB)	183	6,031	(6,031)	0	183
Community Bus Bond	4,000	2,000	(1,200)	0	4,800
Unclaimed Monies	4,045	0	0	0	4,045
Council Housing Bonds	520	0	(520)	0	0
RSL Hall Key Bond	640	920	(920)	(220)	420
Special Series Plates	1,870	2,170	(3,490)	220	770
Kidsport	879	0	(879)	0	0
Northampton Child Care Association	47,483	0	(25,248)	0	22,235
Horrocks Memorial Wall	596	0	(596)	0	0
One Life	2,813	0	(874)	0	1,939
Aged Unit Bonds	0	200	(200)	0	0
Roadwise Award Fundraiser	0	2,732	(2,732)	0	0
Rubbish Tip Key Bond	0	1,400	0	0	1,400
Horrocks - Skatepark	0	1,050	0	0	1,050
	129,030	26,503	(100,685)	(18,006)	36,842

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

There was no material effect of adopting AASB9.

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount		AASB 15 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Contract assets			0
Contract liabilities - current			
Unspent grants, contributions and reimbursements		148,431	148,431
Adjustment to retained surplus from adoption of AASB 15	27(d)	(148,431)	

(b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

The Shire is currently assessing the impact of adopting AASB 16 and believe it will not have a material impact on the financial report.

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services will be recognised in budgeted revenue and expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

The Shire is currently assessing the impact of adopting AASB 1058 and believe it will not have a material impact on the financial report.

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			83,450,432
Adjustment to retained surplus from adoption of AASB 15	27(a)	(148,431)	
Adjustment to retained surplus from adoption of AASB 16	27(b)	0	
Adjustment to retained surplus from adoption of AASB 1058	27(c)	0	(148,431)
Retained surplus - 01 July 2019			<u>83,302,001</u>

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, 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.

e) 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.

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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 the service capacity of an asset.

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

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

29. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	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 To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, administration of health local laws and maintenance
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre's, operational costs associated with Northampton Child Care Association and Kalbarri Aged Care Housing maintenance.
HOUSING To provide and maintain shire housing.	Provision and maintenance of shire housing.
COMMUNITY AMENITIES To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Maintenance of public halls and buildings, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, other cultural facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of camping facilities. Provision of Building Services and Port Gregory Water Supply.
OTHER PROPERTY AND SERVICES To monitor and control Shire's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

30. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.58	1.95	1.63
Asset consumption ratio	0.93	0.75	0.69
Asset renewal funding ratio	1.00	1.00	1.00
Asset sustainability ratio	0.79	1.01	1.12
Debt service cover ratio	11.37	5.90	2.79
Operating surplus ratio	(0.02)	(0.35)	(0.54)
Own source revenue coverage ratio	0.67	0.55	0.52

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Northampton

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Northampton which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Northampton:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.
The financial ratios are reported in Note 30 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:

- a. For approximately 24% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations was obtained to test the market and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and could also result in favouritism of suppliers.
 - b. Monitoring and control activities for revenue and receipting processes were inadequate during the period.
 - c. Internal controls relating to purchases of goods, fundraising activities, staff discounts and review of attendance fees at the Northampton Child Care were inadequate during the period.
- (iii) All required information and explanations were obtained by me.
 - (iv) All audit procedures were satisfactorily completed.
 - (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial ratios for 2017 in Note 30 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Northampton for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
/0 December 2019