



audited annual financial statements

FOR THE YEAR ENDED 30 JUNE 2008



Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie Macri CA

INDEPENDENT AUDIT REPORT

TO: RATEPAYERS OF TOWN OF BASSENDEAN

We have audited the financial report of the Town of Bassendean, which comprises the Balance Sheet as at 30 June 2008 and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Rate Setting Statement and the notes to and forming part of the financial report for the year ended on that date.

The Responsibility of the Council for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



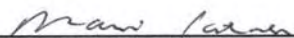
Auditor's Opinion


In our opinion, the financial report of the Town of Bassendean:

- (i) gives a true and fair view of the financial position of the Town of Bassendean as at 30 June 2008 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).


MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
28 THOROGOOD STREET
BURSWOOD WA 6100


A MACRI
PARTNER

PERTH
DATED THIS 23rd DAY OF OCTOBER 2008.




TOWN OF BASSENDEAN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

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


STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Bassendean being the annual financial report and other information for the financial year ended 30th June 2008 are in my opinion properly drawn up to present fairly the financial position of the Town of Bassendean at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 22 day of OCTOBER 2008.



Graeme Haggart
A/ Chief Executive Officer



Mike Costarella
Director Corporate Services

Income Statement by Function/Activity

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		44,965	20,340	65,784
General Purpose Funding		7,114,824	7,146,218	7,243,469
Law, Order, Public Safety		100,845	126,060	97,095
Health		264,550	285,500	8,295
Education and Welfare		2,625,609	2,745,364	2,532,647
Community Amenities		129,241	95,560	490,047
Recreation and Culture		595,172	420,396	589,863
Transport		263,383	1,060,936	178,031
Economic Services		169,725	129,773	104,967
Other Property and Services		143,424	83,400	82,339
	2 (b)	11,451,739	12,113,547	11,392,538
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(1,127,444)	(1,539,643)	(1,354,086)
General Purpose Funding		(254,035)	–	(168,455)
Law, Order, Public Safety		(373,424)	(466,148)	(403,028)
Health		(1,403,326)	(1,426,342)	(175,652)
Education and Welfare		(2,882,835)	(2,809,252)	(2,633,871)
Community Amenities		(495,990)	(426,360)	(1,283,631)
Recreation and Culture		(3,372,768)	(2,690,939)	(2,795,134)
Transport		(2,328,207)	(1,781,470)	(2,142,250)
Economic Services		(202,195)	(177,950)	(206,204)
Other Property and Services		(339,159)	(162,926)	(246,412)
	2 (b)	(12,779,383)	(11,481,030)	(11,408,723)
BORROWING COSTS EXPENSE				
Governance		(21,889)	(28,208)	(23,751)
Recreation and Culture		(97,718)	(97,027)	(100,641)
	2 (b)	(119,607)	(125,235)	(124,392)
Grants and Subsidies – non-operating		1,066,029	909,577	421,826
Profit on Asset Disposals	21	21,078	39,054	7,700
Loss on Asset Disposals	21	–	(9,241)	(47,649)
		21,078	29,813	(39,949)
NET RESULT		(360,144)	1,446,672	241,299

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

Balance Sheet

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,904,278	2,521,349
Trade and Other Receivables	4	554,970	957,430
Inventories	6	28,661	18,970
TOTAL CURRENT ASSETS		3,487,909	3,497,749
NON-CURRENT ASSETS			
Trade and Other Receivables	4	298,659	326,065
Investments	5	2,070,872	1,951,291
Property, Plant and Equipment	7	13,464,797	13,373,853
Infrastructure	8	25,234,431	25,360,858
TOTAL NON-CURRENT ASSETS		41,068,759	41,012,067
TOTAL ASSETS		44,556,668	44,509,817
CURRENT LIABILITIES			
Trade and Other Payables	9	2,233,828	2,355,674
Borrowings	10	516,122	88,313
Provisions	11	664,940	560,830
TOTAL CURRENT LIABILITIES		3,414,890	3,004,817
NON-CURRENT LIABILITIES			
Borrowings	10	1,633,264	1,723,270
Provisions	11	315,891	348,544
TOTAL NON-CURRENT LIABILITIES		1,949,155	2,071,814
TOTAL LIABILITIES		5,364,045	5,076,631
NET ASSETS		39,192,623	39,433,186
EQUITY			
Retained Surplus		38,488,097	38,744,662
Reserves - Cash/Investment Backed	12	704,526	688,524
TOTAL EQUITY		39,192,623	39,433,186

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		35,133,804	34,883,067
Net Result		(360,144)	241,299
Transfer from / (to) Reserves		(16,002)	9,438
Balance as at 30 June 2008		34,757,658	35,133,804
RESERVES - CASH/INVESTMENT BACKED			
Balance as at 1 July 2007		688,524	697,962
Amount Transferred (to) / from Retained Surplus		16,002	(9,438)
Balance as at 30 June 2008	12	704,526	688,524
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		3,610,858	3,305,159
Revaluation Increment / (Decrement)		119,581	305,699
Balance as at 30 June 2008	13	3,730,439	3,610,858
TOTAL EQUITY		39,192,623	39,433,186

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

Cash Flow Statement

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Rates		6,958,707	7,162,851	6,675,714
Grants and Subsidies – operating		1,929,290	2,191,748	2,299,911
Contributions, Reimbursements and Donations		–	33,615	–
Fees and Charges		2,060,684	1,177,056	1,301,878
Interest Earnings		422,537	319,090	330,035
Goods and Services Tax		619,200	–	569,872
Other		329,666	1,147,206	297,490
		12,320,084	12,031,566	11,474,900
PAYMENTS				
Employee Costs		(5,608,931)	(5,370,905)	(4,897,397)
Materials and Contracts		(3,964,326)	(2,945,406)	(2,979,694)
Utilities (gas, electricity, water, etc)		(414,937)	(523,408)	(333,707)
Insurance		(393,048)	(366,474)	(285,408)
Interest		(131,720)	(125,235)	(124,392)
Goods and Services Tax		(355,315)	0	(257,017)
Other		(678,763)	(930,946)	(712,466)
		(11,547,041)	(10,262,374)	(9,590,081)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	14(b)	773,043	1,769,192	1,884,819
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for Development of Land Held for Resale		–	–	–
Payments for Purchase of Property, Plant and Equipment		(1,040,774)	(1,303,603)	(982,726)
Payments for Construction of Infrastructure		(1,056,356)	(1,623,608)	(938,672)
Grants/Contributions for the Development of Assets		1,066,029	909,577	421,825
Proceeds from Sale of Plant and Equipment		300,402	216,000	118,890
		(730,699)	(1,801,634)	(1,380,683)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Debentures		(86,235)	(88,313)	(80,759)
Proceeds from Self Supporting Loans		2,784	2,199	2,055
		(83,451)	(86,114)	(78,704)
Net Increase (Decrease) in Cash Held		(41,107)	(118,556)	425,432
Cash at Beginning of Year		2,521,349	2,315,441	2,095,916
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14(a)	2,480,242	2,196,885	2,521,348

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

Rate Setting Statement

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$
REVENUES			
Governance		44,965	20,340
General Purpose Funding		1,092,195	960,962
Law, Order, Public Safety		100,845	126,060
Health		264,550	285,500
Education and Welfare		2,625,609	2,745,364
Community Amenities		129,242	95,560
Recreation and Culture		595,172	420,396
Transport		263,383	1,060,936
Economic Services		169,725	129,773
Other Property and Services		143,424	83,400
		5,429,110	5,928,291
EXPENSES			
Governance		(1,403,368)	(1,567,851)
Law, Order, Public Safety		(373,425)	(466,148)
Health		(1,403,326)	(1,426,342)
Education and Welfare		(2,882,835)	(2,809,252)
Community Amenities		(495,990)	(426,360)
Recreation and Culture		(3,470,486)	(2,787,966)
Transport		(2,328,207)	(1,751,657)
Economic Services		(202,195)	(177,950)
Other Property and Services		(369,437)	(162,926)
		(12,929,269)	(11,576,452)
ADJUSTMENTS FOR CASH BUDGET REQUIREMENTS:			
NON-CASH EXPENDITURE AND REVENUE			
(Profit)/Loss on Asset Disposals		(21,078)	(29,813)
Movement in Deferred Pensioner Rates (Non-Current)		(24,622)	–
Movement in Employee Benefit Provisions		71,457	–
Depreciation and Amortisation on Assets		1,853,289	1,193,892
Unspent Grants (Restricted) Adjustment		452,091	–
CAPITAL EXPENDITURE AND REVENUE			
Purchase Land Held for Resale		–	–
Purchase Land and Buildings		(458,280)	(449,055)
Purchase Infrastructure Assets – Roads		(1,056,356)	(1,623,608)
Purchase Plant and Equipment		(432,131)	(618,678)
Purchase Furniture and Equipment		(147,708)	(235,870)
Purchase of Minor Plant		(2,655)	–
Proceeds from Disposal of Assets		300,403	216,000
Repayment of Debentures		(86,235)	(88,313)
Self-Supporting Loan Principal Income		2,199	2,199
Transfers to Reserves (Restricted Assets)		(51,002)	(35,000)
Transfers from Reserves (Restricted Assets)		35,000	187,000
Discharge of Bank Overdraft		(424,037)	–
ADD: Estimated Surplus/(Deficit) July 1 B/Fwd		(195,962)	56,971
LESS: Estimated Surplus/(Deficit) June 30 C/Fwd		(597,128)	22,397
AMOUNT REQUIRED TO BE RAISED FROM RATES	23	(7,088,658)	(7,094,833)

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

Notes to and forming part of the Financial Report

FOR THE YEAR ENDED 30TH JUNE 2008

1. Significant Accounting Policies

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the *Local Government Act 1995* (as amended) and accompanying regulations (as amended). The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are included in the financial statements, but a separate statement of those monies appears at Note 20 to this financial report.

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

(e) Trade and Other Receivables

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

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

(f) Inventories**General**

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

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

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

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

(g) Fixed Assets**Initial Recognition**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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

Buildings	50 years
Furniture and Equipment	10 years
Computer Equipment	5 years
Plant and Equipment	8 years
Small Plant and Tools	8 years
Equipment on Reserves	10 years
Bores on Reserves	40 years
Car parks	40 years
Sealed roads and streets	40 years
Footpaths – slab	40 years
Water supply piping and drainage systems	71 years

1. Significant Accounting Policies (continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 *'Impairment of Assets'* and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

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

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

1. Significant Accounting Policies (continued)

(ii) Long Service Leave (Long-term Benefits)

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

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

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

(o) Provisions

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

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

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(q) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 17.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(s) Superannuation

The Town of Bassendean contributes to the Local Government Superannuation Scheme, the Occupational Superannuation Fund, and other Choice Funds which are selected by employees. All funds are defined contribution schemes.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) New Accounting Standards and Interpretations

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv)	AASB-I 13 Customer Loyalty Programs	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programs.
(v)	AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.

1. Significant Accounting Policies (continued)

	Title and Topic	Issued	Applicable (*)	Impact
(vi)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii)	AASB 1049 Whole of Government and General Government Sector Financial Reporting	October 2007	1 July 2008 (+)	Nil – The Standard is not applicable to Local Governments.
(viii)	AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008 (+)	<ul style="list-style-type: none"> • AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. • This Standard will have a significant impact on the Council's financial statements. • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

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

(+) – Applicable to not-for-profit and/or public sector entities only.

2. Revenues and Expenses

	2008 \$	2007 \$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) CHARGING AS AN EXPENSE:			
Auditors Remuneration			
– Audit	6,375	5,000	
– Other Services	3,843	12,700	
	10,218	17,700	
Depreciation			
Buildings	214,349	213,990	
Furniture and Equipment	178,021	142,239	
Plant and Equipment	277,818	235,586	
Minor Plant	318	–	
Infrastructure Assets	1,182,783	882,164	
	1,853,289	1,473,979	
Interest Expenses			
Debentures (refer Note 22(a))	118,917	71,410	
	118,917	71,410	
(ii) CREDITING AS REVENUE:			
	2008 \$	2008 Budget \$	2007 \$
Interest Earnings			
Investments			
– Reserve Funds	49,040	35,000	45,699
– Other Funds	265,804	209,630	219,220
Other Interest Revenue (refer note 27)	88,822	74,460	65,116
	403,666	319,090	330,035

2. Revenues and Expenses (continued)

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
(b) By Nature or Type				
REVENUES FROM ORDINARY ACTIVITIES				
Rates	23	7,088,658	7,094,833	6,689,302
Grants and Subsidies	29	1,929,290	2,191,748	2,592,637
Contributions Reimbursements and Donations		–	33,615	–
Fees and Charges	28	1,657,149	1,327,056	1,483,103
Interest Earnings	2(a)	420,184	319,090	330,035
Other Revenue		326,882	1,147,206	297,460
		11,422,163	12,113,548	11,392,537
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(5,537,475)	(5,220,905)	(4,843,418)
Materials and Contracts		(3,836,495)	(3,165,406)	(3,759,745)
Utilities		(414,937)	(523,408)	(333,707)
Depreciation	2(a)	(1,853,289)	(1,193,892)	(1,473,979)
Interest Expenses	2(a)	(131,720)	(125,235)	(124,392)
Insurance		(393,048)	(366,474)	(285,408)
Other Expenditure		(702,449)	(1,010,946)	(712,466)
		(12,869,413)	(11,606,266)	(11,533,115)
Grants and Subsidies – non-operating	29	1,066,029	909,577	421,826
Profit on Asset Disposals	21	21,078	39,054	–
Loss on Asset Disposals	21	–	(9,241)	(39,949)
		(360,144)	1,446,672	241,299
NET RESULT				

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

(c) Statement of Objective

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

General Purpose Funding

Objective: To collect revenue to allow for the provision of services.

Activities: Rating, General Purpose Government Grants and the earning of Interest.

Law, Order, Public Safety

Objective: To provide Bush Fire Prevention Services and Animal (Dog) Control services.

Activities: Supervision, Enforcement of *Bushfire Act* and *Dog Act*.

Health

Objective: To provide an operational framework for good community health in conjunction with the Health Department of W.A.

Activities: Health Inspection Services regarding food quality, pest control etc and the provision of Doctor and Dental Surgery facilities and Child Health Clinics.

Education and Welfare

The provision, management and support of educational services at the pre-school level and assistance to schools. The provision, management and support of welfare services for families, youth, children and the aged within the community.

Community Amenities

Objective: To provide community amenities and other infrastructure as required by the community.

Activities: Rubbish Collection and Disposal, maintenance of rubbish tips and recycling, administration of Town Planning Schemes for the Town, including provision of residential, commercial and Townscape facilities.

Recreation and Culture

Objective: To establish and manage efficiently sport and recreation infrastructure and resources which will help the social wellbeing and health of the community.

Activities: The provision and maintenance in conjunction with the various communities of public halls, recreation grounds, sport pavilions and the joint operation of the Town of Bassendean Memorial Library.

Transport

Objective: To provide effective and efficient transport infrastructure to the community.

Activities: Construction and maintenance of streets, roads, bridges; the cleaning and lighting of streets.

Economic Services

Objective: To help promote the Town and improve its economic wellbeing.

Activities: The regulation and provision of tourism, area promotion activities and building control.

Other Property and Services

Objective: To provide other services etc not elsewhere included.

Activities: Private works operations, Council plant repairs and operation costs and depot maintenance.

	2008 \$	2007 \$
(d) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (i.e. opening balances).		
Grant – HACC Program – Capital Replacement	10,785	10,785
Grant in Advance – NAIDOC Week	–	5,000
	10,785	15,785
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Swan River Trust – Ashfield Parade Reserve	194,837	–
Grant Roads to Recovery	18,827	–
Grant – HACC Program – Bus	97,373	–
Grant in Advance – Planet Earth Festival – Healthway	8,000	–
Grant in Advance – NAIDOC Week – Healthway	2,000	–
Grant in Advance – Envirofund – Green Bassendean	1,500	–
Grant in Advance – Planet Earth Festival – Lotterywest	9,975	–
Grant in Advance – Dept Agriculture, Fisheries & Forestry	20,703	–
Grant in Advance – Success Hill – Dept Agriculture, Fisheries & Forestry	80,000	–
Grant in Advance – JPET	1,000	–
Grant in Advance – Disability & Inclusion – WALGA	7,091	–
	452,091	15,785
CLOSING BALANCES OF UNEXPENDED GRANTS		
Comprises:		
Swan River Trust – Ashfield Pde Reserve	194,837	–
Grant Roads to Recovery	18,827	–
Grant – HACC Program	108,158	10,785
Grant in Advance – NAIDOC Week	2,000	5,000
Grant in Advance – Planet Earth Festival – Healthway	8,000	–
Grant in Advance – Planet Earth Festival – Lotterywest	9,975	–
Grant in Advance – Dept Agriculture, Fisheries & Forestry	80,000	–
Grant in Advance – Envirofund – Green Bassendean	1,500	–
Grant in Advance – JPET	1,000	–
Grant in Advance – Dept Agriculture, Fisheries & Forestry	20,703	–
Grant in Advance – WALGA Disability & Inclusion	7,091	–
	452,091	15,785

3. Cash and Cash Equivalents

	2008 \$	2007 \$
Unrestricted	381,105	459,191
Restricted	2,523,173	2,062,158
	2,904,278	2,521,349

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

Plant Reserve	5,775	37,963
Recreation Development Reserve	22,851	21,275
Waste Management Reserve	40,946	38,122
Wind in the Willows Reserve	15,108	14,066
Aged Persons Housing Reserve	533,658	496,854
Youth Development Reserve	18,896	17,593
Cultural Events Reserve	3,544	3,299
Self Insurance Reserve	5,640	5,251
Underground Power Reserve	21,482	20,000
Municipal Building Reserve	36,626	34,100
Cash set aside for Long Service Leave	57,706	72,899
Unspent Portion of Grants	452,092	15,785
Trust Fund	10,019	4,207
Iveson Hostel Residents	18	18
Lyneham Hostel Residents	1,050	1,340
Sundry	32,555	28,768
Securities	359,109	211,652
Hall Hire Bonds	8,882	11,441
Crossover Deposits	103,576	108,876
Landscaping Bonds	154,127	207,324
Hyde Retirement Village Retention Bonds	263,200	335,950
Scheme 4a Contributions	6,965	6,965
Public Open Space Contributions	364,387	364,387
Stormwater Deposits	4,511	3,511
Donations Community Bus	450	512
	2,523,172	2,062,158

4. Trade and Other Receivables

	\$	\$
CURRENT		
Rates Outstanding	191,784	297,115
Sundry Debtors	249,196	652,731
Accrued Interest	5,231	7,584
Other Debtors	108,759	–
	554,970	957,430
NON-CURRENT		
Rates Outstanding – Pensioners	250,024	274,645
Loans – Clubs/Institutions	48,635	51,420
	298,659	326,065

5. Investments

Investment in EMRC	2,070,872	1,951,291
Note: The Town of Bassendean has an equity share in the Eastern Metropolitan Regional Council. This share is calculated at 4.806% of the total equity of \$43,091,267 at the balance date.		
	2,070,872	1,951,291

6. Inventories

CURRENT

Fuel and Materials

2008	2007
\$	\$
28,661	18,970
28,661	18,970

7. Property, Plant and Equipment

Land and Buildings – Cost
Less Accumulated Depreciation

13,191,375	12,733,095
(1,973,113)	(1,758,764)
11,218,262	10,974,331

Furniture and Equipment – Cost
Less Accumulated Depreciation

2,230,436	2,082,728
(1,430,871)	(1,252,850)
799,565	829,878

Plant and Equipment – Cost
Less Accumulated Depreciation

2,743,330	2,835,729
(1,298,697)	(1,266,085)
1,444,633	1,569,644

Minor Assets – cost
Less Accumulated Amortisation

306,295	304,456
(303,959)	(304,456)
2,337	–

TOTAL PROPERTY, PLANT AND EQUIPMENT

13,464,797	13,373,853
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MOVEMENTS IN CARRYING AMOUNTS

The following represents the 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 and Buildings \$	Furniture and Equipment \$	Plant and Equipment \$	Minor Plant and Equipment \$	Total \$
Balance as at 1 July 2007	10,974,331	829,880	1,569,642	–	13,373,853
Additions	458,280	147,708	432,131	2,655	1,040,774
(Disposals)	–	–	(279,324)	–	(279,324)
Depreciation (Expense)	(214,349)	(178,021)	(277,818)	(318)	(670,506)
Balance as at 30 June 2008	11,218,262	799,567	1,444,631	2,337	13,464,797

8. Infrastructure Assets

	2008 \$	2007 \$
Roads at Cost	14,906,165	14,391,047
Less Accumulated Depreciation	(2,712,068)	(2,351,234)
	12,194,097	12,039,813
Footpaths at Cost	4,447,953	4,438,993
Less Accumulated Depreciation	(1,492,276)	(1,381,283)
	2,955,677	3,057,710
Drainage at Cost	11,996,825	11,917,177
Less Accumulated Depreciation	(5,506,864)	(5,208,771)
	6,489,961	6,708,406
Parks and Ovals at Cost	4,834,306	4,381,677
Less Accumulated Depreciation	(1,744,059)	(1,396,287)
	3,090,247	2,985,390
Reserves at Cost	650,902	650,902
Less Accumulated Depreciation	(146,453)	(81,363)
	504,449	569,539
TOTAL INFRASTRUCTURE ASSETS	25,234,431	25,360,858

MOVEMENTS IN CARRYING AMOUNTS

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Streets and Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Reserve Grass \$	Total \$
Balance as at 1 July 2007	12,039,812	3,057,711	6,708,406	2,985,390	569,539	25,360,858
Additions	515,117	8,960	79,648	452,631	–	1,056,356
Depreciation (Expense)	(360,835)	(110,993)	(298,093)	(347,772)	(65,090)	(1,182,783)
Balance as at 30 June 2008	12,194,094	2,955,678	6,489,961	3,090,249	504,449	25,234,431

9. Trade and Other Payables

CURRENT

	2008 \$	2007 \$
Sundry Creditors / Accruals	812,492	1,006,937
Accrued Salaries and Wages	112,487	63,786
Bonds and Deposits	1,298,830	1,284,951
Trust Fund	10,019	-
	2,233,828	2,355,674

10. Borrowings

CURRENT

Bank Overdraft	424,037	-
Debentures	92,085	88,313
	516,122	88,313

NON-CURRENT

Debentures	1,633,264	1,723,270
	1,633,264	1,723,270

Additional detail on borrowings is provided in Note 22.

11. Provisions

CURRENT

Provision for Annual Leave	335,659	301,576
Provision for Long Service Leave	329,281	259,254
	664,940	560,830

NON-CURRENT

Provision for Long Service Leave	177,245	185,481
Provision for Annual Leave	138,646	163,063
	315,891	348,544

	2008 \$	2008 Budget \$	2007 \$
12. Reserves – Cash/Investment Backed			
(a) Plant and Equipment Reserve			
Opening Balance	37,963	37,703	35,630
Amount Set Aside / Transfer to Reserve	2,812	1,786	2,333
Amount Used / Transfer from Reserve	(35,000)	(35,000)	–
	5,775	4,489	37,963
(b) Recreation Development Reserve			
Opening Balance	21,275		54,419
Amount Set Aside / Transfer to Reserve	1,576	2,728	3,563
Amount Used / Transfer from Reserve	–		(36,707)
	22,851	2,728	21,275
(c) Municipal Building and TP Reserve			
Opening Balance	34,100	34,100	–
Amount Set Aside / Transfer to Reserve	2,526		34,100
Amount Used / Transfer from Reserve	–	–	–
	36,626	34,100	34,100
(d) Waste Management Reserve			
Opening Balance	38,122	2,050	35,780
Amount Set Aside / Transfer to Reserve	2,824	1,795	2,342
Amount Used / Transfer from Reserve	–		–
	40,946	3,845	38,122
(e) Wind in the Willows Reserve			
Opening Balance	14,066	13,447	16,205
Amount Set Aside / Transfer to Reserve	1,042	812	1,061
Amount Used / Transfer from Reserve	–		(3,200)
	15,108	14,259	14,066
(f) Aged Persons Reserve			
Opening Balance	496,854	469,785	531,391
Amount Set Aside / Transfer to Reserve	36,805	26,647	34,793
Amount Used / Transfer from Reserve	–	(152,000)	(69,330)
	533,659	344,432	496,854
(g) Building Maintenance and Upgrade Reserve			
Opening Balance	–	–	–
Amount Set Aside / Transfer to Reserve	–	–	–
Amount Used / Transfer from Reserve	–	–	–
	–	–	–

(h) Youth Development Reserve

Opening Balance	17,593	946	16,512
Amount Set Aside / Transfer to Reserve	1,303	827	1,081
Amount Used / Transfer from Reserve	–	–	–
	18,896	1,773	17,593

(i) Cultural Events Reserve

Opening Balance	3,300	176	3,097
Amount Set Aside / Transfer to Reserve	244	155	203
Amount Used / Transfer from Reserve	–	–	–
	3,544	331	3,300

(j) Self Insurance Reserve

Opening Balance	5,251	5,220	4,928
Amount Set Aside / Transfer to Reserve	389	247	323
Amount Used / Transfer from Reserve	–	–	–
	5,640	5,467	5,251

(k) Underground Power Reserve

Opening Balance	20,000	20,000	–
Amount Set Aside / Transfer to Reserve	1,482	–	20,000
Amount Used / Transfer from Reserve	–	–	–
	21,482	20,000	20,000
TOTAL CASH BACKED RESERVES	704,527	431,424	688,524

All of the cash backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash and restricted investments in Notes 3 to this report.

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

Plant and Equipment Reserve: To accrue funds for the purpose of replacement of major plant items.

Recreation Development Reserve: To accrue funds for major expenditure in the provision of recreational facilities.

Underground Power Reserve: To accrue funds for engaging consultants to consider the implementation of Underground Power.

Municipal Buildings and Town Planning Reserve: To hold funds accrued as a result of Town Planning schemes and for the provisions of funds for the purchase, building or development of municipal buildings.

Wind in the Willows Child Care Reserve: To accrue funds for the purpose of replacement of equipment unused in the Centre.

Waste Management Reserve: To accrue funds for the purpose of development or research into waste management practice.

Information Systems Reserve: To accrue funds for the purpose of upgrade of computer, telephone and other communication systems.

Aged Persons Housing Reserve: To accrue funds to provide facilities for the aged.

Building Maintenance and Upgrade Reserve: To accrue funds for the purpose of maintaining and upgrading buildings owned by the Town.

Youth Development Reserve: To provide funds for activities and facilities for the benefit of youth of the Town.

Cultural Events Reserve: To provide funds for cultural events and activities for the Town.

Self Insurance Reserve: To accrue funds to provide for legal representation in all matters affecting the Town.

13. Reserves – Asset Revaluation

	2008 \$	2007 \$
Asset revaluation reserves have arisen on revaluation of Investment in EMRC:		
Balance as at 1 July 2007	3,610,858	3,305,159
Revaluation Increment – EMRC	119,581	305,699
Balance as at 30 June 2008	3,730,439	3,610,858
TOTAL ASSET REVALUATION RESERVES	3,730,439	3,610,858

14. Notes to the Cash Flow Statement

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	2008 \$	2008 Budget \$	2007 \$
Cash at Bank	2,904,278	2,196,885	2,521,349
Bank Overdraft	(424,036)	0	0
	2,480,242	2,196,885	2,521,349

(b) Reconciliation of Net Cash provided by Operating Activities to Net Result

Net Result	(360,144)	1,446,672	241,299
Depreciation	1,853,289	1,193,892	1,473,979
(Profit)/Loss on Sale of Asset	(21,078)	(29,814)	39,949
(Increase)/Decrease in Receivables	273,584	138,018	(487,539)
(Increase)/Decrease in Inventory	(9,691)	0	20,513
Increase/(Decrease) in Payables	218,132	(220,000)	1,072,423
Increase/(Decrease) in Employee Provisions	(115,019)	150,000	(53,981)
Grants/Contributions for the Development of Assets	(1,066,029)	(909,576)	(421,826)
NET CASH FROM OPERATING ACTIVITIES	773,043	1,769,192	1,884,817

(c) Undrawn Borrowing Facilities

CREDIT STANDBY ARRANGEMENTS

Bank Overdraft limit	100,000	100,000	100,000
Credit Card limit	70,000	0	70,000
Credit Card Balance at Balance Date	(11,624)	0	(15,576)
TOTAL AMOUNT OF CREDIT UNUSED	158,376	100,000	154,424

LOAN FACILITIES

Loan Facilities – Current	92,085	88,313	88,313
Loan Facilities – Non-Current	1,633,264	1,723,270	1,723,270
TOTAL FACILITIES IN USE AT BALANCE DATE	1,725,349	1,811,583	1,811,583
UNUSED LOAN FACILITIES AT BALANCE DATE	0	0	0

15. Contingent Liabilities

There were no contingent liabilities for the 2007/08 financial year.

16. Capital and Leasing Commitments

- (a) There were no finance or operating leases outstanding commitments as at the 30 June 2008.
 (b) Capital Expenditure Commitments
 Council did not have any capital expenditure projects outstanding at the end of the current reporting period.

17. Joint Venture

Eastern Metropolitan Regional Council

General Funds

The Council is a member of the Eastern Metropolitan Regional Council. EMRC was established in accordance with the Local Government Act 1995 and consists of six local governments namely Town of Bassendean, City of Bayswater, City of Belmont, Shire of Kalamunda, Shire of Mundaring and City of Swan. Council's share in the net assets of the EMRC is calculated at 4.806% of the total equity of the EMRC at balance date being \$43,091,267.

	2007/08	2006/07
Council's Share of Net Assets	\$2,070,872	\$1,951,291

18. Total Assets classified by Function and Activity

	2008	2007
	\$	\$
Governance	1,663,207	1,483,892
General Purpose Funding	367	367
Law, Order, Public Safety	195,609	195,609
Health	70,354	43,780
Education and Welfare	1,162,386	1,050,060
Housing	468,329	468,329
Community Amenities	2,662,400	2,597,805
Recreation and Culture	10,856,628	10,271,504
Transport	26,586,713	28,061,332
Economic Services	376,334	224,964
Other Property and Services	514,341	112,175
	44,556,668	44,509,817

2008 2007 2006

19. Financial Ratios

Current Ratio	0.46	0.88	0.82
Untied Cash to Trade Creditors Ratio	0.47	0.46	3.03:1
Debt Ratio	12.04%	18.30%	10.46%
Debt Service Ratio	1.80%	1.90%	1.44%
Gross Debt to Revenue Ratio	17.21%	15.90%	16.28%
Gross Debt to Economically Realisable Assets Ratio	17.67%	15.70%	10.44%
Rate Coverage Ratio	56.63%	56.65%	54.61%
Outstanding Rates Ratio	2.60%	4.20%	9.80%

The above ratios are calculated as follows:

Current Ratio
$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Untied Cash to Trade Creditors Ratio
$$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$$

Debt Ratio
$$\frac{\text{Total liabilities}}{\text{Total assets}}$$

Debt Service Ratio
$$\frac{\text{Debt Service Cost (Principal and Interest)}}{\text{Available operating revenue}}$$

Gross Debt to Revenue Ratio
$$\frac{\text{Gross debt}}{\text{Total revenue}}$$

Gross Debt to Economically Realisable Assets Ratio
$$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$$

Rate Coverage Ratio (excludes deferred rates)
$$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$$

Outstanding Rates Ratio
$$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$$

20. Trust Funds

Funds held at balance date over which the Municipality has no control and which are included in the financial statements are as follows:

	Balance 1-Jul-07 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-08 \$
BCIT Fund	3,499	78,653	(73,501)	8,651
Building Licence Levy	1,030	13,424	(13,086)	1,368
	4,529	92,077	(86,587)	10,019

21. Disposals of Assets – 2007/08 Financial Year

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment	279,325	186,187	300,403	216,000	21,078	29,813
	279,325	186,187	300,403	216,000	21,078	29,813

22. Information on Borrowings

(a) Debenture Repayments

Particulars	Principal 1-Jul-07 \$	New Loans \$	Principal Repayments		Principal 30-Jun-08		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
RECREATION AND CULTURE								
Loan 156: Civic Centre Redevelopment	418,899		19,690	19,690	399,209	399,209	33,218	33,219
Loan 157: Ashfield Soccer Club-SSL*	49,510		2,199	2,199	47,311	47,311	3,311	3,311
Loan 160A: Civic Centre Redevelopment	706,962		23,831	23,830	683,131	683,132	44,751	44,751
Loan 160B: Civic Centre Redevelopment	266,293		8,574	8,573	257,719	257,720	15,747	15,746
GOVERNANCE								
Loan 161: Purchase of 35 Old Perth Road	369,920		31,941	31,941	337,979	337,979	21,889	21,890
Loan 162- TADWA SSL*				2,079		347,921		6,318
	1,811,584		86,234	88,313	1,725,350	2,073,272	118,917	125,235

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures -- 2007/08

Council raised no new debenture loans during the 2007/08 financial year.

(c) Unspent Debentures

Council had no unspent debenture loans as at 30 June 2008.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 1997 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2007 and 30 June 2008 was \$Nil.

23. Rating Information – 2007/08 Financial Year

Rate type	Rate in \$	Number of properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate GRV Properties	0.11049	4,399	51,823,141	5,725,939	87,566	730	5,814,234 0	5,747,619	70,000	–	5,817,619 0
SUB-TOTALS		4,399	51,823,141	5,725,939	87,566	730	5,814,234	5,747,619	70,000	0	5,817,619
Minimum Rates	Minimum \$										
GRV Properties	697.55	1,827	12,066,958	1,274,424	–	–	1,274,424	1,277,214	–	–	1,277,214
SUB-TOTALS		1,827	12,066,958	1,274,424	0	0	1,274,424	1,277,214	0	0	1,277,214
Specified Area Rate (refer note 23)							7,088,658				7,094,833
Discounts (refer note 25)							7,088,658				7,094,833
TOTALS							7,088,658				7,094,833

24. Specified Area Rate – 2007/08 Financial Year

Council imposed no specified area rates during the 2007/08 financial year.

25. Service Charges – 2007/08 Financial Year

Council imposed no service charges during the 2007/08 financial year.

26. Discounts, Incentives, Concessions and Write-Offs – 2007/08 Financial Year

	Type	Disc %	Total Cost/Value \$	Budget Cost/Value \$
General Rates	Concession	50	9,438	10,000
Minimum Rate				
			9,438	10,000

27. Interest Charges And Instalments – 2007/08 Financial Year

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		62,530	61,000
Interest on Instalments Plan	5.50			
Charges on Instalment Plan		15	26,292	23,750
			88,822	84,750

Ratepayers had the option of paying rates in four equal instalments, due on 3rd September 2007, 2nd November 2007, 25th January 2008 and 28th March 2008. Administration charges and interest applied for the final three instalments.

28. Fees and Charges

	2008 \$	2007 \$
Governance	54	30
General Purpose Funding	46,836	52,241
Law, Order and Public Safety	28,172	33,693
Health	253,490	1,839
Education and Welfare	691,965	740,964
Community Amenities	355,074	394,795
Recreation and Culture	96,831	158,771
Transport	21,187	11,516
Economic Services	162,664	89,117
Other Property and Services	876	137
	1,657,149	1,483,103

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

29. Grant Revenue

BY NATURE AND TYPE:

Grants and Subsidies – operating	1,929,290	2,592,637
Grants and Subsidies – non-operating	1,066,029	421,826
	2,995,319	3,014,463

BY PROGRAM:

General Purpose Funding	599,812	560,961
Governance	26,090	13,770
Law, Order and Public Safety	59,700	52,644
Health	13,778	
Education and Welfare	1,853,495	1,774,417
Community Amenities	0	55,025
Recreation and Culture	368,530	417,789
Transport	73,914	139,857
Economic Services	0	0
	2,995,319	3,014,463

30. Councillors' Remuneration

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

	2008 \$	2008 Budget \$	2007 \$
Meeting Fees	99,915	70,000	70,000
Mayoral Meeting Fees	15,000	15,000	15,000
Deputy Mayoral Allowance	3,750	3,750	3,750
Telecommunication Allowance	24,536	24,100	20,961
Conference and Other Expenses	17,363	24,000	16,121
	160,564	136,850	125,832

31. Employees' Remuneration

Set out below, in bands of \$10,000, is the number of employees of the Town entitled to an annual salary of \$100,000 or more.

Salary Range \$	2008	2007
100,000–109,999		
110,000–119,999	1	1

32. Employee Numbers

The number of full-time equivalent employees at balance date

2008	2007
103	110

33. Major Land Transactions

Council did not participate in any major land transactions during the 2007/08 financial year.

34. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2007/08 financial year.

35. Financial Risk Management

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008 \$	2007 \$	2008 \$	2007 \$
FINANCIAL ASSETS				
Cash and cash equivalents	2,904,279	2,521,349	2,904,279	2,521,349
Receivables	446,211	957,430	446,211	957,430
	3,350,490	3,478,779	3,350,490	3,478,779
FINANCIAL LIABILITIES				
Payables	2,233,828	2,355,674	2,233,628	2,355,674
Bank Overdraft	424,037		424,037	
Borrowings	1,725,349	1,811,583	1,073,610	1,090,937
	4,383,214	4,167,257	3,731,275	3,446,611

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Bank Overdraft, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

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

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

Sensitivity Analysis

	30-June-2008	30-June-2007
	\$	\$
Impact of a .05% movement in interest rates on cash and investments:		
– Equity	14,522	12,607
– Income Statement	14,522	12,607

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

The level of outstanding receivables is monitored against benchmarks for acceptable collection performance.

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

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

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

	30-June-2008	30-June-2007
Percentage of Rates and Annual Charges		
– Current	59.00%	49.00%
– Overdue	41.00%	51.00%
Percentage of Other Receivables		
– Current	74.00%	89.00%
– Overdue	26.00%	11.00%

35. Financial Risk Management (continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2008					
Payables	2,233,828		0	2,233,828	2,233,828
Borrowings	205,149	820,602	2,005,707	3,031,458	1,725,349
	2,438,977	820,602	2,005,707	5,265,286	3,959,177
2007					
Payables	2,355,674	0	0	2,355,674	2,355,674
Borrowings	205,149	820,602	2,210,856	3,236,607	1,811,583
	2,560,823	820,602	2,210,856	5,592,281	4,167,257

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
YEAR ENDED 30 JUNE 2008								
Borrowings								
Fixed Rate								
Debentures	92,085	203,366	231,993	264,719	247,309	685,877	1,725,349	6.65%
Weighted Average Effective Interest Rate	6.41%	6.42%	6.43%	6.43%	6.44%	6.83%		
YEAR ENDED 30 JUNE 2007								
Borrowings								
Fixed Rate								
Debentures	86,235	190,452	217,294	248,713	281,948	786,941	1,811,583	6.65%
Weighted Average Effective Interest Rate	6.42%	6.41%	6.42%	6.43%	6.43%	6.65%		