



audited annual
financial statements
for the year ended 30 June 2009



Certified Practising Accountants

PARTNERS
 Anthony Macri FCPA
 Domenic Macri CPA
 Connie De Felice CA

INDEPENDENT AUDIT REPORT

TO: RATEPAYERS OF TOWN OF BASSENDEAN

Report on the Financial Report

We have audited the financial report of the Town of Bassendean, which comprises the Balance Sheet as at 30 June 2009 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.



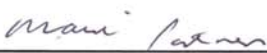
Auditor's Opinion

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 2009 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 16th DAY OF OCTOBER 2009.



TOWN OF BASSENDEAN

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

**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 2009 are in my opinion properly drawn up to present fairly the financial position of the Town of Bassendean at 30th June 2009 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 4 day of OCTOBER 2009.



Bob Jarvis
Chief Executive Officer



Michael Costarella
Director of Corporate Services



Income Statement by Nature or Type

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	23	7,676,494	7,552,540	7,088,658
Operating Grants, Subsidies and Contributions	29	2,778,120	1,805,896	1,929,290
Fees and Charges	28	1,863,907	1,766,531	1,657,149
Interest Earnings	2(a)	386,903	369,498	420,183
Other Revenue		232,249	601,201	326,882
		12,937,673	12,095,666	11,422,162
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(6,414,621)	(5,597,677)	(5,537,475)
Materials and Contracts		(3,640,132)	(3,657,836)	(3,836,494)
Utility Charges		(448,862)	(571,550)	(414,937)
Depreciation on Non-Current Assets	2(a)	(1,938,584)	(1,591,666)	(1,853,289)
Interest Expenses	2(a)	(129,306)	(1,774,357)	(131,720)
Insurance Expenses		(332,891)	(418,272)	(393,048)
Other Expenditure		(1,073,940)	(523,349)	(702,449)
		(13,978,334)	(14,134,707)	(12,869,413)
		(1,040,661)	(2,039,041)	(1,447,251)
Non-Operating Grants, Subsidies and Contributions	29	882,550	2,829,148	1,066,029
Profit on Asset Disposals	21	—	—	21,078
Loss on Asset Disposal	21	(255,659)	(44,271)	—
NET RESULT		(413,770)	745,836	(360,144)

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



Income Statement by Program

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
General Purpose Funding		8,624,535	10,006,657	7,114,824
Governance		49,783	28,000	44,965
Law, Order, Public Safety		83,952	104,575	100,845
Health		273,187	259,800	264,550
Education and Welfare		3,128,268	2,852,435	2,689,482
Community Amenities		132,503	115,800	183,421
Recreation and Culture		645,268	405,739	749,726
Transport		707,628	962,196	1,077,884
Economic Services		126,569	119,500	169,725
Other Property and Services		87,504	25,900	143,424
		13,859,196	14,880,602	12,538,846
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(1,026,281)	(2,866,749)	(1,127,444)
General Purpose Funding		(259,130)	-	(254,035)
Law, Order, Public Safety		(386,317)	(489,614)	(373,424)
Health		(1,543,081)	(1,568,828)	(1,403,326)
Education and Welfare		(3,085,647)	(2,984,197)	(2,882,835)
Community Amenities		(534,324)	(480,365)	(495,990)
Recreation and Culture		(3,906,207)	(3,261,976)	(3,372,768)
Transport		(2,623,362)	(2,142,853)	(2,328,207)
Economic Services		(381,134)	(175,581)	(202,195)
Other Property and Services		(398,178)	(51,538)	(339,159)
		(14,143,660)	(14,021,700)	(12,779,383)
BORROWING COSTS EXPENSE				
Governance		(19,913)	(19,913)	(21,889)
Recreation and Culture		(109,393)	(93,153)	(97,718)
	2 (a)	(129,306)	(113,066)	(119,607)
NET RESULT		(413,770)	745,836	(360,144)

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

Balance Sheet

AS AT 30TH JUNE 2009

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,373,700	2,904,278
Trade and Other Receivables	4	493,980	554,970
Inventories	5	32,544	28,661
TOTAL CURRENT ASSETS		3,900,224	3,487,909
NON-CURRENT ASSETS			
Other Receivables	4	628,925	298,659
Investments	17	2,156,793	2,070,872
Property, Plant and Equipment	6&7	22,738,831	13,464,796
Infrastructure	8	25,692,202	25,234,431
TOTAL NON-CURRENT ASSETS		51,216,751	41,068,758
TOTAL ASSETS		55,116,975	44,556,667
CURRENT LIABILITIES			
Trade and Other Payables	9	3,008,422	2,233,828
Borrowings	10	734,057	516,122
Provisions	11	802,188	803,586
TOTAL CURRENT LIABILITIES		4,544,667	3,553,536
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	1,868,286	1,633,264
Provisions	11	222,413	177,245
TOTAL NON-CURRENT LIABILITIES		2,090,699	1,810,509
TOTAL LIABILITIES		6,635,366	5,364,045
NET ASSETS		48,481,609	39,192,622
EQUITY			
Retained Surplus		34,405,036	34,757,657
Reserves - Cash/Investment Backed	12	643,377	704,526
Reserves - Asset Revaluation	13	13,433,196	3,730,439
TOTAL EQUITY		48,481,609	39,192,622

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



Statement of Changes in Equity

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		34,757,657	35,133,803
Net Result		(413,770)	(360,144)
Transfer from/(to) Reserves		61,149	(16,002)
Balance as at 30 June 2009		<u>34,405,036</u>	<u>34,757,657</u>
RESERVES – CASH/INVESTMENT BACKED			
Balance as at 1 July 2008		704,526	688,524
Amount Transferred (to)/from Retained Surplus		(61,149)	16,002
Balance as at 30 June 2009	12	<u>643,377</u>	<u>704,526</u>
RESERVES – ASSET REVALUATION			
Balance as at 1 July 2008		3,730,439	3,610,858
Revaluation Increment		9,702,757	119,581
Revaluation Decrement Balance as at 30 June 2009	13	<u>13,433,196</u>	<u>3,730,439</u>
TOTAL EQUITY		<u>48,481,609</u>	<u>39,192,622</u>

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

Cash Flow Statement

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Rates		7,742,318	7,552,540	6,958,707
Operating Grants, Subsidies and Contributions		2,879,583	2,190,897	1,929,290
Fees and Charges		2,180,072	1,916,531	2,060,684
Interest Earnings		386,903	1,869,498	422,537
Goods and Services Tax		758,874	–	619,200
Other Revenue		256,215	601,201	329,666
		14,203,966	14,130,667	12,320,084
PAYMENTS				
Employee Costs		(6,358,357)	(5,747,677)	(5,608,931)
Materials and Contracts		(3,725,611)	(3,377,836)	(3,964,326)
Utility Charges		(448,862)	(571,550)	(414,937)
Insurance Expenses		(332,891)	(418,272)	(393,048)
Interest expenses		(138,223)	(1,774,357)	(131,720)
Goods and Services Tax		(352,884)	–	(355,315)
Other Expenditure		(1,063,878)	(452,726)	(678,763)
		(12,420,706)	(12,342,418)	(11,547,040)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	14(b)	1,783,260	1,788,249	773,044
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for Purchase of Property, Plant and Equipment		(912,526)	(860,746)	(1,040,774)
Payments for Construction of Infrastructure		(1,677,637)	(2,327,654)	(1,056,356)
Grants, Subsidies and Contributions used for the Development of Assets		882,550	1,129,148	1,066,029
Proceeds from Sale of Plant and Equipment		280,950	1,756,000	300,402
		(1,426,663)	(303,252)	(730,699)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(1,426,663)	(303,252)	(730,699)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Debentures		(99,601)	(92,085)	(86,235)
Proceeds from Self Supporting Loans		9,869	2,199	2,784
Proceeds from New Debentures		350,000	–	–
Payment to Self Supporting Loan		(350,000)	–	–
		(89,732)	(89,886)	(83,451)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(89,732)	(89,886)	(83,451)
Net Increase (Decrease) in Cash Held		266,864	1,395,111	(41,106)
Cash at Beginning of Year		2,480,242	2,656,888	2,521,349
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14(a)	2,747,106	4,051,999	2,480,243

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

Rate Setting Statement

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$
REVENUES			
Governance		49,783	28,000
General Purpose Funding		948,041	2,454,117
Law, Order, Public Safety		83,952	104,575
Health		273,187	259,800
Education and Welfare		3,128,268	2,852,435
Community Amenities		132,503	115,800
Recreation and Culture		645,268	405,739
Transport		707,628	1,006,407
Economic Services		126,569	119,500
Other Property and Services		87,504	25,900
		6,182,702	7,372,273
EXPENSES			
Governance		(1,046,194)	(1,107,238)
General Purpose Funding		(259,130)	(1,779,423)
Law, Order, Public Safety		(386,317)	(489,614)
Health		(1,543,081)	(1,568,828)
Education and Welfare		(3,085,647)	(2,984,197)
Community Amenities		(534,324)	(480,365)
Recreation and Culture		(4,015,600)	(3,355,129)
Transport		(2,623,362)	(2,187,064)
Economic Services		(381,134)	(175,581)
Other Property and Services		(398,178)	(51,538)
		(14,272,966)	(14,178,976)
ADJUSTMENTS FOR CASH BUDGET REQUIREMENTS:			
NON-CASH EXPENDITURE AND REVENUE			
(Profit)/Loss on Asset Disposals		255,659	44,211
Movement in Deferred Pensioner Rates (Non-Current)		(1,774)	–
Movement in Employee Benefit Provisions		708,707	–
Depreciation and Amortisation on Assets		1,938,584	1,591,667
CAPITAL EXPENDITURE AND REVENUE			
Purchase Land Held for Resale		–	–
Purchase Land and Buildings		(210,172)	(461,248)
Purchase Infrastructure Assets		(1,677,637)	(2,327,654)
Purchase Plant and Equipment		(621,057)	(318,500)
Purchase Furniture and Equipment		(81,297)	(81,000)
Proceeds from Disposal of Assets		280,950	1,756,000
Repayment of Debentures		(99,601)	(92,085)
Proceeds from New Debentures		350,000	–
Payment of Self-Supporting Loan		(350,000)	–
Self-Supporting Loan Principal Income		9,868	2,199
Transfers to Reserves (Restricted Assets)		(37,894)	(1,538,403)
Transfers from Reserves (Restricted Assets)		99,044	460,800
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		(597,127)	239,568
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		(447,516)	21,392
AMOUNT REQUIRED TO BE RAISED FROM RATES	23	(7,676,494)	(7,552,540)

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 30 JUNE 2009

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 excluded from 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 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 for 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

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

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

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

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

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

(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.



1. Significant Accounting Policies (continued)

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	71 years

(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.

(j) Investments and Other Financial Assets (Continued)

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.

(k) 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.

(l) 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.



1. Significant Accounting Policies (continued)

(m) 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.

(n) 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.

(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 using the projected unit credit method. 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 national 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Rates, Grants, Donations and Other Contributions

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

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

(t) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

(x) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2009

Council's assessment of these new standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	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.

continued over...

1. Significant Accounting Policies (continued)

(x) New Accounting Standards and Interpretations (continued)

	Title and Topic	Issued	Applicable (*)	Impact
(ii)	Revised AASB 123 Borrowing Costs (includes AASB 2009-1) 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 and April 2009	1 January 2009	Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(iii)	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.
(iv)	AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
	AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council. It is not anticipated the more significant changes will have any effect on the financial report, as the topics are not relevant to the operations of the Council.
(v)	AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 2009	Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
(vi)	AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.



Title and Topic	Issued	Applicable (*)	Impact
AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
AASB 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	September 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2007	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
Interpretation 12 – Service Concession Arrangements	June 2007	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
Interpretation 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.
Interpretation 18 – Transfers of Assets from Customers	March 2009	Ending 1 July 2009	Nil – None of these amendments will have any effect on the financial report, as none of the topics are relevant to the operations of the Council.

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



2. Revenues and Expenses

(a) Result from Ordinary Activities	2009	2008	
The Result from Ordinary Activities includes:	\$	\$	
(i) CHARGING AS AN EXPENSE:			
Auditors Remuneration			
– Audit	5,400	6,375	
– Other Services	16,622	3,843	
	22,022	10,218	
Depreciation			
Buildings	242,990	214,349	
Furniture and Equipment	184,732	178,021	
Plant and Equipment	289,392	277,818	
Minor Plant	1,603	318	
Infrastructure	952,547	1,182,783	
Drainage	267,318	–	
	1,938,581	1,853,289	
Interest Expenses			
Debentures (refer Note 22(a))	129,306	118,917	
	129,306	118,917	
(ii) CREDITING AS REVENUE:	2009	2009	2008
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
– Reserve Funds	36,528	42,000	49,040
– Other Funds	254,411	260,000	265,804
Other Interest Revenue	95,964	67,498	88,822
	386,903	369,498	403,666

(b) 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.

Governance

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 Bushfire 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

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, library and recreation facilities.

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.

(c) Conditions over Contributions

	2009 \$	2008 \$
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 Programme – Capital Replacement	10,785	10,785
BYS Transport Assistance Register (previously JPET)	1,000	–
Swan River Trust – Ashfield Pde Reserve 07/08	194,837	–
Roads to Recovery	18,827	–
HACC Programme – Bus	97,373	–
Planet Earth Festival – Healthway	8,000	–
NAIDOC Week – Healthway	2,000	–
Envirofund – Green Bassendean	1,500	–
Planet Earth Festival – Lotterywest	9,975	–
Dept Agriculture, Fisheries & Forestry	20,703	–
Dept Agriculture, Fisheries & Forestry – Success Hill	80,000	–
WALGA – Disability & Inclusion	7,091	–
	452,091	10,785
ADD: New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
BYS Transport Assistance Register (previously JPET)	–	1,000
Swan River Trust – Ashfield Pde Reserve 07/08	–	194,837
Roads to Recovery	–	18,827
HACC Programme – Bus	–	97,373
Planet Earth Festival – Healthway	–	8,000
NAIDOC Week – Healthway	–	2,000
Envirofund – Green Bassendean	–	1,500
Planet Earth Festival – Lotterywest	–	9,975
Dept Agriculture, Fisheries & Forestry	–	20,703
Dept Agriculture, Fisheries & Forestry – Success Hill	–	80,000
WALGA – Disability & Inclusion	–	7,091
Swan River Trust – Pickering Park 09BS03	47,000	–
Swan River Trust – Ashfield Parade 09BS02	115,194	–
Dept ITRD & Local Govt – Alf Faulkner Hall	139,000	–
Lottery West – Ashfield Community Centre Additions	250,000	–
HACC Programme – 2 New Vehicles	46,558	–
	597,752	441,306
	1,049,843	452,091

2. Revenues and Expenses (continued)

(c) Conditions over Contributions (continued)

	2009 \$	2008 \$
LESS: Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Grant – HACC Programme – Capital Replacement	10,785	–
BYS Transport Assistance Register (previously JPET)	700	–
Swan River Trust – Ashfield Pde Reserve 07/08	194,837	–
Roads to Recovery	18,827	–
HACC Programme – Bus	97,373	–
Planet Earth Festival – Healthway	8,000	–
NAIDOC Week – Healthway	2,000	–
Envirofund – Green Bassendean	1,500	–
Planet Earth Festival – Lotterywest	9,975	–
Dept Agriculture, Fisheries & Forestry	20,703	–
Dept Agriculture, Fisheries & Forestry – Success Hill	80,000	–
WALGA – Disability & Inclusion	7,091	–
	451,791	–

CLOSING BALANCES OF UNEXPENDED GRANTS

	2009	2008
Comprises:		
Swan River Trust – Ashfield Pde Reserve	–	194,837
Grant Roads to Recovery	–	18,827
Grant in Advance– NAIDOC Week	–	2,000
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 – Dept Agriculture, Fisheries & Forestry	–	20,703
Grant in Advance – WALGA Disability & Inclusion	–	7,091
Swan River Trust – Pickering Park 09BS03	47,000	–
Swan River Trust – Ashfield Parade 09BS02	115,194	–
Dept ITRD & Local Govt – Alf Faulkner Hall	139,000	–
Grant – HACC Programme	46,558	108,158
BYS Transport Assistance Register (previously JPET)	300	1,000
Grant in Advance – Lottery West	250,000	–
	598,052	452,091



3. Cash and Cash Equivalents

	2009	2008
	\$	\$
Unrestricted	4,786	381,105
Restricted	3,368,915	2,523,173
	3,373,700	2,904,278

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

Plant Reserve	6,085	5,775
Recreation Development Reserve	37	22,851
Waste Management Reserve	43,149	40,946
Wind in the Willows Reserve	7,921	15,108
Aged Persons Housing Reserve	530,363	533,658
Youth Development Reserve	19,912	18,896
Cultural Events Reserve	3,735	3,544
Self Insurance Reserve	5,943	5,640
Underground Power Reserve	22,637	21,482
Municipal Building Reserve	3,596	36,626
Cash set aside for Long Service Leave	57,707	57,706
Unspent Portion of Grants	598,052	452,092
Sundry Liabilities	6,556	10,019
Iveson Hostel Residents	18	18
Lyneham Hostel Residents	1,050	1,050
Sundry	176,396	32,555
Securities	232,678	359,109
Hall Hire Bonds	11,860	8,882
Crossover Deposits	102,476	103,576
Landscaping Bonds	197,383	154,127
Hyde Retirement Village Retention Bonds	287,950	263,200
Scheme 4a Contributions	6,965	6,965
Public Open Space Contributions	1,040,387	364,387
Stormwater Deposits	5,611	4,511
Donations Community Bus	450	451
	3,368,915	2,523,173

4. Trade and Other Receivables

	2009	2008
	\$	\$
CURRENT		
Rates Outstanding	125,851	191,784
Sundry Debtors	350,660	249,196
Accrued Interest	5,829	5,231
Other Debtors	–	108,759
Loans – Clubs/Institutions	11,640	–
	493,980	554,970
NON-CURRENT		
Rates Outstanding – Pensioners	251,798	250,024
Loans – Clubs/Institutions	377,127	48,635
	628,925	298,659

5. Inventories

	2009	2008
	\$	\$
CURRENT		
Fuel and Materials	32,544	28,661
	32,544	28,661

6&7. Property, Plant and Equipment

	2009 \$	2008 \$
Land and Buildings – Valuations	20,703,366	13,191,375
Less Accumulated Depreciation	(139,088)	(1,973,113)
	20,564,278	11,218,262
Furniture and Equipment – Cost	2,155,535	2,230,436
Less Accumulated Depreciation	(1,467,232)	(1,430,871)
	688,303	799,565
Plant and Equipment – Cost	2,804,714	2,743,330
Less Accumulated Depreciation	(1,319,199)	(1,298,697)
	1,485,516	1,444,633
Minor Assets	266,901	306,295
Less Accumulated Amortisation	(266,167)	(303,959)
	734	2,336
	22,738,831	13,464,796

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 2008	11,218,262	799,567	1,444,631	2,337	13,464,797
Additions	210,172	81,297	621,057	–	912,526
(Disposals)	(238,001)	(7,827)	(290,781)	–	(536,609)
Revaluation – Increments – (Decrements)	9,616,836	–	–	–	9,616,836
Depreciation (Expense)	(242,990)	(184,732)	(289,392)	(1,603)	(718,717)
Other Movements	–	–	–	–	–
Balance as at 30 June 2009	20,564,279	688,305	1,485,515	734	22,738,833

A Revaluation of all Land and Buildings was undertaken in April 2009 by AVP Valuers.

These accounts reflect the revaluation of Buildings only. Land revaluations will be included in the 2009–10 accounts.

Assets at Cost are subject to annual assessments as to whether there is any indication that an Asset may have been impaired in accordance with AASB 136 'Impairment of Assets'.

8. Infrastructure

	2009 \$	2008 \$
Roads – Cost	15,641,092	14,906,165
Less Accumulated Depreciation	(3,087,773)	(2,712,068)
	12,553,320	12,194,097
Footpaths – Cost	4,621,170	4,447,953
Less Accumulated Depreciation	(1,604,199)	(1,492,276)
	3,016,971	2,955,677
Drainage – Cost	11,996,825	11,996,825
Less Accumulated Depreciation	(5,774,183)	(5,506,864)
	6,222,642	6,489,961
Parks & Ovals – Cost	5,603,799	4,834,306
Less Accumulated Depreciation	(2,143,889)	(1,744,059)
	3,459,910	3,090,247
Reserves at Cost	650,902	650,902
Less Accumulated Depreciation	(211,543)	(146,453)
	439,359	504,449
	25,692,202	25,234,431

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.

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Reserve Grass \$	Total \$
Balance as at 1 July 2008	12,194,094	2,955,678	6,489,961	3,090,249	504,449	25,234,431
Additions	734,927	173,217	–	769,493	–	1,677,637
Depreciation (Expense)	(375,704)	(111,923)	(267,319)	(399,830)	(65,090)	(1,219,866)
Other Movements	–	–	–	–	–	–
Balance as at 30 June 2009	12,553,317	3,016,972	6,222,642	3,459,912	439,359	25,692,202

Assets at Cost are subject to annual assessments as to whether there is any indication that an Asset may have been impaired in accordance with AASB 136 'Impairment of Assets'.

9. Trade and Other Payables

	2009	2008
	\$	\$
CURRENT		
Sundry Creditors	768,284	812,492
Accrued Interest on Debentures	14,456	–
Bonds and Deposits	2,063,223	1,298,830
Sundry Liabilities	6,556	10,019
Accrued Salaries and Wages	155,904	112,487
	<u>3,008,422</u>	<u>2,233,828</u>

10. Borrowings

CURRENT		
Bank Overdraft	626,594	424,037
Debentures	107,463	92,085
	<u>734,057</u>	<u>516,122</u>
NON-CURRENT		
Debentures	1,868,285	1,633,264
	<u>1,868,285</u>	<u>1,633,264</u>

Additional detail on borrowings is provided in Note 22.

11. Provisions

CURRENT		
Provision for Annual Leave	478,250	474,305
Provision for Long Service Leave	323,936	329,281
	<u>802,187</u>	<u>803,586</u>
NON-CURRENT		
Provision for Long Service Leave	222,413	177,245
	<u>222,413</u>	<u>177,245</u>



12. Reserves – Cash/Investment Backed

	2009	Budget 2009	2008
	\$	\$	\$
PLANT & EQUIPMENT RESERVE			
Opening Balance	5,775	5,303	37,963
Amount Set Aside/Transfer to Reserve	311	250	2,812
Amount Used/Transfer from Reserve	–	–	(35,000)
	6,085	5,553	5,775
RECREATION DEVELOPMENT RESERVE			
Opening Balance	22,851	22,386	21,275
Amount Set Aside/Transfer to Reserve	1,229	3,100	1,576
Amount Used/Transfer from Reserve	(24,044)	(25,000)	–
	36	486	22,851
WASTE MANAGEMENT RESERVE			
Opening Balance	40,946	40,472	38,122
Amount Set Aside/Transfer to Reserve	2,202	2,600	2,824
Amount Used/Transfer from Reserve	–	–	–
	43,149	43,072	40,946
WIND IN THE WILLOWS RESERVE			
Opening Balance	15,108	14,933	14,066
Amount Set Aside/Transfer to Reserve	813	945	1,042
Amount Used/Transfer from Reserve	(8,000)	(8,000)	–
	7,921	7,878	15,108
AGED PERSONS HOUSING RESERVE			
Opening Balance	533,659	375,485	496,854
Amount Set Aside/Transfer to Reserve	28,704	26,250	36,805
Amount Used/Transfer from Reserve	(32,000)	(32,000)	–
	530,363	369,735	533,659
YOUTH DEVELOPMENT RESERVE			
Opening Balance	18,896	18,677	17,593
Amount Set Aside/Transfer to Reserve	1,016	1,120	1,303
Amount Used/Transfer from Reserve	–	–	–
	19,912	19,797	18,896
CULTURAL EVENTS RESERVE			
Opening Balance	3,544	3,502	3,300
Amount Set Aside/Transfer to Reserve	191	185	244
Amount Used/Transfer from Reserve	–	–	–
	3,735	3,687	3,544
SELF INSURANCE RESERVE			
Opening Balance	5,640	5,575	5,251
Amount Set Aside/Transfer to Reserve	303	350	389
Amount Used/Transfer from Reserve	–	–	–
	5,943	5,925	5,640
UNDERGROUND POWER RESERVE			
Opening Balance	21,482	21,233	20,000
Amount Set Aside/Transfer to Reserve	1,155	1,250	1,482
Amount Used/Transfer from Reserve	–	–	–
	22,637	22,483	21,482
MUNICIPAL BUILDINGS AND TOWN PLANNING			
Opening Balance	36,626	36,202	34,100
Amount Set Aside/Transfer to Reserve	1,970	1,502,350	2,526
Amount Used/Transfer from Reserve	(35,000)	(35,000)	–
	3,596	1,503,552	36,626
TOTAL CASH BACKED RESERVES	643,377	1,982,168	704,527

FUNDS SET ASIDE FOR:	2009
	\$
Long Service Leave	
Opening Balance	57,707
Amount Set Aside/Transfer to Reserve	0
Amount Used/Transfer from Reserve	0
	<u>57,707</u>

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 Note 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 & 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.

Conference and Training Reserve: To accrue funds to provide for exceptional and significant conference or training expenses incurred in any one year.

Municipal Buildings & 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 used 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.

Long Service Leave: To accrue funds for the payment of Long service Leave as at the balance date.

13. Reserves – Asset Revaluation

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) Land and Buildings

	2009 \$	2008 \$
Balance as at 1 July 2008	3,730,439	3,610,858
Revaluation Increment	9,702,757	119,581
Revaluation Decrement	–	–
Balance as at 30 June 2009	<u>13,433,196</u>	<u>3,730,439</u>
TOTAL ASSET REVALUATION RESERVES	<u>13,433,196</u>	<u>3,730,439</u>

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:

	2009	Budget 2009	2008
	\$	\$	\$
Cash and Cash Equivalents	3,373,700	4,051,999	2,904,278
Bank Overdraft	(626,594)	–	(424,036)
	2,747,106	4,051,999	2,480,242

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

Net Result	(413,770)	745,836	(360,144)
Amortisation	–	–	–
Depreciation	1,938,581	1,591,666	1,853,289
(Profit)/Loss on Sale of Asset	255,660	44,270	(21,078)
(Increase)/Decrease in Receivables	913,409	35,000	273,584
(Increase)/Decrease in Inventories	3,882	1,513	(9,691)
Increase/(Decrease) in Payables	(88,218)	380,666	218,132
Increase/(Decrease) in Employee Provisions	56,266	118,446	(115,019)
Grants/Contributions for the Development of Assets	(882,550)	(1,129,148)	(1,066,029)
NET CASH FROM OPERATING ACTIVITIES	1,783,260	1,788,249	773,044

(c) Undrawn Borrowing Facilities

CREDIT STANDBY ARRANGEMENTS

Bank Overdraft limit	100,000	100,000	100,000
Credit Card limit	150,000	70,000	70,000
Credit Card Balance at Balance Date	(17,945)	–	(11,624)
TOTAL AMOUNT OF CREDIT UNUSED	232,055	170,000	158,376

LOAN FACILITIES

Loan Facilities – Current	107,463	–	92,085
Loan Facilities – Non-Current	1,868,285	1,639,929	1,633,264
TOTAL FACILITIES IN USE AT BALANCE DATE	1,975,748	1,639,929	1,725,349
UNUSED LOAN FACILITIES AT BALANCE DATE	0	0	0

15. Contingent Liabilities

There were no contingent liabilities for the 2008–09 financial year.

16. Capital and Leasing Commitments

There were no capital and leasing commitments for the 2008–09 year.

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 4.684% of the total equity of the EMRC at balance date being \$46,050,330.

	2009	2008
	\$	\$
NON-CURRENT ASSETS		
Council Share of Net Asset	2,156,793	2,070,872
	2,156,793	2,070,872

18. Total Assets Classified by Function and Activity

	2009	2008
	\$	\$
Governance	3,880,062	1,663,207
General Purpose Funding	251,798	367
Law, Order, Public Safety	70,920	195,609
Health	2,249,914	70,354
Education and Welfare	2,280,174	1,162,386
Housing	—	468,329
Community Amenities	4,196,669	2,662,400
Recreation and Culture	15,073,751	10,856,628
Transport	23,085,042	26,586,713
Economic Services	23,246	376,334
Other Property and Services	105,175	514,341
Unallocated	3,900,224	—
	55,116,975	44,556,668

19. Financial Ratios

	2009	2008	2007
Current Ratio	0.22:1	0.46:1	0.88:1
Untied Cash to Unpaid Trade Creditors Ratio	0.01:1	0.47:1	0.46:1
Debt Ratio	8.12%	12.04%	18.30%
Debt Service Ratio	1.76%	1.80%	1.90%
Gross Debt to Revenue Ratio	20.11%	17.21%	15.90%
Gross Debt to Economically Realisable Assets Ratio	10.96%	17.67%	15.70%
Rate Coverage Ratio	59.33%	56.63%	56.65%
Outstanding Rates Ratio (exc deferred)	1.62%	2.60%	4.20%
Outstanding Rates Ratio (inc deferred)	4.82%	6.23%	8.68%

The above ratios are calculated as follows:

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

$$\text{Untied Cash to Trade Creditors Ratio} = \frac{\text{untied cash}}{\text{unpaid trade creditors}}$$

$$\text{Debt Ratio} = \frac{\text{total liabilities}}{\text{total assets}}$$

$$\text{Debt Service Ratio} = \frac{\text{debt service cost}}{\text{available operating revenue}}$$

$$\text{Gross Debt to Revenue Ratio} = \frac{\text{gross debt}}{\text{total revenue}}$$

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

$$\text{Rate Coverage Ratio (excludes deferred rates)} = \frac{\text{net rate revenue}}{\text{operating revenue}}$$

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

20. Trust Funds

There were no funds held at the balance date over which the Town has no control.

21. Disposals of Assets – 2008–09 Financial Year

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings	238,001	–	–	–	(238,001)	–
Plant and Equipment	290,781	300,211	280,950	256,000	(9,831)	(44,211)
Furniture and Fittings	7,827	–	–	–	(7,827)	–
Minor Assets	–	–	–	–	–	–
	536,609	300,211	280,950	256,000	(255,659)	(44,211)

22. Information on Borrowings

(a) Debenture Repayments

Particulars	Principal 1-Jul-08 \$	New Loans \$	Principal Repayments		Principal 30-Jun-09		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Loan 156 Civic Centre Redevelopment	399,209		21,327	21,327	377,882	377,882	31,581	31,581
Loan 157 Ashfield Soccer Club – SSL*	47,310		2,353	2,353	44,957	45,522	3,158	3,158
Loan 160A Civic Centre Redevelopment	683,130		25,395	25,395	657,735	663,837	43,186	43,186
Loan 160B Civic Centre Redevelopment	257,719		9,092	9,092	248,627	248,627	15,228	15,227
Loan 161 Purchase of 35 Old Perth Rd	337,979		33,918	33,918	304,061	304,061	19,913	19,913
Loan 162 TADWA SSL	–	350,000	7,516	–	342,484	–	16,240	–
	1,725,347	350,000	99,601	92,085	1,975,746	1,639,929	129,306	113,066

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures – 2008–09

Particulars/ Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest and Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
TADWA – SSL	350,000	350,000	WATC	DEB	20	11,917	6.83	350,000	350,000	–

23. Rating Information – 2008–09 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	0.08563	3,872	66,660,784	5,708,163	186,164	3,046	5,897,373	5,680,489	90,000	–	5,770,489
GRV Properties											
SUB-TOTALS		3,872	66,660,784	5,708,163	186,164	3,046	5,897,373	5,680,489	90,000	–	5,770,489
Minimum Rates	Minimum \$										
GRV Properties	732.45	2,429	18,596,732	1,779,121	–	–	1,779,121	1,782,051	–	–	1,782,051
SUB-TOTALS		2,429	18,596,732	1,779,121	–	–	1,779,121	1,782,051	–	–	1,782,051
Ex-Gratia Rates							7,676,494				
Specified Area Rate (refer note 24)							–				7,552,540
Discounts (refer note 26)							7,676,494				7,552,540
TOTALS							7,676,494				7,552,540

24. Specified Area Rate – 2008–09 Financial Year

Council imposed no specified area rates during the 2008–09 financial year.

25. Service Charges – 2008–09 Financial Year

Council imposed no service charges during the 2008–09 financial year.

26. Discounts, Incentives, Concessions and Write-Offs – 2008–09 Financial Year

	Type	Disc %	Total Cost/Value \$	Budget Cost/Value \$
General Rates	Incentive		5,000	5,000
General Rates	Concession		19,530	20,000
			24,530	25,000

27. Interest Charges and Instalments – 2008–09 Financial Year

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		76,407	65,000
Interest on Instalments Plan	5.50%			
Charges on Instalment Plan		21	34,433	34,500
			110,840	99,500

Ratepayers had the option of paying rates in four equal instalments, due on 29th August 2008 27th October 2008, 16th January 2009 and 13th March 2009. Administration charges and interest applied for the final three instalments.

28. Fees and Charges

	2009	2008
	\$	\$
Governance	—	54
General Purpose Funding	78,885	46,836
Law, Order, Public Safety	30,221	28,172
Health	269,154	253,490
Education and Welfare	938,443	691,965
Community Amenities	114,930	355,074
Recreation and Culture	264,144	96,831
Transport	15,357	21,187
Economic Services	119,373	162,664
Other Property and Services	33,401	876
	1,863,907	1,657,149

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

29. Grant Revenue

	2009	2008
	\$	\$
BY NATURE AND TYPE:		
Operating Grants, Subsidies and Contributions	2,778,120	1,929,290
Non-Operating Grants, Subsidies and Contributions	882,550	1,066,029
	3,660,670	2,995,319
BY PROGRAM:		
Governance	22,860	26,090
General Purpose Funding	461,835	599,812
Law, Order, Public Safety	42,075	59,700
Health	—	13,778
Education and Welfare	2,179,708	1,853,495
Community Amenities	—	—
Recreation and Culture	322,862	368,530
Transport	628,830	73,914
Economic Services	—	—
Other Property and Services	2,500	—
	3,660,670	2,995,319

30. Councillors' Remuneration

	2009	2009	2008
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the Mayor.			
Meeting Fees	69,031	70,000	99,915
Mayoral Allowance	15,000	15,000	15,000
Deputy Mayoral Allowance	3,750	3,750	3,750
Telecommunications Allowance	22,912	24,000	24,536
Conference & Other Expenses	16,004	26,500	17,363
	126,697	139,250	160,564

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	2009	2008
\$		
100,000 – 109,999	1	–
110,000 – 119,999	–	1
120,000 – 129,999	–	–
130,000 – 139,999	–	–
140,000 – 149,999	1	–

32. Employee Numbers

	2009	2008
The number of full-time equivalent employees at balance date	113	103

33. Major Land Transactions

Council did not participate in any major land transactions during the 2008–09 financial year.

34. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2008–09 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	
	2009	2008	2009	2008
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash and cash equivalents	3,373,700	2,904,279	3,368,915	2,904,279
Receivables	493,980	446,211	482,340	446,211
	3,867,681	3,350,490	3,851,255	3,350,490
FINANCIAL LIABILITIES				
Payables	3,008,422	2,233,828	3,008,422	2,233,828
Bank Overdraft	626,594	424,037	628,476	424,037
Borrowings	1,975,748	1,725,349	1,221,575	1,073,610
	5,610,765	4,383,214	4,858,473	3,731,475

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, 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.

	30-Jun-09	30-Jun-08
	\$	\$
Impact of a 1% (2007-08 –.05%) movement in interest rates on cash and investments:		
– Equity	33,737	14,522
– Income Statement	33,737	14,522

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

(b) Receivables

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

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

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

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

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

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

	30-Jun-09	30-Jun-08
Percentage of Rates and Annual Charges		
– Current	67%	59%
– Overdue	33%	41%
Percentage of Other Receivables		
– Current	81%	74%
– Overdue	19%	26%

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 \$
2009					
Payables	3,008,422	–	–	3,008,422	–
Borrowings	237,038	948,152	1,858,183	3,043,373	1,975,748
	3,245,460	948,152	1,858,183	6,051,795	1,975,748
2008					
Payables	2,233,828	–	–	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

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 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 2009								
Borrowings								
Fixed Rate								
Debentures	107,491	114,867	122,581	131,841	139,868	1,359,100	1,975,748	6.40%
Weighted Average Effective Interest Rate	6.55%	6.53%	6.51%	6.49%	6.46%	5.93%		
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%		





CHEMIST

PADBURY'S BUILDINGS

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webster pak

BASSENDEAN PHARMACY

