



audited annual  
financial statements  
for the year ended 30 June 2010



Certified Practising Accountants

**PARTNERS**  
 Anthony Macri FCPA  
 Domenic Macri CPA  
 Connie De Felice CA

## **INDEPENDENT AUDITOR'S REPORT**

### **TO: RATEPAYERS OF TOWN OF BASSENDEAN**

We have audited the financial report of the Town of Bassendean, which comprises the Statement of Financial Position as at 30 June 2010 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

#### **Council's Responsibility for the Financial Report**

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 2010 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).

  
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MACRI PARTNERS  
CERTIFIED PRACTISING ACCOUNTANTS  
28 THOROGOOD STREET  
BURSWOOD WA 6100

  
\_\_\_\_\_  
A MACRI  
PARTNER

PERTH  
DATED THIS 22<sup>nd</sup> DAY OF SEPTEMBER 2010.



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 2010 are in my opinion properly drawn up to present fairly the financial position of the Town of Bassendean at 30th June 2010 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 22 day of September, 2010.



Bob Jarvis  
Chief Executive Officer

## Statement of Comprehensive Income by Nature or Type

FOR THE YEAR ENDED 30TH JUNE 2010

	Note \$	2010 Budget \$	2010 \$	2009
<b>REVENUE</b>				
Rates	22	8,169,003	8,097,809	7,676,494
Operating Grants, Subsidies and Contributions	28	2,538,400	2,929,162	2,778,120
Fees and Charges	27	2,273,192	1,923,603	1,863,907
Interest Earnings	2(a)	319,826	247,000	386,903
Other Revenue		361,356	380,956	232,249
		<b>13,661,777</b>	<b>13,578,530</b>	<b>12,937,673</b>
<b>EXPENSES</b>				
Employee Costs		(7,340,671)	(6,207,710)	(6,414,621)
Materials and Contracts		(4,148,937)	(4,147,263)	(3,640,132)
Utility Charges		(471,947)	(586,958)	(448,862)
Depreciation on Non-Current Assets	2(a)	(2,004,568)	(1,867,442)	(1,938,581)
Interest Expenses	2(a)	(128,422)	(237,627)	(129,306)
Insurance Expenses		(400,020)	(305,634)	(332,891)
Other Expenditure		(761,418)	(721,002)	(1,073,940)
		<b>(15,255,982)</b>	<b>(14,073,636)</b>	<b>(13,978,333)</b>
		(1,594,205)	(495,106)	(1,040,660)
Non-Operating Grants, Subsidies and Contributions	28	618,486	1,576,402	882,550
Loss on Asset Disposal	20	(139,773)	(24,955)	(255,660)
Change in Equity - Joint Venture (EMRC)		291,577	—	—
<b>NET RESULT</b>		<b>(823,914)</b>	<b>1,056,339</b>	<b>(413,770)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Changes on revaluation of non-current assets				
Land		17,364,194	—	—
Furniture and Fittings		226,922	—	—
Buildings		—	—	9,702,757
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>17,591,117</b>	<b>—</b>	<b>9,702,757</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>16,767,202</b>	<b>1,056,339</b>	<b>9,288,987</b>

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

## Statement of Comprehensive Income by Program

FOR THE YEAR ENDED 30TH JUNE 2010

	Note	2010 \$	2010 Budget \$	2009 \$
<b>REVENUE</b>				
Governance		33,777	15,000	49,783
General Purpose Funding		9,204,867	8,894,754	8,624,535
Law, Order, Public Safety		145,417	96,575	83,952
Health		406,536	338,425	273,187
Education and Welfare		3,081,107	3,086,036	3,128,268
Community Amenities		170,338	108,500	132,503
Recreation and Culture		697,404	1,832,865	645,268
Transport		313,790	615,402	707,628
Economic Services		146,240	110,150	126,569
Other Property and Services		10,398	54,900	87,504
	<b>2 (a)</b>	<b>14,209,875</b>	<b>15,152,607</b>	<b>13,859,197</b>
<b>EXPENSES EXCLUDING FINANCE COSTS</b>				
Governance		(1,064,608)	(1,468,579)	(1,026,281)
General Purpose Funding		-	-	(259,130)
Law, Order, Public Safety		(467,395)	(509,510)	(386,317)
Health		(1,757,912)	(1,699,333)	(1,543,081)
Education and Welfare		(3,473,423)	(3,036,546)	(3,085,647)
Community Amenities		(801,316)	(462,700)	(534,324)
Recreation and Culture		(4,292,000)	(3,842,505)	(3,906,207)
Transport		(2,556,212)	(2,401,709)	(2,623,362)
Economic Services		(248,763)	(179,851)	(381,134)
Other Property and Services		(535,314)	(366,174)	(398,178)
	<b>2 (a)</b>	<b>(15,196,944)</b>	<b>(13,966,907)</b>	<b>(14,143,661)</b>
<b>FINANCE COSTS</b>				
Governance		(17,234)	(40,364)	(19,913)
Recreation and Culture		(111,188)	(88,997)	(109,393)
	<b>2 (a)</b>	<b>(128,422)</b>	<b>(129,361)</b>	<b>(129,306)</b>
Community Amenities				
Change in Equity - Joint Venture		291,577	-	-
		<b>(823,914)</b>	<b>1,056,339</b>	<b>(413,770)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Changes on revaluation of non-current assets				
Land		17,364,194	-	-
Furniture and Fittings		226,922	-	-
Buildings		-	-	9,702,757
		<b>17,591,117</b>	<b>-</b>	<b>9,702,757</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>16,767,202</b>	<b>1,056,339</b>	<b>9,288,987</b>

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

## Statement of Financial Position

### FOR THE YEAR ENDED 30TH JUNE 2010

	Note	2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	2,886,584	3,373,700
Trade and Other Receivables	4	516,557	493,980
Inventories	5	23,726	32,544
<b>TOTAL CURRENT ASSETS</b>		<b>3,426,867</b>	<b>3,900,224</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	611,048	628,925
Investments	16	2,448,370	2,156,793
Property, Plant and Equipment	6	39,586,000	22,738,831
Infrastructure	7	25,402,863	25,692,202
<b>TOTAL NON-CURRENT ASSETS</b>		<b>68,048,282</b>	<b>51,216,751</b>
<b>TOTAL ASSETS</b>		<b>71,475,149</b>	<b>55,116,975</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	2,857,737	3,008,422
Borrowings	9	364,519	734,057
Provisions	10	970,277	802,189
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,192,534</b>	<b>4,544,668</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	1,753,514	1,868,285
Provisions	10	280,289	222,413
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,033,803</b>	<b>2,090,698</b>
<b>TOTAL LIABILITIES</b>		<b>6,226,337</b>	<b>6,635,366</b>
<b>NET ASSETS</b>		<b>65,248,812</b>	<b>48,481,609</b>
<b>EQUITY</b>			
Retained Surplus		33,579,005	34,405,036
Reserves - Cash Backed	11	645,494	643,377
Reserves - Asset Revaluation	12	31,024,313	13,433,196
<b>TOTAL EQUITY</b>		<b>65,248,812</b>	<b>48,481,609</b>

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

## Statement of Changes in Equity

FOR THE YEAR ENDED 30TH JUNE 2010

	Note	Retained Surplus \$	Reserves Cash Backed \$	Asset Revaluation Reserve \$	Total Equity \$
Balance as at 1 July 2008		34,757,657	704,526	3,730,439	39,192,622
Restated Balance		34,757,657	704,526	3,730,439	39,192,622
Net Result		(413,770)	–	–	(413,770)
Total Other Comprehensive Income		–	–	9,702,757	9,702,757
Reserve Transfers		61,149	(61,149)	–	–
<b>Balance as at 30 June 2009</b>		<b>34,405,036</b>	<b>643,377</b>	<b>13,433,196</b>	<b>48,481,609</b>
Net Result		(823,914)	–	–	(823,914)
Total Other Comprehensive Income		–	–	17,591,117	17,591,117
Reserve Transfers		(2,117)	2,117	–	–
<b>Balance as at 30 June 2010</b>		<b>33,579,005</b>	<b>645,494</b>	<b>31,024,313</b>	<b>65,248,812</b>

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

## Statement of Cash Flows

### FOR THE YEAR ENDED 30TH JUNE 2010

	Note	2010 \$	2010 Budget \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>RECEIPTS</b>				
Rates		8,120,505	8,097,809	7,742,318
Operating Grants, Subsidies and Contributions		2,538,400	2,929,162	2,879,583
Fees and Charges		2,273,192	1,923,603	2,180,072
Interest Earnings		316,701	247,000	386,903
Goods and Services Tax		457,807	–	758,874
Other Revenue		709,256	380,956	256,215
		<b>14,415,861</b>	<b>13,578,530</b>	<b>14,203,965</b>
<b>PAYMENTS</b>				
Employee Costs		(7,127,933)	(6,207,711)	(6,358,357)
Materials and Contracts		(4,133,789)	(4,147,263)	(3,725,611)
Utility Charges		(471,947)	(586,958)	(448,862)
Insurance Expenses		(400,020)	(305,634)	(332,891)
Interest expenses		(128,422)	(237,627)	(138,223)
Goods and Services Tax		(749,384)	–	(352,884)
Other Expenditure		(926,246)	(721,002)	(1,063,878)
		<b>(13,937,741)</b>	<b>(12,206,195)</b>	<b>(12,420,706)</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>13(b)</b>	<b>478,120</b>	<b>1,372,335</b>	<b>1,783,259</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for Purchase of Property, Plant and Equipment		(1,185,743)	(2,075,300)	(912,526)
Payments for Construction of Infrastructure		(909,912)	(2,280,932)	(1,677,637)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		618,486	1,576,402	882,550
Proceeds from Sale of Plant and Equipment		984,602	1,176,500	280,950
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(492,567)</b>	<b>(1,603,330)</b>	<b>(1,426,663)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of Debentures		(107,463)	(107,462)	(99,601)
Proceeds from Self Supporting Loans		11,640	11,639	9,869
Proceeds from New Debentures		–	–	350,000
Payment to Self Supporting Loan		–	–	(350,000)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(95,823)</b>	<b>(95,823)</b>	<b>(89,732)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(110,270)</b>	<b>(326,818)</b>	<b>266,864</b>
Cash at Beginning of Year		2,747,106	2,975,520	2,480,242
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>13(a)</b>	<b>2,636,836</b>	<b>2,648,702</b>	<b>2,747,106</b>

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

## Rate Setting Statement

FOR THE YEAR ENDED 30TH JUNE 2010

	Note	2010 \$	2010 Budget \$
<b>REVENUE</b>			
Governance		33,777	15,000
General Purpose Funding		1,035,864	796,945
Law, Order, Public Safety		145,417	96,575
Health		406,536	338,425
Education and Welfare		3,081,107	3,086,036
Community Amenities		170,338	108,500
Recreation and Culture		697,404	1,832,865
Transport		313,790	615,402
Economic Services		146,240	110,150
Other Property and Services		10,398	54,900
		<b>6,040,872</b>	<b>7,054,798</b>
<b>EXPENSES</b>			
Governance		(1,081,842)	(1,508,943)
General Purpose Funding		—	—
Law, Order, Public Safety		(467,395)	(509,510)
Health		(1,757,912)	(1,699,333)
Education and Welfare		(3,473,423)	(3,036,546)
Community Amenities		(801,316)	(462,700)
Recreation and Culture		(4,403,188)	(3,931,502)
Transport		(2,556,212)	(2,401,709)
Economic Services		(248,763)	(179,851)
Other Property and Services		(535,314)	(366,174)
		<b>(15,325,366)</b>	<b>(14,096,268)</b>
<b>ADJUSTMENTS FOR CASH BUDGET REQUIREMENTS:</b>			
<b>NON-CASH EXPENDITURE AND REVENUE</b>			
(Profit)/Loss on Asset Disposals		139,773	(24,955)
Movement in Deferred Pensioner Rates (Non-Current)		7,393	—
Movement in Employee Benefit Provisions		225,967	—
Depreciation and Amortisation on Assets		2,004,568	1,867,442
<b>CAPITAL EXPENDITURE AND REVENUE</b>			
Purchase Land and Buildings		(906,397)	(1,396,330)
Purchase Infrastructure Assets – Roads		(203,518)	(631,317)
Purchase Infrastructure Assets – Other		(706,394)	(1,649,615)
Purchase Plant and Equipment		(135,540)	(613,500)
Purchase Furniture and Equipment		(143,806)	(65,470)
Proceeds from Disposal of Assets		984,602	1,176,500
Repayment of Debentures		(107,463)	(107,462)
Self-Supporting Loan Principal Income		9,688	11,639
Transfers to Reserves (Restricted Assets)		(37,738)	(333,412)
Transfers from Reserves (Restricted Assets)		35,620	598,881
<b>ADD:</b> Estimated Surplus/(Deficit) July 1 B/Fwd		(447,516)	126,234
<b>LESS:</b> Estimated Surplus/(Deficit) June 30 C/Fwd		(396,254)	14,974
<b>AMOUNT REQUIRED TO BE RAISED FROM RATES</b>	<b>22</b>	<b>(8,169,003)</b>	<b>(8,097,809)</b>

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

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

## 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 19 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 statement of financial position are stated inclusive of applicable GST.

### (d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position 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 statement of financial position.

### (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 statement of comprehensive income 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 by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

#### Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

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 balance 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. 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

## 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 balance 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 statement of financial position.

#### (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 balance 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 statement of comprehensive income. 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income.

#### **(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 balance 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 balance 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 statement of comprehensive income.

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.

##### **(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.

## 1. Significant Accounting Policies (continued)

### (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 balance 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 statement of financial position and statement of comprehensive income. Information about the joint venture is set out in Note 16.

### (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(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.

### (s) 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.

### (t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is

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

#### (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 for Application in Future Periods

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 Financial Instruments	December 2009	1 January 2013	Nil—The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124 Related Party Disclosures	December 2009	1 January 2011	Nil—It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	1 January 2010	Nil—The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 Amendments to Australian Accounting Standards-Group Cash-Settled Share-based Payment Transactions [AASB 2]	July 2009	1 January 2010	Nil—The Council will not have applicable transactions.
(v)	AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	1 January 2011	Nil—The revisions embodied in this standard relate to standards which do not apply to local government (i.e. AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi)	AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	1 January 2013	Nil—The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii)	AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	1 July 2010	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.

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## 1. Significant Accounting Policies (continued)

### (x) New Accounting Standards and Interpretations for Application in Future Periods (continued)

	Title and Topic	Issued	Applicable (*)	Impact
	AASB 2010-1 Amendment to Australian Accounting Standards—Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	1 July 2010	
(viii)	AASB 2009-10 Amendments to Australian Accounting Standards-Classification of Rights Issues [AASB132]	October 2009	1 February 2010	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 19 Extinguishing Financial Liabilities with Equity Instruments	December 2009	1 July 2010	
	AASB 2009-14 Amendments to Australian Interpretations—Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	1 January 2011	

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

### (y) Adoption of New and Revised Accounting Standards

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

#### AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

#### Disclosure Impact

##### Terminology changes

The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

##### Reporting changes in equity

The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

##### Statement of comprehensive income

The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

##### Other Comprehensive Income

The revised version of AASB 101 introduces the concept of 'other comprehensive income', which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

## 2. Revenue and Expenses

### (a) Net Result

The Net Result includes:

(i) CHARGING AS AN EXPENSE:	2010	2009	
	\$	\$	
<b>Auditors Remuneration</b>			
– Audit	13,000	5,400	
– Other Services	3,890	16,622	
<b>Depreciation</b>			
Buildings	368,485	242,990	
Furniture and Equipment	175,604	184,732	
Plant and Equipment	261,120	289,392	
Minor Plant	107	1,603	
Infrastructure	1,030,044	952,547	
Drainage	169,208	267,318	
	<b>2,004,568</b>	<b>1,938,581</b>	
<b>Interest Expenses (Finance Costs)</b>			
Finance Lease Charges			
Debentures (refer Note 21(a))	128,422	129,306	
	<b>128,422</b>	<b>129,306</b>	
(ii) CREDITING AS REVENUE:	2010	2010	2009
	\$	Budget	\$
		\$	
<b>Interest Earnings—Investments</b>			
– Reserve Funds	37,737	26,000	36,528
– Other Funds	209,274	120,000	254,411
Other Interest Revenue (refer note 26)	72,815	101,000	95,964
	<b>319,826</b>	<b>247,000</b>	<b>386,903</b>

### (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.

## 2. Revenue and Expenses (continued)

### (b) Statement of Objective (continued)

#### 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, Council plant repairs and operation costs and depot maintenance.

### (c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening	Received	Expended	Closing	Received	Expended	Closing
		Balance (*) 1-Jul-08	(+) 2008/09	(#) 2008/09	Balance (*) 30-Jun-09	(+) 2009/10	(#) 2009/10	Balance 30-Jun-10
		\$	\$	\$	\$	\$	\$	\$
Grant: HACC Program—Capital Replacement		10,785		(10,785)	–	–	–	–
BYS Transport Assistance Register (previously JPET)			1,000	(700)	300	–	(300)	–
Swan River Trust: Ashfield Parade Reserve			194,837	(194,837)	–	157,938		157,938
Roads to Recovery			18,827	(18,827)	–	95,000	(76,599)	18,401
HACC Program: Bus			97,373	(97,373)	–	–	–	–
Planet Earth Festival: Healthway			8,000	(8,000)	–	–	–	–
NAIDOC Week: Healthway			2,000	(2,000)		5,000	–	5,000
Envirofund: Green Bassendean			1,500	(1,500)	–	–	–	–
Planet Earth Festival: Lotterywest			9,975	(9,975)	–	–	–	–
Dept Agriculture, Fisheries & Forestry			20,703	(20,703)	–	–	–	–
Dept Agriculture, Fisheries & Forestry: Success Hill			80,000	(80,000)	–	–	–	–
WALGA: Disability & Inclusion			7,091	(7,091)	–	–	–	–
Swan River Trust: Pickering Park 09BS03			47,000		47,000	–	(32,245)	14,755
Swan River Trust: Ashfield Parade 09BS02			115,194		115,194	–	(115,194)	–
HACC Non-Recurrent Funding Program			46,558		46,558	72,090	(63,870)	54,778
Dept ITRD & Local Govt: Alf Faulkner Hall			139,000		139,000		(139,000)	–
HACC: Ashfield Community Centre Additions			250,000		250,000		(250,000)	–
Keep Australia Beautiful: Litter Prevention Grant						1,364	–	1,364
Department for Communities Grant						2,500	–	2,500
<b>TOTAL</b>		<b>10,785</b>	<b>1,039,058</b>	<b>(451,791)</b>	<b>598,052</b>	<b>333,892</b>	<b>(677,208)</b>	<b>254,736</b>

Notes: (\*) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

### 3. Cash and Cash Equivalents

	Note	2010 \$	2009 \$
Unrestricted		18,788	4,786
Restricted		2,867,796	3,368,915
		<b>2,886,584</b>	<b>3,373,700</b>

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

Plant and Equipment Reserve		6,442	6,085
Recreation Development Reserve		39	37
Waste Management Reserve		45,679	43,149
Wind in the Willows Reserve		8,385	7,921
Aged Persons Reserve		525,852	530,363
Youth Development Reserve		21,080	19,912
Cultural Events Reserve		3,954	3,735
Self Insurance Reserve		6,292	5,943
Underground Power Reserve		23,965	22,637
Municipal Building and T P Reserve		3,807	3,596
Long Service Leave		57,707	57,707
Unspent Portion of Grants		254,736	598,052
Sundry Creditors		11,109	6,556
Iveson Hostel Residents		18	18
Lyneham Hostel Residents		1,050	1,050
Sundry		52,713	176,396
Securities		289,771	232,678
Hall Hire Bonds		16,065	11,860
Crossover Deposits		102,476	102,476
Development Bonds		133,383	197,383
Hyde Retirement Village Retention Bonds		305,700	287,950
Scheme 4a Contributions		6,965	6,965
Public Open Space Contributions		983,148	1,040,387
Stormwater Deposits		7,011	5,611
Donations Community Bus		450	450
		<b>2,867,796</b>	<b>3,368,915</b>

### 4. Trade and Other Receivables

#### CURRENT

Rates Outstanding	4	95,230	125,851
Sundry Debtors	4	406,188	350,660
Accrued Interest		2,704	5,829
Loans—Clubs/Institutions		12,435	11,640
		<b>516,557</b>	<b>493,980</b>

#### NON-CURRENT

Rates Outstanding—Pensioners		244,404	251,798
Loans—Clubs/Institutions		366,644	377,127
		<b>611,048</b>	<b>628,925</b>

### 5. Inventories

#### CURRENT

Fuel and Materials		23,726	32,544
		<b>23,726</b>	<b>32,544</b>

## 6. Property, Plant and Equipment

	Note	2010 \$	2009 \$
Land and Buildings—Management Valuation		38,223,957	20,703,366
Less Accumulated Depreciation		(507,573)	(139,088)
		<b>37,716,384</b>	<b>20,564,278</b>
Furniture and Equipment—Cost		2,291,005	2,147,199
Furniture and Equipment—Art Management Valuation		232,750	8,336
Less Accumulated Depreciation		(1,640,327)	(1,467,232)
		<b>883,428</b>	<b>688,303</b>
Plant and Equipment—Cost		2,401,684	2,804,714
Less Accumulated Depreciation		(1,416,123)	(1,319,199)
		<b>985,561</b>	<b>1,485,516</b>
Minor Assets		265,036	266,901
Less Accumulated Depreciation		(264,409)	(266,167)
		<b>626</b>	<b>734</b>
		<b>39,586,000</b>	<b>22,738,831</b>

### 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 2009	20,564,278	688,303	1,485,516	734	22,738,831
Additions	906,397	143,806	135,540	—	1,185,743
(Disposals)	(750,000)	—	(374,375)	—	(1,124,375)
Revaluation – Increments	17,364,194	226,922	—	—	17,591,117
– (Decrements)	—	—	—	—	—
Impairment – (losses)	—	—	—	—	—
– reversals	—	—	—	—	—
Depreciation (Expense)	(368,485)	(175,604)	(261,120)	(107)	(805,316)
Other Movements	—	—	—	—	—
<b>Balance as at 30 June 2010</b>	<b>37,716,384</b>	<b>883,428</b>	<b>985,561</b>	<b>626</b>	<b>39,586,000</b>

A Revaluation of Land was undertaken by Management.

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'.

## 7. Infrastructure

	2010 \$	2009 \$
Roads—Cost	15,844,611	15,641,092
Less Accumulated Depreciation	(3,479,219)	(3,087,773)
	<b>12,365,392</b>	<b>12,553,320</b>
Footpaths—Cost	4,778,052	4,621,170
Less Accumulated Depreciation	(1,720,051)	(1,604,199)
	<b>3,058,001</b>	<b>3,016,971</b>
Drainage—Cost	12,042,315	11,996,825
Less Accumulated Depreciation	(5,943,391)	(5,774,183)
	<b>6,098,924</b>	<b>6,222,642</b>
Parks and Ovals—Cost	6,107,823	5,603,799
Less Accumulated Depreciation	(2,601,546)	(2,143,889)
	<b>3,506,277</b>	<b>3,459,910</b>
Reserves at Cost	650,902	650,902
Less Accumulated Depreciation	(276,633)	(211,543)
	<b>374,269</b>	<b>439,359</b>
	<b>25,402,863</b>	<b>25,692,202</b>

### 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 2009	12,553,320	3,016,971	6,222,642	3,459,910	439,359	25,692,202
Additions	203,518	156,882	45,490	504,022	—	909,912
Depreciation (Expense)	(391,445)	(115,852)	(169,208)	(457,657)	(65,090)	(1,199,252)
<b>Balance as at 30 June 2010</b>	<b>12,365,393</b>	<b>3,058,002</b>	<b>6,098,924</b>	<b>3,506,275</b>	<b>374,269</b>	<b>25,402,863</b>

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. Trade and Other Payables

	2010	2009
	\$	\$
<b>CURRENT</b>		
Sundry Creditors	722,118	768,284
Accrued Interest on Debentures	13,557	14,456
Bonds and Deposits	1,898,749	2,063,223
Trust Funds	11,109	6,556
Accrued Salaries and Wages	212,204	155,904
	<b>2,857,737</b>	<b>3,008,422</b>

## 9. Borrowings

	2010	2009
	\$	\$
<b>CURRENT</b>		
Bank Overdraft	249,748	626,594
Debentures	114,771	107,463
	<b>364,519</b>	<b>734,057</b>
<b>NON-CURRENT</b>		
Debentures	1,753,514	1,868,285
	<b>1,753,514</b>	<b>1,868,285</b>

Additional detail on borrowings is provided in Note 21.

## 10. Provisions

<b>CURRENT</b>		
Provision for Annual Leave	659,183	478,250
Provision for Long Service Leave	311,094	323,936
	<b>970,277</b>	<b>802,187</b>
<b>NON-CURRENT</b>		
Provision for Long Service Leave	280,289	222,413
	<b>280,289</b>	<b>222,413</b>

## 11. Reserves—Cash Backed

	2010 \$	2010 Budget \$	2009 \$
<b>PLANT AND EQUIPMENT RESERVE</b>			
Opening Balance	6,085	5,775	5,775
Amount Set Aside/Transfer to Reserve	357	362	311
Amount Used/Transfer from Reserve	—	—	—
	<b>6,442</b>	<b>6,137</b>	<b>6,085</b>
<b>RECREATION DEVELOPMENT RESERVE</b>			
Opening Balance	37	—	22,851
Amount Set Aside/Transfer to Reserve	2	—	1,229
Amount Used/Transfer from Reserve	—	—	(24,044)
	<b>39</b>	<b>—</b>	<b>36</b>
<b>WASTE MANAGEMENT RESERVE</b>			
Opening Balance	43,149	43,084	40,946
Amount Set Aside/Transfer to Reserve	2,531	2,600	2,202
	<b>45,679</b>	<b>45,684</b>	<b>43,149</b>
<b>WIND IN THE WILLOWS RESERVE</b>			
Opening Balance	7,921	7,897	15,108
Amount Set Aside/Transfer to Reserve	465	945	813
Amount Used/Transfer from Reserve	—	—	(8,000)
	<b>8,385</b>	<b>8,842</b>	<b>7,921</b>
<b>AGED PERSONS HOUSING RESERVE</b>			
Opening Balance	530,363	529,529	533,659
Amount Set Aside/Transfer to Reserve	31,109	26,250	28,704
Amount Used/Transfer from Reserve	(35,620)	(47,500)	(32,000)
	<b>525,852</b>	<b>508,279</b>	<b>530,363</b>
<b>YOUTH DEVELOPMENT RESERVE</b>			
Opening Balance	19,912	19,883	18,896
Amount Set Aside/Transfer to Reserve	1,168	1,120	1,016
	<b>21,080</b>	<b>21,003</b>	<b>19,912</b>
<b>CULTURAL EVENTS RESERVE</b>			
Opening Balance	3,735	3,729	3,544
Amount Set Aside/Transfer to Reserve	219	185	191
	<b>3,954</b>	<b>3,914</b>	<b>3,735</b>
<b>SELF INSURANCE RESERVE</b>			
Opening Balance	5,943	5,934	5,640
Amount Set Aside/Transfer to Reserve	349	350	303
	<b>6,292</b>	<b>6,284</b>	<b>5,943</b>
<b>UNDERGROUND POWER RESERVE</b>			
Opening Balance	22,637	22,604	21,482
Amount Set Aside/Transfer to Reserve	1,328	1,250	1,155
	<b>23,965</b>	<b>23,854</b>	<b>22,637</b>
<b>MUNICIPAL BUILDINGS AND TOWN PLANNING</b>			
Opening Balance	3,596	3,539	36,626
Amount Set Aside/Transfer to Reserve	211	350	1,970
Amount Used/Transfer from Reserve	—	—	(35,000)
	<b>3,807</b>	<b>3,889</b>	<b>3,596</b>
	<b>645,494</b>	<b>627,886</b>	<b>643,377</b>

**FUNDS SET ASIDE FOR:**

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 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.

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

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

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

**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.

**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.

## 12. Reserves—Asset Revaluation

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

	2010 \$	2009 \$
<b>(a) Land and Buildings</b>		
Balance as at 1 July 2009	13,433,196	3,730,439
Revaluation Increment	17,364,194	9,702,757
Balance as at 30 June 2010	30,797,390	13,433,196
<b>(b) Furniture and Fittings</b>		
Balance as at 1 July 2009	—	—
Revaluation Increment	232,750	—
Revaluation Decrement	(5,828)	—
<b>Balance as at 30 June 2010</b>	<b>226,922</b>	<b>—</b>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<b>31,024,313</b>	<b>13,433,196</b>

## 13. Notes to the Statement of Cash Flows

### (a) Reconciliation of Cash

For the purposes of the statement of cash flows, 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 statement of financial position as follows:

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	2,886,584	2,648,702	3,373,700
Bank Overdraft	(249,748)	—	(626,594)
	<b>2,636,836</b>	<b>2,648,702</b>	<b>2,747,106</b>

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

Net Result	(823,915)	1,056,339	(413,770)
Depreciation	2,004,568	1,867,442	1,938,581
Impairment (Loss)/Reversal	—	—	255,660
(Profit)/Loss on Sale of Asset	139,772	22,631	913,409
(Increase)/Decrease in Receivables	4,700	219,860	3,882
(Increase)/Decrease in Inventories	8,818	6,776	(88,218)
Increase/(Decrease) in Payables	(449,721)	(342,758)	56,266
Increase/(Decrease) in Employee Provisions	212,386	118,446	—
Grants/Contributions for the Development of Assets	(618,488)	(1,576,402)	(882,550)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>478,120</b>	<b>1,372,335</b>	<b>1,783,260</b>

### (c) Undrawn Borrowing Facilities

#### CREDIT STANDBY ARRANGEMENTS

Bank Overdraft limit	600,000	100,000	100,000
Bank Overdraft at Balance Date	249,748	—	—
Credit Card limit	150,000	70,000	150,000
Credit Card Balance at Balance Date	(11,883)	(15,000)	(17,945)
<b>TOTAL AMOUNT OF CREDIT UNUSED</b>	<b>987,865</b>	<b>155,000</b>	<b>232,055</b>

#### LOAN FACILITIES

Loan Facilities—Current	114,771	107,463	107,463
Loan Facilities—Non-Current	1,753,514	1,653,359	1,868,285
<b>TOTAL FACILITIES IN USE AT BALANCE DATE</b>	<b>1,868,285</b>	<b>1,760,822</b>	<b>1,975,748</b>
<b>UNUSED LOAN FACILITIES AT BALANCE DATE</b>	<b>—</b>	<b>—</b>	<b>—</b>

## 14. Contingent Liabilities

There were no contingent liabilities for the 2009/2010 financial year.

## 15. Capital and Leasing Commitments

### (a) Finance Lease Commitments

There were no finance leases for the 2009/10 financial year.

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

	2010 \$	2009 \$
— not later than one year	165,777	15,170
— later than one year but not later than five years	260,980	25,517
— later than five years	—	—
	<b>426,757</b>	<b>40,687</b>

### (c) Capital Expenditure Commitments

There were no capital expenditure projects outstanding at the end of the current reporting period.

## 16. Investments—Interest In Joint Venture

### 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. The Town's interest in the joint venture calculated by EMRC as at 30 June 2010 is 4.631%, representing its share of the net assets of \$2,448,370. The Town's interest in the assets and liabilities of EMRC is as follows:

	2010 \$	2009 \$
<b>INTEREST IN THE JOINT VENTURE AS AT 30 JUNE</b>	<b>2,448,370</b>	<b>2,156,793</b>
Represented by share of Joint Venture entity's financial position:		
Current Assets	1,436,807	1,239,750
Non-Current Assets	1,350,800	1,104,100
<b>TOTAL ASSETS</b>	<b>2,787,607</b>	<b>2,343,850</b>
Current Liabilities	273,478	124,850
Non-Current Liabilities	65,760	62,207
<b>TOTAL LIABILITIES</b>	<b>339,238</b>	<b>187,057</b>
<b>NET ASSETS</b>	<b>2,448,370</b>	<b>2,156,793</b>

## 17. Total Assets Classified by Function and Activity

Governance	3,861,682	3,880,062
General Purpose Funding	–	251,798
Law, Order, Public Safety	24,626	70,920
Health	72,728	2,249,914
Education and Welfare	2,265,055	2,280,174
Community Amenities	18,708,266	4,196,669
Recreation and Culture	14,778,822	15,073,751
Transport	22,661,279	23,085,042
Economic Services	200,000	23,246
Other Property and Services	86,406	105,175
Unallocated	8,756,284	3,900,224
	<b>71,415,148</b>	<b>55,116,975</b>

## 18. Financial Ratios

	2010	2009	2008
Current Ratio	0.24:1	0.22:1	0.46:1
Untied Cash to Unpaid Trade Creditors Ratio	0.02:1	0.01:1	0.47:1
Debt Ratio	8.71%	8.12%	12.04%
Debt Service Ratio	1.69%	1.76%	1.80%
Gross Debt to Revenue Ratio	15.26%	20.11%	17.21%
Gross Debt to Economically Realisable Assets Ratio	4.59%	10.96%	17.67%
Rate Coverage Ratio	58.11%	59.33%	56.63%
Outstanding Rates Ratio	3.97%	4.82%	6.23%

The above ratios are calculated as follows:

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

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

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

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

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

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

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

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

## 19. Trust Funds

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

	Balance 1-Jul-09	Amounts Received	Amounts Paid	Balance 30-Jun-10
	\$	(\$)	\$	\$
BCITF	5,049	(77,767)	73,796	9,021
Building Licence Levy	1,506	(13,120)	12,538	2,089
Trust Funds—No Control	<b>6,556</b>	<b>(90,887)</b>	<b>86,334</b>	<b>11,109</b>

## 20. Disposals of Assets—2009/10 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	750,000	—	660,000	—	(90,000)	—
Plant and Equipment	374,375	261,455	324,602	236,500	(49,773)	(24,955)
	<b>1,124,375</b>	<b>261,455</b>	<b>984,602</b>	<b>236,500</b>	<b>(139,773)</b>	<b>(24,955)</b>

## 21. Information on Borrowings

### (a) Debenture Repayments

Particulars	Principal 1-Jul-09	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2009/10 Budget \$	2009/10 Actual \$	2009/10 Budget \$	2009/10 Actual \$	2009/10 Budget \$	2009/10 Actual \$
Loan 156 Civic Centre Redevelopment	377,881		23,101	23,101	354,780	354,780	29,807	29,808
Loan 157 Ashfield Soccer Club-SSL*	44,956		2,516	2,517	42,440	42,439	2,994	2,994
Loan 160A Civic Centre Redevelopment	657,736		27,063	27,063	630,673	630,673	41,519	41,519
Loan 160B Civic Centre Redevelopment	248,627		9,643	9,643	238,984	238,984	14,677	14,317
Loan 161 Purchase of 35 Old Perth Rd	304,062		36,017	36,017	268,045	268,045	17,813	17,234
Loan 162 TADWA SSL*	342,484		9,122	9,123	333,362	333,361	22,551	22,551
	<b>1,975,746</b>	<b>0</b>	<b>107,462</b>	<b>107,463</b>	<b>1,868,284</b>	<b>1,868,283</b>	<b>129,361</b>	<b>128,422</b>

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

All other loan repayments were financed by general purpose revenue.

### (b) New Debentures: 2009/10

No New Loans were raised in 2009/10.

### (c) Unspent Debentures

There were no unspent Debentures in 2009/10.

### (d) Overdraft

Council established an overdraft facility of \$600,000 at 30 June 2010 to assist with short-term liquidity requirements. The balance of the bank overdraft at 30 June 2010 was \$221,604.

## 22. Rating Information—2009/10 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 \$
<b>Differential General Rate</b>	0.08974	4,040	69,444,799	6,231,976	62,835	5,152	6,299,963	6,160,683	50,000	2,000	6,212,683
GRV Properties											0
<b>SUB-TOTALS</b>		4,040	69,444,799	6,231,976	62,835	5,152	6,299,963	6,160,683	50,000	2,000	6,212,683
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV Properties	766.00	2,440	18,664,387	1,869,040	—	—	1,869,040	1,885,126	—	—	1,885,126
<b>SUB-TOTALS</b>		2,440	18,664,387	1,869,040	—	—	1,869,040	1,885,126	—	—	1,885,126
Ex-Gratia Rates Specified Area Rate (refer note 23)							8,169,003				8,097,809
Discounts (refer note 25)											
<b>TOTALS</b>							<b>8,169,003</b>				<b>8,097,809</b>

## 23. Specified Area Rate—2009/10 Financial Year

Council imposed no specified area rates during the 2009/10 financial year.

## 24. Service Charges—2009/10 Financial Year

Council imposed no service charges during the 2009/10 financial year.

## 25. Discounts, Incentives, Concessions and Write-Offs—2009/10 Financial Year

	Type	Disc %	Total Cost/Value \$	Budget Cost/Value \$
General Rates	incentive		5,000	5,000
General Rates	concessions		20,041	15,000
			25,041	20,000

## 26. Interest Charges and Instalments—2009/10 Financial Year

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		72,815	78,000
Interest on Instalments Plan	5.50%	—	—	—
Charges on Instalment Plan		24	39,968	40,000
			<b>112,783</b>	<b>118,000</b>

Ratepayers had the option of paying rates in four equal instalments, due on 21st August 2009, 21st October 2009, 17th December 2009 and 18th February 2010. Administration charges and interest applied for the final three instalments.

## 27. Fees and Charges

	2010	2009
	\$	\$
Governance	77,595	–
General Purpose Funding	378	78,885
Law, Order, Public Safety	31,371	30,221
Health	306,162	269,154
Education and Welfare	1,141,058	938,443
Community Amenities	166,296	114,930
Recreation and Culture	356,859	264,144
Transport	20,043	15,357
Economic Services	135,574	119,373
Other Property and Services	37,857	33,401
	<b>2,273,192</b>	<b>1,863,907</b>

## 28. Grant Revenue

	2010	2009
	\$	\$
<b>BY NATURE AND TYPE:</b>		
Operating Grants, Subsidies and Contributions	2,538,400	2,778,120
Non-Operating Grants, Subsidies and Contributions	618,486	882,550
	<b>3,156,886</b>	<b>3,660,670</b>
<b>BY PROGRAM:</b>		
Governance	16,710	22,860
General Purpose Funding	585,784	461,835
Law, Order, Public Safety	102,412	42,075
Health	58,000	–
Education and Welfare	1,886,276	2,179,708
Community Amenities	–	–
Recreation and Culture	229,119	322,862
Transport	274,835	628,830
Economic Services	–	–
Other Property and Services	3,750	2,500
	<b>3,156,886</b>	<b>3,660,670</b>

## 29. Councillors' Remuneration

	2010	2010 Budget	2009
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the Mayor.			
Meeting Fees	63,499	70,000	69,031
Mayor's Allowance	15,000	15,000	15,000
Deputy Mayoral Allowance	3,469	3,750	3,750
Conference and Other Expenses	13,303	40,000	16,004
Telecommunications Allowance	31,428	26,500	22,912
	<b>126,699</b>	<b>155,250</b>	<b>126,697</b>

## 30. Employee Numbers

	2010	2009
The number of full-time equivalent employees at balance date	<b>113</b>	<b>113</b>

## 31. Major Land Transactions

There were no major land transactions during the reporting period.

## 32. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

### 33. Financial Risk Management

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	2,886,584	3,373,700	2,886,584	3,373,700
Receivables	1,127,605	1,122,905	1,127,605	1,122,905
	<b>4,014,189</b>	<b>4,496,605</b>	<b>4,014,189</b>	<b>4,496,605</b>
<b>FINANCIAL LIABILITIES</b>				
Payables	4,611,251	4,876,707	4,611,251	4,876,707
Overdraft	249,748	626,594	249,748	628,476
Borrowings	1,868,285	1,975,748	1,291,941	1,221,575
	<b>6,729,285</b>	<b>7,479,049</b>	<b>6,152,940</b>	<b>6,726,758</b>

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-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
– Equity	28,866	33,737
– Income Statement	28,866	33,737

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.

### 33. Financial Risk Management (continued)

#### (b) Receivables

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

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land—that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
– Current	72.00%	67%
– Overdue	28.00%	33%
Percentage of Other Receivables		
– Current	91%	81%
– Overdue	9%	19%

#### (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 \$
<b>2010</b>					
Payables	2,857,737	–	–	2,857,737	2,857,737
Borrowings	237,038	948,152	1,621,145	2,806,335	1,868,285
	<b>3,094,775</b>	<b>948,152</b>	<b>1,621,145</b>	<b>5,664,072</b>	<b>4,726,023</b>
<b>2009</b>					
Payables	3,008,422	–	–	3,008,422	3,008,422
Borrowings	237,038	948,152	1,858,183	3,043,373	1,975,748
	<b>3,245,460</b>	<b>948,152</b>	<b>1,858,183</b>	<b>6,051,795</b>	<b>4,984,171</b>

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
<b>YEAR ENDED 30 JUNE 2010</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	114770.9	122582.27	131840.95	139868	149434.74	1209788.59	1868285.45	6.39%
Weighted Average Effective Interest Rate	6.53%	6.51%	6.49%	6.46%	6.43%	5.89%		
<b>YEAR ENDED 30 JUNE 2009</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
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%		





