

TOWN OF BASSENDEAN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

"A connected community, developing a vibrant and sustainable future, that is built upon the foundations of our past"

Principal place of business:
48 Old Perth Road
BASSENDEAN WA 6054

**TOWN OF BASSENDEAN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Bassendean for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Town of Bassendean at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the **5th** day of **February** 2021

Chief Executive Officer



Peta Mabbs

TOWN OF BASSENDEAN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	25(a)	13,375,582	13,410,680	13,125,890
Operating grants, subsidies and contributions	2(a)	3,249,254	2,563,074	2,934,732
Fees and charges	2(a)	5,969,778	5,989,971	6,220,530
Interest earnings	2(a)	364,799	460,345	519,008
Other revenue	2(a)	463,019	427,316	524,212
		23,422,432	22,851,386	23,324,372
Expenses				
Employee costs		(13,158,941)	(12,291,093)	(12,723,399)
Materials and contracts		(6,960,228)	(8,122,358)	(7,197,066)
Utility charges		(695,799)	(719,114)	(660,898)
Depreciation on non-current assets	11(b)	(3,731,705)	(3,505,012)	(3,507,677)
Interest expenses	2(b)	(46,220)	(49,688)	(48,563)
Insurance expenses		(473,470)	(452,413)	(464,998)
Other expenditure		(632,526)	(870,570)	(1,137,827)
		(25,698,889)	(26,010,248)	(25,740,428)
		(2,276,457)	(3,158,862)	(2,416,056)
Non-operating grants, subsidies and contributions	2(a)	1,349,865	2,066,917	1,477,679
Profit on asset disposals	11(a)	0	1,500	0
(Loss) on asset disposals	11(a)	(3,868)	(9,819)	(5,227)
Investment in Local Government House Trust		2,017	0	14,352
Net Share of Interest in Associate - EMRC		(638,176)	0	432,583
		709,838	2,058,598	1,919,387
Net result for the period		(1,566,619)	(1,100,263)	(496,669)
Share of changes in asset revaluation surplus of associate	13	104,712	0	(1,339)
Total other comprehensive income for the period		104,712	0	(1,339)
Total comprehensive income for the period		(1,461,907)	(1,100,263)	(498,008)

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

TOWN OF BASSENDEAN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		61,074	17,200	16,268
General purpose funding		14,698,027	14,316,403	14,388,772
Law, order, public safety		118,788	116,400	113,284
Health		2,894,086	2,732,665	2,739,940
Education and welfare		5,003,626	5,120,258	5,278,623
Community amenities		136,273	148,000	164,470
Recreation and culture		241,865	188,910	334,498
Transport		64,356	34,000	60,126
Economic services		107,128	95,350	98,594
Other property and services		97,209	82,200	129,797
		23,422,432	22,851,386	23,324,372
Expenses				
Governance		(1,135,786)	(1,140,872)	(985,993)
General purpose funding		(954,023)	(914,245)	(782,116)
Law, order, public safety		(648,258)	(716,404)	(680,183)
Health		(3,289,396)	(3,257,400)	(3,056,737)
Education and welfare		(5,811,723)	(5,679,422)	(5,983,421)
Community amenities		(1,271,977)	(1,474,379)	(1,365,337)
Recreation and culture		(5,999,596)	(6,441,277)	(6,342,751)
Transport		(5,989,756)	(5,679,404)	(5,790,298)
Economic services		(503,182)	(620,697)	(557,430)
Other property and services		(48,972)	(36,459)	(147,599)
		(25,652,669)	(25,960,559)	(25,691,865)
Finance Costs				
Governance		(2,125)	0	0
General purpose funding		(14,442)	(16,003)	(15,895)
Law, order, public safety		(250)	0	0
Health		(309)	0	0
Education and welfare		(605)	0	0
Community amenities		(20)	0	0
Recreation and culture		(25,167)	(33,685)	(32,668)
Transport		(52)	0	0
Economic services		(68)	0	0
Other property and services		(3,182)	0	0
		(46,220)	(49,688)	(48,563)
		(2,276,457)	(3,158,861)	(2,416,056)
Non-operating grants, subsidies and contributions	2(a)	1,349,865	2,066,917	1,477,679
Profit on disposal of assets	11(a)	0	1,500	0
(Loss) on disposal of assets	11(a)	(3,868)	(9,819)	(5,227)
Investment in Local Government House		2,017	0	14,352
Net Share of Interest in Associate-EMRC		(638,176)	0	432,583
		709,838	2,058,598	1,919,387
Net result for the period		(1,566,619)	(1,100,263)	(496,669)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Share of changes in asset revaluation surplus of associate	13	104,712	0	(1,339)
Total other comprehensive income for the period		104,712	0	(1,339)
Total comprehensive income for the period		(1,461,907)	(1,100,263)	(498,008)

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

TOWN OF BASSENDEAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,273,122	7,960,795
Trade and other receivables	6	1,706,165	1,022,253
Other financial assets	5(a)	8,974,492	4,418,273
Inventories	7	9,037	17,080
Other assets	8	41,241	0
TOTAL CURRENT ASSETS		15,004,057	13,418,401
NON-CURRENT ASSETS			
Trade and other receivables	6	325,083	325,083
Other financial assets	5(b)	305,667	327,780
Investment in associate	24(a)	7,852,617	8,386,081
Property, plant and equipment	9(a)	56,339,210	55,780,006
Infrastructure	10(a)	105,286,630	107,396,632
Right of use assets	12(a)	318,280	0
TOTAL NON-CURRENT ASSETS		170,427,487	172,215,582
TOTAL ASSETS		185,431,544	185,633,983
CURRENT LIABILITIES			
Trade and other payables	14	5,542,603	3,330,886
Contract liabilities	15	455,426	0
Lease liabilities	16(a)	152,712	0
Borrowings	17(a)	97,006	130,368
Employee related provisions	18	2,258,170	2,417,924
TOTAL CURRENT LIABILITIES		8,505,917	5,879,178
NON-CURRENT LIABILITIES			
Contract liabilities	15	29,286	0
Lease liabilities	16(a)	167,151	0
Borrowings	17(a)	452,310	549,315
Employee related provisions	18	215,344	158,837
TOTAL NON-CURRENT LIABILITIES		864,091	708,152
TOTAL LIABILITIES		9,370,008	6,587,330
NET ASSETS		176,061,536	179,046,653
EQUITY			
Retained surplus		26,916,719	29,209,223
Reserves - cash/financial asset backed	4	6,159,687	6,957,012
Revaluation surplus	13	142,985,130	142,880,418
TOTAL EQUITY		176,061,536	179,046,653

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

TOWN OF BASSENDEAN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
				\$	
Balance as at 1 July 2018		30,952,646	5,710,258	142,881,755	179,544,661
Comprehensive income					
Net result for the period		(496,669)	0	0	(496,669)
Other comprehensive income	13	0	0	(1,339)	(1,339)
Total comprehensive income		(496,669)	0	(1,339)	(498,008)
Transfers from reserves	4	1,007,493	(1,007,493)	0	0
Transfers to reserves	4	(2,254,247)	2,254,247	0	0
Balance as at 30 June 2019		29,209,223	6,957,012	142,880,418	179,046,653
Change in accounting policy	29(c)	(1,523,210)	0	0	(1,523,210)
Restated total equity at 1 July 2019		27,686,013	6,957,012	142,880,418	177,523,443
Comprehensive income					
Net result for the period		(1,566,619)	0	0	(1,566,619)
Other comprehensive income	13	0	0	104,712	104,712
Total comprehensive income		(1,566,619)	0	104,712	(1,461,907)
Transfers from reserves	4	2,097,054	(2,097,054)	0	0
Transfers to reserves	4	(1,299,729)	1,299,729	0	0
Balance as at 30 June 2020		26,916,719	6,159,687	142,985,130	176,061,536

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

TOWN OF BASSENDEAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		11,911,879	13,610,680	13,131,934
Operating grants, subsidies and contributions		3,413,702	2,711,074	2,963,981
Fees and charges		5,969,778	6,009,971	6,220,530
Interest received		364,799	460,345	519,008
Goods and services tax received		896,442	1,350,000	978,318
Other revenue		463,019	400,316	524,212
		23,019,619	24,542,386	24,337,983
Payments				
Employee costs		(13,175,810)	(12,391,093)	(12,493,552)
Materials and contracts		(5,168,172)	(8,166,766)	(7,640,793)
Utility charges		(695,799)	(719,114)	(660,898)
Interest expenses		(46,220)	(44,688)	(48,563)
Insurance paid		(473,470)	(452,413)	(464,998)
Goods and services tax paid		(1,019,511)	(900,000)	(888,276)
Other expenditure		(632,526)	(870,570)	(1,137,826)
		(21,211,508)	(23,544,644)	(23,334,906)
Net cash provided by (used in) operating activities	19	1,808,111	997,742	1,003,077
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(1,190,079)	(2,431,788)	(200,315)
Payments for construction of infrastructure	10(a)	(816,198)	(3,673,163)	(1,157,619)
Non-operating grants, subsidies and contributions	2(a)	1,349,865	2,066,917	1,477,679
Proceeds from financial assets at amortised cost - term deposits		(4,557,871)	0	3,877,519
Proceeds from financial assets at fair values through profit and loss		2,017	0	0
Proceeds from sale of property, plant & equipment	11(a)	8,514	656,500	0
Net cash provided by (used in) investment activities		(5,203,752)	(3,381,534)	3,997,264
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(130,367)	(130,368)	(131,697)
Payments for principal portion of lease liabilities	16(b)	(185,431)	0	0
Proceeds from self supporting loans	17(b)	23,766	23,766	19,951
Trust Transfers		0	400,000	0
Net cash provided by (used in) financing activities		(292,032)	293,398	(111,746)
Net increase (decrease) in cash held		(3,687,673)	(2,090,394)	4,888,595
Cash at beginning of year		#REF!	12,377,774	3,072,201
Cash and cash equivalents at the end of the year	19	#REF!	10,287,380	7,960,795

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

**TOWN OF BASSENDEAN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	26 (b)	(61,574)	1,630,400	1,921,369
		(61,574)	1,630,400	1,921,369
Revenue from operating activities (excluding rates)				
Governance		63,091	17,200	30,620
General purpose funding		1,322,446	905,723	1,276,419
Law, order, public safety		118,789	116,400	113,284
Health		2,894,086	2,732,665	2,739,940
Education and welfare		5,003,626	5,120,258	5,278,623
Community amenities		136,273	148,000	164,470
Recreation and culture		241,865	188,910	334,498
Transport		64,356	34,000	60,126
Economic services		107,128	95,350	98,594
Other property and services		97,209	83,700	129,797
		10,048,869	9,442,206	10,226,371
Expenditure from operating activities				
Governance		(1,137,918)	(1,140,872)	(985,993)
General purpose funding		(968,465)	(930,248)	(798,011)
Law, order, public safety		(648,508)	(716,404)	(680,183)
Health		(3,289,705)	(3,257,400)	(3,056,737)
Education and welfare		(5,812,327)	(5,679,422)	(5,983,421)
Community amenities		(1,271,997)	(1,474,379)	(1,365,337)
Recreation and culture		(6,024,762)	(6,474,962)	(6,375,419)
Transport		(5,989,808)	(5,679,404)	(5,790,298)
Economic services		(503,250)	(620,697)	(557,430)
Other property and services		(56,022)	(46,278)	(152,826)
		(25,702,762)	(26,020,066)	(25,745,655)
Non-cash amounts excluded from operating activities	26(a)	3,278,757	3,528,202	3,156,662
Amount attributable to operating activities		(12,436,710)	(11,419,258)	(10,441,253)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,349,865	2,066,917	1,477,679
Proceeds from disposal of assets	11(a)	8,514	656,500	0
Purchase of property, plant and equipment	9(a)	(1,190,079)	(2,431,788)	(200,315)
Purchase and construction of infrastructure	10(a)	(816,198)	(3,673,163)	(1,157,619)
Amount attributable to investing activities		(647,898)	(3,381,534)	119,745
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(130,367)	(130,368)	(131,697)
Proceeds from self supporting loans	17(b)	23,766	23,766	19,951
Payments for principal portion of lease liabilities	16(b)	(185,431)	0	0
Transfers to reserves (restricted assets)	4	(1,299,729)	(2,150,310)	(2,254,247)
Transfers from reserves (restricted assets)	4	2,097,054	3,671,705	1,007,493
Amount attributable to financing activities		505,293	1,414,793	(1,358,500)
Surplus/(deficit) before imposition of general rates		(12,579,315)	(13,386,000)	(11,680,008)
Total amount raised from general rates	25(a)	13,375,582	13,410,680	13,112,353
Surplus/(deficit) after imposition of general rates	26(b)	796,267	24,680	1,432,345

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

TOWN OF BASSENDEAN
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Town. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Town has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the Local Government (Financial Management) Regulations 1996 have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Town to measure any vested improvements at zero cost.

The Town has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of AASB 2018-7 Amendments to Australian Accounting Standards - Materiality, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	2,962	0	0
General purpose funding	771,562	282,628	543,657
Law, order, public safety	49,676	45,000	18,561
Education and welfare	2,322,983	2,195,446	2,286,749
Community amenities	3,609	0	0
Recreation and culture	40,000	10,000	36,185
Transport	58,462	30,000	49,580
	3,249,254	2,563,074	2,934,732
Non-operating grants, subsidies and contributions			
Health	604,346	232,500	93,000
Recreation and culture	200,000	1,013,700	270,000
Transport	545,519	820,717	1,114,679
	1,349,865	2,066,917	1,477,679
Total grants, subsidies and contributions	4,599,119	4,629,991	4,412,411
Fees and charges			
General purpose funding	106,824	114,030	115,565
Law, order, public safety	63,032	58,200	65,948
Health	2,858,374	2,732,166	2,738,009
Education and welfare	2,498,966	2,704,075	2,736,232
Community amenities	128,911	147,000	164,416
Recreation and culture	169,897	123,500	258,818
Transport	4,398	4,000	4,580
Economic services	90,159	63,800	65,388
Other property and services	49,217	43,200	71,574
	5,969,778	5,989,971	6,220,530

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Town was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	2,474,730	2,280,446	0
Fees and charges	5,882,877	5,902,771	0
Other revenue	298,144	346,125	0
Non-operating grants, subsidies and contributions	1,349,865	2,066,917	0
	10,005,616	10,596,259	0

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Town is comprised of:

Contracts with customers included as a contract liability at the start of the period	168,000	0	0
Other revenue from contracts with customers recognised during the year	8,655,751	8,529,342	0
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	29,286		
Other revenue from performance obligations satisfied during the year	1,152,579	2,066,917	0
	10,005,616	10,596,259	0

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	178,957	0	0
Contract liabilities from contracts with customers	(484,712)	0	0

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates
 Statutory permits and licences
 Fines
 Inspection fees
 Town Planning fees
 Registration fees
 Freedom of Information

Other revenue

Reimbursements and recoveries
 Other

Interest earnings

Financial assets at amortised cost - self supporting loans
 Interest on reserve funds
 Rates instalment and penalty interest (refer Note 25(c))
 Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	13,375,582	13,410,680	13,112,353
	99,145	86,700	91,847
	19,017	13,700	31,564
	17,306	0	0
	99,521	115,000	120,236
	48,414	47,000	51,411
	255	255	353
	13,659,239	13,673,335	13,407,763
	53,069	18,500	60,650
	409,950	408,816	463,562
	463,019	427,316	524,212
	14,785	15,845	15,846
	93,350	100,000	143,629
	169,730	164,500	169,697
	86,934	180,000	189,836
	364,799	460,345	519,008

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services
- Internal Audit Fees

Interest expenses (finance costs)

- Borrowings
- Lease liabilities

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	40,000	40,000	40,000
	900	5,200	3,100
	24,088	33,000	8,600
	64,988	78,200	51,700
17(b)	39,237	49,689	48,563
16(b)	6,983	0	0
	46,220	49,689	48,563

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		3,273,122	1,461,479
Term deposits		1,000,000	6,499,316
Total cash and cash equivalents		4,273,122	7,960,795
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		222,346	4,929,453
- Financial assets at amortised cost - Term Deposits		8,950,362	4,394,507
		9,172,708	9,323,960
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	4	6,159,687	6,957,012
Contract liabilities from contracts with customers	15	484,712	0
		6,644,399	6,957,012
Other restricted cash and cash equivalents and other financial assets at amortised cost			
Bonds and Other Deposits	14	2,309,859	2,110,398
Hyde Retirement Village Bonds	14	218,450	256,550
Total restricted assets		9,172,708	9,323,960

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Employee Entitlements Reserve	\$ 743,532	\$ 12,234	\$ (523,540)	\$ 232,226	\$ 743,532	\$ 14,871	\$ (345,923)	\$ 412,480	\$ 1,020,253	\$ 9,368	\$ (286,089)	\$ 743,532
(b) Plant and Equipment Reserve	396,298	7,035	(29,461)	373,872	396,298	7,926	(50,000)	354,224	384,098	12,200	0	396,298
(c) Waste Management Reserve	1,085,370	308,127	0	1,393,497	1,085,370	21,707	(617,578)	489,500	738,910	346,460	0	1,085,370
(d) Wind in the Willows Childcare Reserve	48,206	856	(8,379)	40,683	48,206	964	(35,000)	14,170	89,841	2,739	(44,374)	48,206
(e) Aged Persons Reserve	550,966	9,898	0	560,864	507,423	10,148	0	517,571	484,371	75,145	(8,550)	550,966
(f) Youth Development Reserve	29,227	519	0	29,746	29,229	50,585	0	79,813	28,328	899	0	29,227
(g) Community Facilities Reserve	53,616	952	0	54,568	53,617	1,072	0	54,689	51,966	1,650	0	53,616
(h) Underground Power Reserve	84,354	1,497	0	85,851	84,354	1,687	0	86,041	81,757	2,597	0	84,354
(i) Drainage Infrastructure Reserve	144,737	2,570	(20,905)	126,402	144,737	2,895	(63,541)	84,091	417,421	13,258	(285,942)	144,737
(j) HACC Asset Replacement Reserve	122,784	1,897	(10,598)	114,083	133,214	2,664	(5,000)	130,878	129,113	4,101	(10,430)	122,784
(k) Unspent Grants Reserve	1,628,014	100,426	(1,328,008)	400,432	1,597,552	50,000	(1,115,000)	532,552	454,371	1,545,751	(372,108)	1,628,014
(l) Bus Shelter Reserve	21,300	323	0	21,623	21,300	427	0	21,727	0	21,300	0	21,300
(m) Street Tree Reserve	160,660	108,173	(176,163)	92,670	176,163	103,523	(176,163)	103,523	0	160,660	0	160,660
(n) Land and Buildings Infrastructure Reserve	1,887,948	33,514	0	1,921,462	1,887,948	681,841	(1,263,500)	1,306,289	1,829,829	58,119	0	1,887,948
(o) Information Technology Reserve	0	200,000	0	200,000	0	200,000	0	200,000	0	0	0	0
(p) Future Projects Reserve	0	511,708	0	511,708	0	1,000,000	0	1,000,000	0	0	0	0
	6,957,012	1,299,729	(2,097,054)	6,159,687	6,908,943	2,150,310	(3,671,705)	5,387,548	5,710,258	2,254,247	(1,007,493)	6,957,012

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlements Reserve	Ongoing	To provide funds for future payments to staff for employee entitlements.
(b) Plant and Equipment Reserve	Ongoing	To accrue funds for the purpose of replacement of major plant items.
(c) Waste Management Reserve	Ongoing	To accrue funds for the purpose of renewal or upgrade of waste management services.
(d) Wind in the Willows Childcare Reserve	Ongoing	To accrue funds for the purpose of asset improvement in the Centre and to cater for future surplus or deficit from operations.
(e) Aged Persons Reserve	Ongoing	To accrue funds to provide for the operational deficit, refurbishment and capital expenses, for Hyde Retirement Village.
(f) Youth Development Reserve	Ongoing	To provide funds for activities and facilities for the benefit of youth in the Town.
(g) Community Facilities Reserve	Ongoing	To accrue funds for major expenditure in the provision of community facilities and community events.
(h) Underground Power Reserve	Ongoing	To accrue funds for engaging consultants to consider the implementation of Underground Power.
(i) Drainage Infrastructure Reserve	Ongoing	To provide for the renewal and upgrade of the drainage network.
(j) HACC Asset Replacement Reserve	Ongoing	To provide funding for support of community care programs for senior and disability services.
(k) Unspent Grants Reserve	Ongoing	To provide for unspent funding received as grant contributions to Works and Services.
(l) Bus Shelter Reserve	Ongoing	To provide funds for the purpose of installation or replacement of bus shelters within the Town.
(m) Street Tree Reserve	Ongoing	To accrue unspent funds from tree planting program for the purpose of planting and maintaining trees.
(n) Land and Buildings Infrastructure Reserve	Ongoing	To hold funds accrued as a result of sale of land and buildings and for the provisions of funds for the purchase and development of land and building infrastructure.
(o) Information Technology Reserve	Ongoing	To fund the acquisition and enhancement of technology and digital service delivery initiatives.
(p) Future Projects Reserve	Ongoing	To assist in funding new and upgrade capital initiatives that are generally significant in nature and provide a means to spread the cost of intergenerational assets over multiple years.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	8,974,492	4,418,273
	<u>8,974,492</u>	<u>4,418,273</u>
Other financial assets at amortised cost		
Term deposits	8,950,362	4,394,507
Self supporting loans	24,130	23,766
	<u>8,974,492</u>	<u>4,418,273</u>
(b) Non-current assets		
Financial assets at amortised cost	305,667	327,780
	<u>305,667</u>	<u>327,780</u>
Financial assets at amortised cost		
Self supporting loans	181,030	205,160
Units in Local Government House Trust	124,637	122,620
	<u>305,667</u>	<u>327,780</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 27.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Sundry Receivables
GST receivable
Accrued Interest
LSL Due from Other Councils

Non-current

Pensioner's rates and ESL deferred

2020	2019
\$	\$
1,223,711	785,846
178,957	86,436
190,260	67,191
12,105	2,130
101,132	80,650
1,706,165	1,022,253
325,083	325,083
325,083	325,083

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 27.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

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

TOWN OF BASSENDEAN
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FOR THE YEAR ENDED 30 JUNE 2020

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	9,037	17,080
	9,037	17,080
	17,080	15,018
	(98,939)	(125,676)
	90,896	127,738
	9,037	17,080

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

Other assets - current

Prepayments

	2020	2019
	\$	\$
	41,241	0
	41,241	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 31(h).

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land - freehold land	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Minor Assets (Artworks)	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	36,357,000	36,357,000	18,360,286	18,360,286	54,717,286	299,873	1,115,970	62,620	0	56,195,748
Additions	24,646	24,646	130,706.00	130,706	155,352	28,853	16,110	0	0	200,315
(Disposals)	0.00	0	0.00	0	0	0	(5,227)	0	0	(5,227)
Depreciation (expense)	0.00	0	(491,474.00)	(491,474)	(491,474)	(40,148)	(79,209)	0	0	(610,831)
Carrying amount at 30 June 2019	36,381,646	36,381,646	17,999,518.00	17,999,518	54,381,164	288,578	1,047,644	62,620	0	55,780,005
Comprises:										
Gross carrying amount at 30 June 2019	36,381,646	36,381,646	26,275,930	26,275,930	62,657,576	446,515	2,627,975	62,620	0	65,794,686
Accumulated depreciation at 30 June 2019	0	0	(8,276,412)	(8,276,412)	(8,276,412)	(157,937)	(1,580,331)	0	0	(10,014,680)
Carrying amount at 30 June 2019	36,381,646	36,381,646	17,999,518	17,999,518	54,381,164	288,578	1,047,644	62,620	0	55,780,006
Additions	0	0	529,347	529,347	529,347	0	37,975	0	622,757	1,190,079
(Disposals)	0	0	0	0	0	0	(12,382)	0	0	(12,382)
Depreciation (expense)	0	0	(496,778)	(496,778)	(496,778)	(42,386)	(79,329)	0	0	(618,493)
Carrying amount at 30 June 2020	36,381,646	36,381,646	18,032,087	18,032,087	54,413,733	246,192	993,908	62,620	622,757	56,339,210
Comprises:										
Gross carrying amount at 30 June 2020	36,381,646	36,381,646	26,805,277	26,805,277	63,186,923	446,515	2,646,459	62,620	622,757	66,965,274
Accumulated depreciation at 30 June 2020	0	0	(8,773,190)	(8,773,190)	(8,773,190)	(200,323)	(1,652,551)	0	0	(10,626,064)
Carrying amount at 30 June 2020	36,381,646	36,381,646	18,032,087	18,032,087	54,413,733	246,192	993,908	62,620	622,757	56,339,210

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items. (Net revaluation method)	Independent Valuation	2017	Price per hectare/market borrowing rate
Buildings - specialised	3	Cost approach using depreciated replacement cost. (Net revaluation method)	Independent Valuation	2017	Construction/Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture and equipment	3	Cost approach using depreciated replacement cost. (Net revaluation method)	Management Valuation	2016	Construction/Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment					
	2	Market approach using recent observable market data for similar items. (Net revaluation method)	Independent Valuation	2016	Construction/Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
	3	Cost approach using depreciated replacement cost. (Net revaluation method)	Independent Valuation	2016	Construction/Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Minor Assets (Artworks)	2	Market approach using recent observable market data for similar items. (Net revaluation method)	Management Valuation	2018	Comparison with items offered for sale in the open market.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. There were no transfers between level 2 and 3 during the current and previous year.

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment, furniture and equipment and minor assets artworks) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Parks & Ovals	Infrastrcutre - Drainage	Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	67,570,914	7,048,406	11,795,935	22,720,604	0	109,135,859
Additions	385,124	40,767	451,585	280,143	0	1,157,619
Depreciation (expense)	(1,474,307)	(241,923)	(589,410)	(591,206)	0	(2,896,846)
Carrying amount at 30 June 2019	66,481,731	6,847,250	11,658,110	22,409,541	0	107,396,632
Comprises:						
Gross carrying amount at 30 June 2019	84,599,586	10,332,111	18,392,206	40,475,300	0	153,799,203
Accumulated depreciation at 30 June 2019	(18,117,855)	(3,484,861)	(6,734,096)	(18,065,759)	0	(46,402,571)
Carrying amount at 30 June 2019	66,481,731	6,847,250	11,658,110	22,409,541	0	107,396,632
Additions	550,037	46,505	89,750	9,862	120,044	816,198
Depreciation (expense)	(1,481,284)	(242,894)	(607,022)	(594,999)	0	(2,926,199)
Carrying amount at 30 June 2020	65,550,484	6,650,861	11,140,838	21,824,403	120,044	105,286,630
Comprises:						
Gross carrying amount at 30 June 2020	85,149,623	10,378,616	18,481,956	40,485,161	120,044	154,615,400
Accumulated depreciation at 30 June 2020	(19,599,139)	(3,727,755)	(7,341,118)	(18,660,758)	0	(49,328,770)
Carrying amount at 30 June 2020	65,550,484	6,650,861	11,140,838	21,824,403	120,044	105,286,630

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FOR THE YEAR ENDED 30 JUNE 2020**

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Replacement cost. (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Replacement cost. (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks & Ovals	3	Replacement cost. (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Drainage	3	Replacement cost. (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

11 FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Town includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Town.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then Local Government (Financial Management) Regulation 16(a)(i) prohibited 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 was not included as an asset of the Town.

Land under roads from 1 July 2019

As a result of amendments to the Local Government (Financial Management) Regulations 1996, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Town has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (Financial Management) Regulation 17A(2)(iv) is a departure from AASB 16 which would have required the Town to measure the vested improvements as part of the related right-of-use assets at zero cost. Refer to Note 12 that details the significant accounting policies applying to leases (including right of use assets).

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11 FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	650,000	650,000	0	0	0	0	0	0
Plant and equipment	12,382	8,514		(3,868)	14,819	6,500	1,500	(9,819)	5,227	0	0	(5,227)
	12,382	8,514	0	(3,868)	664,819	656,500	1,500	(9,819)	5,227	0	0	(5,227)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Other property and services				
TORO Ride on Mower	12,382	8,514	0	(3,868)
	12,382	8,514	0	(3,868)
	12,382	8,514	0	(3,868)

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11 FIXED ASSETS

(b) Depreciation

	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Buildings - specialised	496,778	494,979	491,474
Furniture and equipment	42,386	28,719	40,148
Plant and equipment	79,329	79,243	79,209
Infrastructure - Roads	1,481,284	1,470,119	1,474,307
Infrastructure - Footpaths	242,894	241,482	241,923
Infrastructure - Parks & Ovals	607,022	591,507	589,410
Infrastructure - Drainage	594,999	598,964	591,206
Right of use assets - plant and equipment	157,205	0	0
Right of use assets - furniture and equipment	29,808	0	0
	3,731,705	3,505,012	3,507,677

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation rates

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

Asset Class	Useful life
Buildings	20 to 150 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads Componentised	18 to 120 years
Infrastructure - Parks Plant & Equipment	3 to 80 years
Infrastructure - Footpaths Componentised	10 to 50 years
Infrastructure - Drainage Componentised	10 to 120 years

Depreciation on revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

TOWN OF BASSENDEAN
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12. LEASES

(a) Right of Use Assets

Movement in the carrying amounts of each class of right of use asset between the beginning and the end of the current financial year.

	Right of use assets - plant and equipment	Right of use assets - furniture and equipment	Right of use assets Total
	\$	\$	
Carrying amount at 30 June 2019	0	0	0
Recognised on initial application of AASB 16	295,726	34,030	329,756
Restated total equity at the beginning of the financial year	295,726	34,030	329,756
Additions	44,506	131,031	175,537
Depreciation (expense)	(157,205)	(29,808)	(187,013)
Carrying amount at 30 June 2020	183,027	135,253	318,280
(b) Cash outflow from leases			
Interest expense on lease liabilities	4,975	2,008	6,983
Lease principal expense	156,421	29,010	185,431
Total cash outflow from leases	161,396	31,018	192,414
(c) Other expenses and income relating to leases			
Short-term lease payments recognised as expense	(16,637)	0	(16,637)
Low-value asset lease payments recognised as expense	0	(9,137)	(9,137)
	(16,637)	(9,137)	(25,774)

The Town has 25 leases relating to plant and equipment and 7 leases relating to furniture and equipment. The lease term varies between 3 to 5 years.

The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Town is committed.

The Town has not revalued the right of use assets relating to leased plant and furniture equipment as the difference between the fair value and carrying amount is immaterial.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Town assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Town uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Town anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	41,252,189	0	0	0	41,252,189	41,252,189	0	0	0	41,252,189
Revaluation surplus - Buildings - non-specialised	12,637,520	0	0	0	12,637,520	12,637,520	0	0	0	12,637,520
Revaluation surplus - Furniture and equipment	56,792	0	0	0	56,792	56,792	0	0	0	56,792
Revaluation surplus - Plant and equipment	732,285	0	0	0	732,285	732,285	0	0	0	732,285
Revaluation surplus - Infrastructure - Roads	57,996,640	0	0	0	57,996,640	57,996,640	0	0	0	57,996,640
Revaluation surplus - Infrastructure - Footpaths	4,698,372	0	0	0	4,698,372	4,698,372	0	0	0	4,698,372
Revaluation surplus - Infrastructure - Parks & Ovals	5,881,532	0	0	0	5,881,532	5,881,532	0	0	0	5,881,532
Revaluation surplus - Infrastructure - Drainage	17,762,118	0	0	0	17,762,118	17,762,118	0	0	0	17,762,118
Revaluation surplus/deficit EMRC	1,862,970	104,712	0	104,712	1,967,682	1,864,309	0	(1,339)	(1,339)	1,862,970
	142,880,418	104,712	0	104,712	142,985,130	142,881,757	0	(1,339)	(1,339)	142,880,418

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors	1,213,564
Prepaid rates	300,080
Accrued employee costs	355,606
Accrued interest on long term borrowings	2,937
Bonds and deposits	2,309,859
Hyde Retirement Village bonds	218,450
Deferred Revenue	1,142,107

2020	2019
\$	\$
1,213,564	691,773
300,080	0
355,606	268,160
2,937	4,005
2,309,859	2,110,398
218,450	256,550
1,142,107	0
5,542,603	3,330,886

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Deferred Revenue

Deferred Revenue relates to grants. Income is recognised when the Town achieves milestones specified in the agreement.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Town recognises revenue for the prepaid rates that have not been refunded.

15 CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	455,426	0
	<u>455,426</u>	<u>0</u>
Non-current		
Contract liabilities from contracts with customers	29,286	0
	<u>29,286</u>	<u>0</u>
	<u>484,712</u>	<u>0</u>
Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:		
Less than 1 year	455,426	
1 to 2 years	<u>29,286</u>	
	<u>484,712</u>	

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the the Town's obligation to transfer goods or services to a customer for which the Town has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

16. LEASE LIABILITIES

	2020	2019
	\$	\$
Current	152,712	0
Non-current	167,151	0
	<u>319,863</u>	<u>0</u>

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	
					Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance																		
Photocopier-Administration	A5000C6675	Fuji Xerox	2.10%	36 months	16,934	0	8,378	8,556	274	0	0	0	0	0	0	0	0	0
Franking Machine-Administration	70ID-03568041	Pitney Bowes	2.20%	60 months	0	7,384	1,413	5,971	147	0	0	0	0	0	0	0	0	0
Photocopier-Administration	A5000B9198	Fuji Xerox	2.10%	48 months	4,243	0	1,861	2,382	71	0	0	0	0	0	0	0	0	0
Servers-Administration	012-0045879-000	BOQ Finance	2.00%	60 months	0	116,618	13,024	103,594	1,278	0	0	0	0	0	0	0	0	0
A0 Scanner & Plotter-Administration	110047091	Abacus	1.40%	36 months	0	7,030	367	6,663	8	0	0	0	0	0	0	0	0	0
Manager Vehicle	928342	SG Fleet	2.10%	36 months	21,031	0	9,588	11,443	348	0	0	0	0	0	0	0	0	0
Law, order, public safety																		
Ranger Vehicle	875800	SG Fleet	2.10%	48 months	12,066	0	7,189	4,877	183	0	0	0	0	0	0	0	0	0
Ranger Vehicle	886970	SG Fleet	2.10%	36 months	6,615	0	6,615	0	58	0	0	0	0	0	0	0	0	0
Ranger Vehicle-Lease Extension	886970	SG Fleet	1.40%	6 months	0	4,647	2,322	2,325	9	0	0	0	0	0	0	0	0	0
Health																		
Works Vehicle	755109	SG Fleet	2.10%	48 months	6,365	0	4,757	1,608	88	0	0	0	0	0	0	0	0	0
Works Vehicle	929703	SG Fleet	2.10%	36 months	13,283	0	5,826	7,457	222	0	0	0	0	0	0	0	0	0
Education and welfare																		
Manager Vehicle	755038	SG Fleet	2.10%	36 months	1,446	0	1,446	0	5	0	0	0	0	0	0	0	0	0
Manager Vehicle-Lease Extension	755038	SG Fleet	1.80%	6 months	0	2,597	2,597	0	11	0	0	0	0	0	0	0	0	0
Manager Vehicle-Lease Extension	755038	SG Fleet	1.40%	6 months	0	2,235	1,116	1,119	5	0	0	0	0	0	0	0	0	0
Manager Vehicle	875564	SG Fleet	2.10%	36 months	3,935	0	3,935	0	24	0	0	0	0	0	0	0	0	0
Manager Vehicle-Lease Extension	875564	SG Fleet	1.90%	6 months	0	3,518	3,518	0	14	0	0	0	0	0	0	0	0	0
Youth Services Bus	875622	SG Fleet	2.10%	48 months	15,483	0	9,225	6,258	235	0	0	0	0	0	0	0	0	0
Community Transport Bus	926441	SG Fleet	2.10%	36 months	19,036	0	9,033	10,003	311	0	0	0	0	0	0	0	0	0
Community amenities																		
Manager Vehicle	755056	SG Fleet	2.10%	36 months	1,259	0	1,259	0	4	0	0	0	0	0	0	0	0	0
Manager Vehicle-Lease extension	755056	SG Fleet	1.80%	6 months	0	2,510	2,510	0	11	0	0	0	0	0	0	0	0	0
Manager Vehicle-Lease extension	755056	SG Fleet	1.40%	6 months	0	2,161	1,080	1,081	5	0	0	0	0	0	0	0	0	0
Recreation and culture																		
Photocopier-Library	A5000C6942	Fuji Xerox	2.10%	48 months	6,651	0	2,053	4,598	119	0	0	0	0	0	0	0	0	0
Manager Vehicle	913613	SG Fleet	2.10%	36 months	14,100	0	7,286	6,814	225	0	0	0	0	0	0	0	0	0
Works Vehicle	926442	SG Fleet	2.10%	48 months	20,680	0	5,900	14,780	375	0	0	0	0	0	0	0	0	0
Works Vehicle	340838	SG Fleet	2.10%	48 months	1,258	0	1,258	0	4	0	0	0	0	0	0	0	0	0
Works Vehicle-Lease Extension	340838	SG Fleet	1.80%	10 months	0	3,568	2,850	718	28	0	0	0	0	0	0	0	0	0
Works Vehicle	888865	SG Fleet	2.10%	48 months	11,403	0	5,892	5,511	182	0	0	0	0	0	0	0	0	0
Works Vehicle	901800	SG Fleet	2.10%	48 months	11,504	0	5,244	6,260	190	0	0	0	0	0	0	0	0	0
Water Truck	939348	SG Fleet	2.20%	60 months	57,451	0	11,393	46,058	1,142	0	0	0	0	0	0	0	0	0
Manager Vehicle	755173	SG Fleet	2.10%	36 months	2,508	0	2,508	0	11	0	0	0	0	0	0	0	0	0
Manager Vehicle-Lease Extension	755173	SG Fleet	1.90%	6 months	0	2,677	2,677	0	15	0	0	0	0	0	0	0	0	0
Manager Vehicle-Lease Extension	755173	SG Fleet	1.10%	6 months	0	2,060	687	1,373	2	0	0	0	0	0	0	0	0	0
Works Vehicle	965075	SG Fleet	1.50%	48 months	0	17,103	696	16,407	39	0	0	0	0	0	0	0	0	0
Transport																		
Works Vehicle	895434	SG Fleet	2.10%	36 months	4,616	0	4,616	0	52	0	0	0	0	0	0	0	0	0
Works Vehicle	926443	SG Fleet	2.10%	48 months	20,428	0	5,980	14,448	369	0	0	0	0	0	0	0	0	0
Works Vehicle	720036	SG Fleet	2.10%	48 months	4,263	0	4,263	0	37	0	0	0	0	0	0	0	0	0
Works Vehicle-Lease Extension	720036	SG Fleet	1.40%	3 months	0	1,430	952	478	3	0	0	0	0	0	0	0	0	0
Economic services																		
Manager Vehicle	895432	SG Fleet	2.10%	36 months	6,057	0	6,057	0	68	0	0	0	0	0	0	0	0	0
Other property and services																		
Photocopier-Depot	MPC3504EXSP	Ricoh	2.10%	40 months	6,202	0	1,914	4,288	111	0	0	0	0	0	0	0	0	0
Works Vehicle	926444	SG Fleet	2.10%	48 months	20,450	0	5,986	14,464	370	0	0	0	0	0	0	0	0	0
Works Vehicle	913610	SG Fleet	2.10%	48 months	14,832	0	5,646	9,186	256	0	0	0	0	0	0	0	0	0
Works Vehicle	755055	SG Fleet	2.10%	48 months	5,657	0	4,514	1,143	74	0	0	0	0	0	0	0	0	0
					<u>329,756</u>	<u>175,538</u>	<u>185,431</u>	<u>319,863</u>	<u>6,983</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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17. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	97,006	130,368
Non-current	452,310	549,315
	549,316	679,683

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Budget	Principal	Actual	Actual
				1 July 2019	repayments	repayments	outstanding	1 July 2019	repayments	repayments	outstanding	1 July 2018	repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture															
Civic Centre Redevelopment	156	WATC	8.07%	38,133.00	38,133.00	1,018	0	38,133	38,133	5,425	0	85,549	47,416	4,788	38,133
Civic Centre Redevelopment	160A	WATC	6.41%	291,410.00	51,114.00	17,168	240,296	291,410	51,114	20,441	240,296	339,375	47,965	20,270	291,410
Civic Centre Redevelopment	160B	WATC	5.92%	121,214.00	17,354.00	6,609	103,860	121,214	17,355	7,786	103,860	137,579	16,365	7,610	121,214
				450,757	106,601	24,795	344,156	450,757	106,602	33,652	344,156	562,503	111,746	32,668	450,757
Self Supporting Loans															
Governance															
Ashfield Soccer Club	157	WATC	6.80%	11,408	6,123	561	5,285	11,408	6,123	880	5,285	14,842	3,434	878	11,408
TADWA	162	WATC	6.65%	217,518	17,643	13,881	199,875	217,518	17,643	15,157	199,875	234,035	16,517	15,017	217,518
				228,926	23,766	14,442	205,160	228,926	23,766	16,037	205,160	248,877	19,951	15,895	228,926
				679,683	130,367	39,237	549,316	679,683	130,368	49,689	549,316	811,380	131,697	48,563	679,683

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

TOWN OF BASSENDEAN
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17. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	100,000	100,000
Credit card limit	150,000	150,000
Credit card balance at balance date	(13,098)	(22,470)
Total amount of credit unused	236,902	227,530
Loan facilities		
Loan facilities - current	97,006	130,368
Loan facilities - non-current	452,310	549,315
Lease liabilities - current	152,712	0
Lease liabilities - non-current	167,151	0
Total facilities in use at balance date	869,179	679,683

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 27.

TOWN OF BASSENDEAN
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18. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave \$	Provision for Long Service Leave \$	On-Costs Annual Leave	On-Costs Long Service Leave	Total \$
Opening balance at 1 July 2018					
Current provisions	888,011	1,103,124	115,391	143,344	2,249,870
Non-current provisions	0	206,655	0	26,854	233,509
	<u>888,011</u>	<u>1,309,779</u>	<u>115,391</u>	<u>170,197</u>	<u>2,483,379</u>
Additional provision	709,760	242,652	102,787	44,042	1,099,241
Amounts used	(686,058)	(217,459)	(93,553)	(29,654)	(1,026,724)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	2,204	18,661	0	0	20,865
Balance at 30 June 2019	<u>913,917</u>	<u>1,353,633</u>	<u>124,625</u>	<u>184,585</u>	<u>2,576,761</u>
Comprises					
Current	913,917	1,213,802	124,625	165,580	2,417,924
Non-current	0	139,830	0	19,007	158,837
Balance at 30 June 2019	<u>913,917</u>	<u>1,353,633</u>	<u>124,625</u>	<u>184,586</u>	<u>2,576,761</u>
Opening balance at 1 July 2019					
Current provisions	913,917	1,213,802	124,625	165,580	2,417,924
Non-current provisions	0	139,830	0	19,007	158,837
	<u>913,917</u>	<u>1,353,633</u>	<u>124,625</u>	<u>184,586</u>	<u>2,576,761</u>
Additional provision	701,194	179,713	85,504	16,174	982,585
Amounts used	(701,472)	(271,522)	(91,152)	(35,283)	(1,099,429)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	1,966	11,631	0	0	13,597
Balance at 30 June 2020	<u>915,605</u>	<u>1,273,454</u>	<u>118,977</u>	<u>165,478</u>	<u>2,473,514</u>
Comprises					
Current	915,605	1,082,875	118,977	140,713	2,258,170
Non-current	0	190,579	0	24,765	215,344
Balance at 30 June 2020	<u>915,605</u>	<u>1,273,454</u>	<u>118,977</u>	<u>165,478</u>	<u>2,473,514</u>

Annual Leave Liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2020 \$	2019 \$
Less than 12 months after the reporting date	694,145	680,334
More than 12 months from reporting date	221,460	233,583
	<u>915,605</u>	<u>913,917</u>

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long Service Leave Liabilities

Unconditional long service leave provisions are classified as current liabilities as the agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Preconditional and conditional long service leave provisions are classified as non-current liabilities because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2020 \$	2019 \$
Less than 12 months after the reporting date	1,024,524	1,213,802
More than 12 months from reporting date	248,930	139,830
	<u>1,273,454</u>	<u>1,353,632</u>

TOWN OF BASSENDEAN
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18 EMPLOYEE RELATED PROVISIONS (Continued)

The provision for long service leave are calculated at present value as the agency does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Employment On-cost Provision

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of "Employee Costs" in the Statement of Comprehensive Income. The related liability is included in Employee Costs provision.

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	#REF!	10,287,380	#REF!
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(1,566,619)	(1,100,263)	(496,669)
Non-cash flows in Net result:			
(Increase)/decrease in investment in Local Government House Trust	(2,017)	0	(14,352)
Depreciation on non-current assets	3,731,705	3,505,012	3,507,677
(Profit)/loss on sale of asset	3,868	8,319	5,227
(Increase)/decrease in interest in associate	638,176	0	(432,583)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(683,912)	(60,000)	90,418
(Increase)/decrease in other assets	(41,241)	0	0
(Increase)/decrease in inventories	8,043	0	(2,062)
Increase/(decrease) in payables	885,793	225,000	(270,282)
Increase/(decrease) in provisions	(103,247)	50,000	93,382
Increase/(decrease) in contract liabilities	287,426	0	0
Non-operating grants, subsidies and contributions	(1,349,864)	(1,630,325)	(1,477,679)
Net cash from operating activities	1,808,111	997,743	1,003,077

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	5,103,033	4,078,612
Law, order, public safety	147,618	141,421
Health	107,458	195,476
Education and welfare	3,958,857	4,098,586
Community amenities	45,421,914	44,780,378
Recreation and culture	22,887,307	23,559,548
Transport	96,065,803	97,549,319
Economic services	920,000	920,000
Other property and services	1,436,361	1,500,900
Unallocated	9,383,193	8,809,743
	185,431,544	185,633,983

21. CONTINGENT LIABILITIES

The Town has an unresolved contract dispute with a supplier which results in a contingent liability of approximately \$120,000.

In compliance with the *Contaminated Sites Act 2003 Section 11*, the Town has listed the following sites as potential sources of contamination:

- 87 Whitfield Street, Bassendean
- 69 Scadden Street, Bassendean
- 17 Anstey Road, Bassendean
- 19 Anstey Road, Bassendean
- 14 Iverson Place, Bassendean
- 27 Hyland Street, Bassendean

The Town may have other sites that are possible sources of contamination. Until the Town conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Town is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

22. LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year
- later than one year but not later than five years

2020	2019
\$	\$
7,435	174,778
4,986	210,627
12,421	385,405

SIGNIFICANT ACCOUNTING POLICIES

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 Town, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

23. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	123,544	123,544	121,000
President's allowance	36,957	36,957	36,000
Deputy President's allowance	9,239	9,239	9,000
Communications allowance	24,500	24,500	24,500
Conference and other expenses	15,808	28,000	13,724
	<u>210,048</u>	<u>222,240</u>	<u>204,224</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	726,541	915,327
Post-employment benefits	77,046	106,707
Other long-term benefits	(63,864)	26,314
Termination benefits	283,348	127,505
	<u>1,023,071</u>	<u>1,175,853</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

An associate person of a KMP employed by the Town under normal employment terms and conditions.

iii. Entities subject to significant influence by the Town

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

24. INVESTMENT IN ASSOCIATES

(a) Carrying amount of investment in associate

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 associate calculated by EMRC as at 30 June 2020 was 4.26%, representing its share of the net assets of \$7,852,617. Bassendean's interest in the assets and liabilities of the EMRC is as follows:

	2020 \$	2019 \$
Current assets	89,551,063	107,716,368
Non current assets	110,359,239	99,466,539
Total assets	199,910,302	207,182,907
Current liabilities	8,026,411	7,175,888
Non current liabilities	7,432,011	4,493,417
Total liabilities	15,458,422	11,669,305
Net assets	184,451,880	195,513,602
Share of EMRC'S net assets	7,852,617	8,386,081
Carrying amount at beginning of period	8,386,081	7,954,836
- (Decrease)/Increase in Interest in Associate	(533,464)	431,245
Carrying amount at end of period	7,852,617	8,386,081

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

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

Interests in joint arrangements (Continued)

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

TOWN OF BASSENDEAN
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25 RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	7.3020	5,962	162,036,762	11,831,924	95,456	12,614	11,939,994	11,909,496	50,000	3,000	11,962,496	11,669,143
Sub-Total		5,962	162,036,762	11,831,924	95,456	12,614	11,939,994	11,909,496	50,000	3,000	11,962,496	11,669,143
Minimum payment												
	Minimum \$											
Gross rental valuations												
Residential	1,106	1,298	17,985,872	1,435,588	0	0	1,435,588	1,448,184	0	0	1,448,184	1,443,210
Sub-Total		1,298	17,985,872	1,435,588	0	0	1,435,588	1,448,184	0	0	1,448,184	1,443,210
Total amount raised from general rate												
		7,260	180,022,634	13,267,512	95,456	12,614	13,375,582	13,357,680	50,000	3,000	13,410,680	13,112,353
Prepaid rates							13,375,582				13,410,680	13,112,353
Totals							13,375,582				13,410,680	13,125,890

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Town recognises revenue for the prepaid rates that have not been refunded.

TOWN OF BASSENDEAN
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25 RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount		2020	2020	2019
		%	\$	Actual	Budget	Actual
Westcare Inc	Concession	0.50%		\$ 6,304	\$ 6,000	\$ 6,242
				6,304	6,000	6,242
Total discounts/concessions (Note 25(a))				6,304	6,000	6,242

25 RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	11/10/2019	Nil	Nil	10.00%
Option Two				
First instalment	11/10/2019	Nil	Nil	10.00%
Second instalment	14/02/2020	12	5.50%	10.00%
Option Three				
First instalment	11/10/2019	Nil	Nil	10.00%
Second instalment	13/12/2019	12	5.50%	10.00%
Third instalment	14/02/2020	12	5.50%	10.00%
Fourth instalment	17/04/2020	12	5.50%	10.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	162,575	156,000	161,195
Interest on instalment plan	7,155	8,500	8,502
Charges on instalment plan	63,204	69,000	67,212
	232,934	233,500	236,909

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26 RATE SETTING STATEMENT INFORMATION

	2019/20 (30 June 2020 Carried Forward)	2019/20 Budget (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2018/19 (30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	0	(1,500)	0	0
Less: Fair value adjustments to financial assets at fair value through profit and loss	(2,017)	0	(14,353)	(14,353)
Movement in pensioner deferred rates (non-current)	0	0	9,504	9,504
Movement in employee benefit provisions (non-current)	56,507	0	(74,672)	(74,672)
Movement in Employee Entitlement Reserve	(511,306)	14,871	(276,721)	(276,721)
Add: Loss on disposal of assets	3,868	9,819	5,227	5,227
Add: Depreciation on non-current assets	3,731,705	3,505,012	3,507,677	3,507,677
Non cash amounts excluded from operating activities	3,278,757	3,528,202	3,156,662	3,156,662
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash/financial asset backed	4 (6,159,687)	(5,387,548)	(6,957,013)	(6,957,013)
Less: Financial assets at amortised cost - self supporting loans	5(a) (24,130)	0	(23,766)	(23,766)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a) 97,006	0	130,368	130,368
- Current portion of lease liabilities	152,712	0	0	0
Total adjustments to net current assets	(5,934,099)	(5,387,548)	(6,850,411)	(6,850,411)
Net current assets used in the Rate Setting Statement				
Total current assets	15,004,057	10,910,991	13,418,401	13,418,401
Less: Total current liabilities	(8,505,917)	(5,911,243)	(7,373,096)	(5,879,178)
Less: Total adjustments to net current assets	(5,934,099)	(5,387,548)	(6,850,411)	(6,850,411)
Add: Liabilities funded by Cash Backed Reserve	232,226	412,480	743,532	743,532
Net current assets used in the Rate Setting Statement	796,267	24,680	(61,574)	1,432,344
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				13,418,401
- Contract assets				0
Total current assets at 1 July 2019				13,418,401
Total current liabilities at 30 June 2019				(5,879,178)
- Contract liabilities from contracts with customers				(75,000)
- Deferred Revenue				(1,134,681)
- Prepaid Rates				(284,237)
Total current liabilities at 1 July 2019				(7,373,096)

27. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	0.25%	4,273,122	1,000,000	3,273,122	0
Financial assets at amortised cost - term deposits	1.05%	8,950,362	8,950,362	0	0
2019					
Cash and cash equivalents	1.25%	7,960,795	0	7,960,795	0
Financial assets at amortised cost	1.95%	4,394,507	4,394,507	0	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	42,731	79,608

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Town 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 Town does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020
27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

No expected credit loss was forecast on 30 June 2020 or 30 June 2019 for rates receivable as properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,223,711	325,083	0	0	1,548,794
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	782,366	334,587	0	0	1,116,953

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.41%	
Gross carrying amount	119,324	0	3,090	56,543	178,957
Loss allowance	0	0	0	188	188
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	1.84%	
Gross carrying amount	19,353	8,357	4,919	53,807	86,436
Loss allowance	0	0	0	743	743

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Town's contract assets represent work completed, which have not been invoiced at year end. This is due to the Town not have met all the performance obligations in the contract which give an unconditional right to receive consideration. The Town applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Town therefore concluded the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Town manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2020</u>					
Payables	1,872,187	2,528,309	0	4,400,496	5,542,603
Borrowings	129,693	428,757	102,939	661,389	549,316
Contract liabilities	455,426	0	0	455,426	484,712
Lease liabilities	149,325	180,422	0	329,747	319,863
	2,606,631	3,137,488	102,939	5,847,058	6,896,494
<u>2019</u>					
Payables	963,938	2,366,948	0	3,330,886	3,330,886
Borrowings	170,680	502,627	158,762	832,069	679,683
	1,134,618	2,869,575	158,762	4,162,955	4,010,569

28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There has been no material events after the reporting period which would affect the financial report of the Town of Bassendean for the year ended 30 June 2020 or which would require additional disclosures.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

29 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current			
Contract liabilities from contracts with customers	0	(168,000)	(168,000)
Contract liabilities non-current			
Contract liabilities from contracts with customers	0	(29,286)	(29,286)
Adjustment to retained surplus from adoption of AASB 15	29(c)	(197,286)	

(b) AASB 1058: Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables			
Rates paid in advance	0	(284,237)	(284,237)
Deferred Revenue	0	(1,041,687)	(1,041,687)
Adjustment to retained surplus from adoption of AASB 1058	29(c)	(1,325,924)	

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

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

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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29 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	25(a)	13,375,582	0	13,375,582
Operating grants, subsidies and contributions	2(a)	3,249,254	(484,712)	2,764,542
Fees and charges	2(a)	5,969,778	0	5,969,778
Non-operating grants, subsidies and contributions	2(a)	1,349,865	(1,142,107)	207,758
Net result		(1,566,619)	(1,626,819)	(3,193,438)
Statement of Financial Position				
Trade and other payables	14	5,542,603	(1,142,107)	4,400,496
Contract liabilities	15	484,712	(484,712)	0
Net assets		176,061,536	1,626,819	177,688,355
Statement of Changes in Equity				
Net result		(1,566,619)	(1,626,819)	(3,193,438)
Retained surplus		26,916,719	(1,626,819)	25,289,900

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

The Town adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Town has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Town will not restate comparatives for prior reporting periods.

In applying AASB 16 for the first time, the Town will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

29 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(c) Impact of New Accounting Standards on Retained Surplus

The impact on the Town's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019		0	29,209,223
Adjustment to retained surplus from adoption of AASB 15	29(a)	(197,286)	
Adjustment to retained surplus from adoption of AASB 1058	29(b)	<u>(1,325,924)</u>	<u>(1,523,210)</u>
Retained surplus - 1 July 2019			27,686,013

30. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Public Open Space	728,409	13,483	0	741,892
	728,409	13,483	0	741,892

TOWN OF BASSENDEAN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

When the Town applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

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

i) Impairment of assets

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

TOWN OF BASSENDEAN
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FOR THE YEAR ENDED 30 JUNE 2020

32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE	Administration and operation of facilities and services to members of council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	Supervision of various by-laws, fire prevention, emergency services and animal control.
HEALTH	Food quality and pest control, immunisation services, inspection of public buildings and operation of child health services.
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	The provision of sanitation (waste management), stormwater drainage, town and regional planning and development, the provision of rest rooms and protection of environment.
RECREATION AND CULTURE	Provision of facilities, and support of organisations concerned with leisure time activities and sport. This includes the provision of leisure programs, halls and community centres, libraries, historical sites, recreation centres, parks, gardens and sportsgrounds.
TRANSPORT	The construction and maintenance of streets, roads, bridges, footpaths and cycle ways.
ECONOMIC SERVICES	Regulation support and/or provision of such services as tourism, area promotion and building control.
OTHER PROPERTY AND SERVICES	Private works, public works overheads, plant operations and other revenues and expenses not elsewhere classified.

33. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.02	1.48	1.66
Asset consumption ratio	0.68	0.69	0.72
Asset renewal funding ratio	1.00	1.00	1.00
Asset sustainability ratio	0.15	0.26	0.48
Debt service cover ratio	5.08	8.78	15.02
Operating surplus ratio	(0.15)	(0.10)	(0.03)
Own source revenue coverage ratio	0.79	0.79	0.83

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$