

**Audit and Governance Committee - Monday, 9 December 2024**  
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# MINUTES

## **Audit and Governance Committee Meeting Wednesday 4 September 2024, 5:30 pm**

Held in the Council Chamber,  
48 Old Perth Road, Bassendean

**Minutes to be confirmed at the next Committee Meeting**

These minutes are confirmed as a true and correct record.

Presiding Member's signature \_\_\_\_\_ Date \_\_\_\_\_

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## **1 Declaration Of Opening; Acknowledgment of Country; Acknowledgment of Visitors; Disclaimer**

The Presiding Member declared the meeting open at 5:31pm and welcomed all those in attendance.

### **Acknowledgment of Country**

The Town of Bassendean acknowledges the Whadjuk people of the Noongar Nation as the Traditional Custodians of this land. We pay our respects to Elders past and present, and acknowledge their continuing culture and the contribution they make to the region.

## **2 Announcements by the Presiding Member without Discussion**

Nil.

## **3 Attendances, Apologies and Leave of Absence**

### **Present**

#### **Councillors**

Cr Jamayne Burke  
Cr Ken John (via Teams)

#### **Officers**

Ms Joanne Burges, Manager Governance & Strategy  
Ms Waruni De Silva, Manager Financial Services  
Mr Tristan Loney, Manager Information and Technology

#### **Community Member**

Ms Sasha Rademakers (Presiding Member)

#### **Advisor to the Committee**

Mr Ron Back

#### **Guests**

Mr Jay Teichert, Office of the Auditor General (via Teams)  
Mr Ian Ekins, Associate Director, Paxon (via Teams)

#### **Public**

There were no members of the public in attendance.

## **Apologies**

Cr Kathryn Hamilton, Mayor  
Mr Paul White, Director Corporate Services  
Mr Amit Kabra, RSM  
Mr Cameron Palassis, Paxon

## **4 Declarations of Interest**

Nil.

## **5 Presentations or Deputations**

Nil.

## **6 Confirmation of Minutes**

<b>6.1 Confirmation of Minutes - 12 June 2024</b>	
<b>Attachments</b>	1. Audit and Governance Committee 120624 Unconfirmed Minutes [6.1.1 - 7 pages]

## **Committee Resolution/Officer Recommendation – Item 6.1**

MOVED Ms Sasha Rademakers , Seconded Cr Jamayne Burke

That the minutes of the Audit and Governance Committee meeting held on 12 June 2024 be received and confirmed as a true and correct record.

**Voting requirements: Simple Majority**

CARRIED UNANIMOUSLY 3/0

**For:** Cr Ken John, Ms Sasha Rademakers and Cr Jamayne Burke

**Against:** Nil

## **7 Business Deferred from Previous Meeting**

Nil.

## 8 Reports

8.1 Review - Risk Management Policy and Framework	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	GOVR/POLCY/1
Directorate	Office of the CEO
Previous Reports	Item 8.4 Audit and Governance Committee 09/03/2022
Authority/Discretion	<b>Legislative</b> Includes adopting local laws, local planning schemes & policies.
Attachments	1. Current Risk- Management- Policy [8.1.1 - 3 pages] 2. Risk Management Policy with Tracked Changes [8.1.2 - 4 pages] 3. Clean Risk Management Policy 240924 [8.1.3 - 4 pages] 4. 2024 Review Risk Management Framework [8.1.4 - 27 pages] 5. Clean 2024 Review Risk Management Framework [8.1.5 - 27 pages]

### Purpose

The purpose of this report is for the Audit and Governance Committee to consider the administrative review of the Town of Bassendean (the Town) Risk Management Policy and Framework, and if satisfied, recommend to Council adoption of the reviewed documents.

### Background

Following a July 2019 recommendation by Moore Stephens (the Town's then internal auditors) the Town developed a formal risk management framework to support a new risk management policy.

Although the Risk Management Policy exists independently on the website and to guide decision making, it also forms part of the Risk Management Framework.

The Risk Management Policy and Framework developed and presented to the Audit and Governance Committee in March 2022 sought to embed risk management within the Town's operational activities and provided a contemporary approach.

Considerable work was undertaken in late 2022 and early 2023, including the engagement of a Project Officer, to implement the Risk Management Framework

including workshops across all business units to raise risk awareness, instil risk literate behaviours and capture operational risks onto registers.

To meet the requirements of Policy Review, a review of the Policy and Framework has been undertaken.

## **Proposal**

That the Committee recommends that Council adopts the reviewed Risk Management Policy and Framework, as attached to this report.

## **Communication and Engagement**

Internal administrative staff have been consulted on this review to ensure its contemporary approach, and that all tables and figures reflect the organisational structure and processes.

The reviewed Policy and Framework were presented for consideration and feedback to the Corporate Management Committee (CMC) at its meeting of Monday 19 August 2024.

## **Strategic Implications**

### **Performance Area 5: Performance**

9.1 Continuously improve operational performance and service delivery.

## **Comment**

The *Local Government (Audit) Regulations 1996* Reg.17 requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

Further, the review may relate to any or all of the matters referred to in (a), (b) and (c) above, but each of those matters is to be the subject of a review not less than once in every 3 financial years.

Given the legislative requirements of the CEO to review risk management it is appropriate that the Risk Management Policy and Framework form part of this review.

The current Risk Management Policy is provided at Attachment 8.1.1, with a tracked changes version at 8.1.2 and finally a clean version can be found at 8.1.3.

The current combined Policy and Framework were adopted by Council at the Ordinary Council Meeting held on 22 March 2022. The documentation remains contemporary and fit for purpose.

Only minor administrative amendments to organisational structure and process charts throughout the document have been deemed necessary in this review and those changes are identified via tracked changes in Attachment 8.1.4. Further, a 'clean' copy has been attached for ease of viewing that includes these minor changes. Please see Attachment 8.1.5.

Finally, arrangements are in place to provide training sessions / workshops to all business units in the coming months to ensure risk awareness, risk literate behaviours and operational risks capture continues, and risk registers are updated.

### **Statutory Requirements**

*Local Government (Audit Regulations) 1996*

### **Financial Considerations**

N/A

### **Risk Management Implications**

No Risks Identified

### **Declaration of Conflicts of Interest**

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

### **Committee Resolution/Officer Recommendation – Item 8.1**

MOVED Cr Ken John, Seconded Cr Jamayne Burke,

That the Committee:

- Notes the administrative review of the Risk Management Policy and Framework, and
- recommends the adoption of the reviewed Risk Management Policy and Framework to Council.

### **Voting requirements: Simple Majority**

CARRIED UNANIMOUSLY 3/0

**For:** Cr Ken John, Ms Sasha Rademakers and Cr Jamayne Burke

**Against:** Nil



8.2 Small Balances Write Offs for Rates	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	FINM/AUD/1
Directorate	Corporate Services
Previous Reports	
Authority/Discretion	<b>Legislative</b> Includes adopting local laws, local planning schemes & policies.
Attachments	Nil

### Purpose

The purpose of this report is to provide Council, via the Audit and Governance Committee, with a summary of small rates balances written off during the financial year ended 30 June 2024.

### Background

Council has delegated authority to the CEO to write off small rates balances up to a maximum of \$10.00 per property per annum, and the CEO has sub-delegated the authority to the Director Corporate Services and Manager Financial Services. (Delegation 1.2.15: Defer Payment, Grant Discounts, Waive Fees or Write Off Debts).

A condition of the delegation of authority is that Council shall be informed of the details whenever this delegation is exercised. While the condition does not specify the frequency of notification to Council, it is proposed to do so annually.

### Proposal

That the Committee recommends to Council that it note the exercise of delegated authority by the Manager Financial Services to write off small rates balances listed below in Table 1, in accordance with section 6.12(1)(c) of the *Local Government Act 1995*.

That the Committee recommend to Council that, for the purpose of Delegation 1.2.15, it require notification of the exercise of the delegation annually, as soon as practicable after the end of each financial year.

### Communication and Engagement

Nil.

## Strategic Implications

### Performance Area 5: Performance

#### 9.1 Continuously improve operational performance and service delivery.

#### Comment

Small rates balances totaling \$454.66 were written off under delegation 1.2.15 during 2023/24, as summarised in Table 1.

Table 1: Small Rates Balances Written off in 2023/24

Month	Amount	Month	Amount	Month	Amount
July 2023	\$1.28	November 2023	\$31.74	March 2024	\$56.59
August 2023	\$64.76	December 2023	\$8.52	April 2024	\$2.70
September 2023	\$157.98	January 2024	\$26.92	May 2024	\$8.05
October 2023	\$61.46	February 2024	\$26.92	June 2024	\$7.74
<b>Total</b>					<b>\$454.66</b>

The following are the key factors that resulted in small balances in the rates ledger:

- The Town's rates module continues to calculate daily interest until the payment is applied. Sometimes, there is a delay of up to a few days between receipt of the payment and processing the payment in the rates module;
- The application of daily interest by the rates module and timing of the processing of property settlements;
- On occasions when properties settle, the amount received differs from the settlement amount, and
- Errors made by the payer.

In all the above cases, one of the following conditions applies:

- The outstanding balance is not a debt due and payable to the Town as it arose from the application of interest by the system to the period between receipt and processing of the payment; or
- The outstanding balance is due and payable to the Town, but the cost of collection would exceed the amount outstanding.

The Town's finance system generates a report at the end of each month and any amounts that are below \$10 are extracted and reviewed by Town officers and, if deemed appropriate, recommended for write-off.

## Statutory Requirements

6.12. Power to defer, grant discounts, waive or write off debts

1. Subject to subsection (2) and any other written law, a local government may –
  - (a) when adopting the annual budget, grant\* a discount or other incentive for the early payment of any amount of money; or
  - (b) waive or grant concessions in relation to any amount of money; or
  - (c) write off any amount of money, which is owed to the local government.

\* Absolute majority required.

## Financial Considerations

The administration anticipates the small rates balances written off each year to be less than \$1,000 in total.

The Town amended the BPay limit for bank transfers to \$1.00 from May 2022, enabling ratepayers to make payment of small amounts owing.

## Risk Management Implications

Financial Risk  
Low

## Declaration of Conflicts of Interest

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

## Officer Recommendation – Item 8.2

That the Audit and Governance Committee recommends that Council:

1. Notes the exercise of delegated authority by the Manager Financial Services to write off small rates balances totaling \$454.66 for 2023/24, in accordance with section 6.12(1)(c) of the *Local Government Act 1995*; and
2. For the purpose of Delegation 1.2.15, Council requires notification of the exercise of the delegation annually, as soon as practicable after the end of each financial year.

## Voting requirements: Simple Majority

**Committee Resolution – Item 8.2**

MOVED Cr Jamayne Burke, Seconded Cr Ken John,

That the Audit and Governance Committee recommends that Council:

1. Notes the exercise of delegated authority by the Manager Financial Services to write off small **interest accruals and** rates balances totaling \$454.66 for 2023/24, in accordance with section 6.12(1)(c) of the *Local Government Act 1995*; and
2. For the purpose of Delegation 1.2.15, Council requires notification of the exercise of the delegation annually, as soon as practicable after the end of each financial year.

**Voting requirements: Simple Majority**

**CARRIED UNANIMOUSLY 3/0**

**For:** Cr Ken John, Ms Sasha Rademakers and Cr Jamayne Burke

**Against:** Nil

<b>8.3 Internal Audit of Tenders and Quotes</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	FINM/AUD/1
<b>Directorate</b>	Corporate Services
<b>Previous Reports</b>	N/A
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	1. CONFIDENTIAL - 240820 - ToB - Tenders and RFQs Internal Audit Review Final [8.3.1 - 10 pages]

### Purpose

The purpose of this report is for the Audit and Governance Committee to receive the Internal Audit Review Report for Tenders and Quotes, and to consider the recommendations therein and the management action proposed by the Town.

### Background

In June 2024, Council resolved to adopt a three-year Internal Audit Schedule for the Town for the period 2023/24 to 2025/26. In accordance with that Schedule, the Town's internal auditors Paxon Group conducted an internal audit on the Town's procurement processes for tenders and quotes. The attached report outlines the scope of the audit, and details key findings and recommendations.

### Proposal

That the Audit and Governance Committee recommends that Council receives the Internal Audit Review Report for Tenders and Quotes and notes the findings and recommendations, and the management action to be taken to address the identified risks.

### Communication and Engagement

Staff from the Town and Paxon engaged in regular communication during the conduct of the audit and in relation to draft findings, recommendations and management comments.

### Strategic Implications

#### Performance Area 5: Performance

9.1 Continuously improve operational performance and service delivery.

## Comment

Paxon identified three key findings and made three recommendations to address the risks highlighted by those findings. One finding was rated as medium risk and two were rated as low risk.

Importantly, Paxon noted the following areas as having appropriate practice in place:

- *Internal Guidance documents and forms for procurement processes are in place and aligned with legislation and regulation*
- *Operational processes for the sample tested are compliant with required processes and recorded, including evaluations and conflicts of interest*
- *Segregation of duties and independent oversight were noted as being in place for the sample tested*
- *Financial delegations are accurately reflected within the Synergy system in relation to the raising of purchase orders, and*
- *Tender and contract registers are in place.*

In summary, Paxon found:

### Procurement Monitoring (Medium)

*There are limited processes in place for the monitoring of procurement to assess compliance with required practice. Our testing did not highlight that appropriate practice wasn't followed, but there is limited oversight in place currently to monitor this within the Town's processes.*

*We understand that the reporting functionality within Synergy is limited in terms of producing meaningful reports to assess if appropriate procurement processes were performed and contracts are in place, as expenditure across contracts cannot be reported.*

*However, reports such as purchase order to invoice variance, invoice date before purchase order date, split purchase orders, and open purchase order reports can be run but are not currently operational.*

Management comment:

Agreed. Procurement monitoring procedures will be established, as recommended. The Town informed the Audit & Governance Committee in June 2024 that it will develop an internal audit program to monitor compliance with purchasing thresholds, for reporting through the Audit & Governance Committee. The new procurement monitoring procedures will form part of that process

### Purchasing Policy and Procurement Manual (Low)

*The Town's purchasing policy and manual do not include requirements for variations and extensions to contracts to facilitate consistent and appropriate processes are applied. There are forms in place for these processes. Our testing did not identify any inappropriate activity in the operation of these processes, but documenting requirements would help to ensure consistent application that is aligned with the Regulations and internal process expectations.*

*Establishment of panels of pre-qualified suppliers are also not covered within the purchasing policy or procurement manual. We understand that the Town does not currently use panels, but if included they could be considered as an alternative if desired.*

Management comment:

The Town does not intend to use panels of pre-qualified suppliers, due to the scale of operations, but will document the extension and variation processes in its Procurement Manual.

### Update of Documents, Forms and Templates (Low)

*Documents and forms [listed in the report] were noted as either due for review or they do not contain the last date of review and update.*

Management comment:

The Employee Code of Conduct is under review. The Fraud and Corruption Control Policy is overdue for review but remains fit for purpose. The remaining forms and templates are all used regularly as part of RFT and RFQ processes. They are reviewed constantly as part of these processes, with regular modifications and improvements having been made, most recently in July 2024 following Council adoption of the amended Purchasing Policy.

## **Statutory Requirements**

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

## **Financial Considerations**

Nil.

## **Risk Management Implications**

Financial Risk

Low

The review of tenders and quotes report details the risks associated with each of the findings. These risks and action taken to address those risks will be reported to the Committee via the Audit Findings Log.

### **Declaration of Conflicts of Interest**

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

### **Committee Resolution/Officer Recommendation – Item 8.3**

MOVED Cr Ken John, Seconded Ms Sasha Rademakers,

That the Audit and Governance Committee recommends that Council:

- Receives the Internal Audit Review Report for Tenders and Quotes; and
- Notes the findings, recommendations, and the management action to be taken to address the identified risks.

### **Voting requirements: Simple Majority**

CARRIED UNANIMOUSLY 3/0

**For:** Cr Ken John, Ms Sasha Rademakers and Cr Jamayne Burke

**Against:** Nil



<b>8.4 Annual Audit 2023/24 - Interim Audit Findings for Finance and IT General Controls</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	FINM/AUD/1
<b>Directorate</b>	Corporate Services
<b>Previous Reports</b>	N/A
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	<ol style="list-style-type: none"> <li>1. CONFIDENTIAL - Interim Management Letter to CEO - Town of Bassendean 30 June 2024 [<b>8.4.1</b> - 1 page]</li> <li>2. CONFIDENTIAL - Interim Management Letter Attachment ITGC - Town of Bassendean 30 June 2024 [<b>8.4.2</b> - 10 pages]</li> </ol>

### Purpose

The purpose of this report is for the Audit and Governance Committee to consider the findings from the interim audit component of the 2023/24 annual audit.

### Background

The Audit and Governance Committee received the RSM Audit Planning Memorandum at its meeting on 12 June 2024, which outlined the proposed approach by RSM Australia Pty Ltd (**RSM**), on behalf of the Office of the Auditor General (**OAG**), to audit the financial report of the Town for the year ending 30 June 2024.

The annual audit is required so the Auditor General may express an opinion on the audit of the general purpose financial statements of the Town for the financial year ending 30 June 2024. In practice, the audit is conducted in two phases, with an interim audit conducted around April to June, and the final audit around October/November, after submission of the final trial balance to the auditors by 30 September.

Importantly, the audit includes two key components:

1. Reviewing the design and operating effectiveness of the Town's significant financial recording and reporting processes; and
2. Obtaining an understanding of the information system, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than

transactions, that are significant to the financial statements. This may include engagement of an Information System Auditor specialist to assess the risk of material misstatement imposed by the Information Technology environment.

The interim audit is now complete and the Auditor General has provided an interim Management Letter.

## **Proposal**

That the Audit and Governance Committee receives the interim audit results and notes the findings and recommendations, and the management action to be taken to address the identified risks.

## **Communication and Engagement**

Town finance and ICT staff engaged in regular communication with RSM during the conduct of the interim audit. RSM teams attended the Town in May 2024 to conduct the audit field work, and the Town continued to provide documents and information to RSM through to completion of the audit.

## **Strategic Implications**

### **Performance Area 5: Performance**

9.1 Continuously improve operational performance and service delivery.

## **Comment**

### Interim Audit – Financial Component

No findings have arisen from the financial component of the interim audit.

### Interim Audit – IT General Controls

Eight findings were identified from the IT General Controls audit, with 12 recommendations. The findings are summarised in Table 1.

Table 1: IT General Controls – Summary of Findings

3. Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Change Management	No		✓		✓
2. Network Security Management	No		✓		✓
3. Data Loss Prevention	No		✓		✓
4. Physical and Environmental Security	No		✓		✓
5. Vulnerability Management	No		✓		
6. Disaster Recovery	No			✓	✓
7. Synergy Finance Application – User Access Management	No			✓	✓
8. IT Governance – Standards, Policies & Procedures	No			✓	✓

The detailed recommendations and management comments are included in the attachment to the interim Management Letter, a confidential attachment to this report.

Management is of the view that the findings and recommendations of the 2023/24 IT General Controls audit reflect a continuing year-on-year improvement in ICT controls by the Town. The singular Significant finding from the 2022/23 audit, regarding User Access Management, is now rated as Minor. Several findings result in recommendations relating to a governance control such as the development and implementation of a policy or procedure to reinforce a technical control, rather than the absence of a technical practice that mitigates a risk to the Town.

While most findings are noted as having been raised over multiple years, in most cases, key elements of the original finding have been remediated, again, with many associated recommendations relating to a governance control.

For example, in the 2022 audit, when a finding related to Network Security was initially raised, no penetration testing, network diagram update or firewall review had been undertaken within the 12-month period by the Town. In 2024, the outstanding ICT control recommendation for the Town is to establish a suitable policy or

procedure relevant to the substantial technical controls now undertaken annually by the Town.

During the 2023/24 financial year, an ICT Governance Document Review was completed, and an ICT Policy Roadmap with a vision to implement a comprehensive set of policies and procedures has been endorsed by the Town's Corporate Management Committee. However, development and implementation of some governance controls require a significant resource allocation. Limited resources have resulted in challenge for the ICT team to deliver the roadmap while balancing business and operational support, asset refresh and transformational enterprise-level project delivery as required by the Town's ICT Strategic Plan.

The outstanding, costly and complex recommendations around Physical and Environmental Security highlight a growing demand for continued and accelerated investment in the Town's ICT infrastructure and governance, to meet the appropriate risk mitigations as recommended. Physical separation and relocation of one or both data centres of the Town to appropriate off-site facilities or private cloud services will require additional investment within the 2025/26 budget cycle or beyond for the reported risks to be effectively treated.

The ICT team has also engaged with the Department of Premier and Cabinet's Office of Digital Government to take part in a pilot project to assess the maturity of cybersecurity controls deployed at Tier 3 and 4 Local Government Authorities, with the aim to inform an upcoming expectation by DPC that all State and Local Government Authorities adhere to a blanket benchmark maturity level per the Australian Signals Directorate's Essential Eight framework for cyber security.

The requirement to adhere to not only the expectations of appropriate practice by the OAG and the Office of Digital Government has raised concern in the sector of increasing compliance expectations on Local Government ICT services, further compounding the inherent increases in the expenditure and risk profile of this business service for Councils.

### **Statutory Requirements**

The Audit and Governance Committee meets at least four times each year to carry out its functions under its Charter, which specifies the authority, objectives and responsibilities of the Committee and governs its membership and meeting requirements.

*Local Government (Audit) Regulations 1996*, Regulation 16, states:

*An audit committee has the following functions —*

- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government.*

## **Financial Considerations**

As outlined elsewhere in this report, some audit recommendations involve significant capital and operating expenditure by the Town. While the Town has the capacity to implement some recommendations from its current budgets, the remaining recommendations will be considered for funding via the 2025/26 annual budget and long-term financial plan.

## **Risk Management Implications**

Financial Risk  
Medium

Risks are detailed in the attachment to the interim Management Letter, attached as a confidential attachment to this report.

## **Declaration of Conflicts of Interest**

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

## **Committee Resolution/Officer Recommendation – Item 8.4**

MOVED Cr Jamayne Burke, Seconded Cr Ken John,

That the Audit and Governance Committee recommends that Council:

- Receives the interim audit results; and
- Notes the findings and recommendations detailed in the interim Management Letter, and the management action to be taken to address the identified risks.

## **Voting requirements: Simple Majority**

CARRIED UNANIMOUSLY 3/0

**For:** Cr Ken John, Ms Sasha Rademakers and Cr Jamayne Burke

**Against:** Nil

<b>8.5 Audit Findings Log</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	GOVN/CCLMEET/1
<b>Directorate</b>	Corporate Services
<b>Previous Reports</b>	N/A
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	1. CONFIDENTIAL - September 2024 Audit Findings Log [8.5.1 - 8 pages]

### Purpose

The purpose of this report is to provide the Audit and Governance Committee with the Town's Audit Findings Log, with updated actions since the meeting of the Committee on 12 June 2024.

### Background

The Audit Findings Log presents a summary of the audit findings and recommendations made in recent internal and external audit reports relating to the Town.

### Proposal

For the Audit and Governance Committee to receive the Audit Findings Log and consider the action taken or proposed to be taken to address the recommendations.

### Communication and Engagement

Nil.

### Strategic Implications

#### Performance Area 5: Performance

9.1 Continuously improve operational performance and service delivery.

## **Comment**

The following audits have been completed since the last meeting of the Committee in June, and are the subject of separate reports for this meeting:

1. Internal audit of the Town's procurement function, focused on formal Requests for Quotations and Tenders, by the Town's internal auditors Paxon Group; and
2. The interim component of the annual audit of the Town's financial statements for 2023/24 by RSM and the OAG.

The findings and recommendations from these audits will be incorporated into the Audit Findings Log for the next meeting of the Committee, in December 2024.

## **Statutory Requirements**

The Audit and Governance Committee meets at least four times each year to carry out its functions under its Charter, which specifies the authority, objectives and responsibilities of the Committee and governs its membership and meeting requirements.

Regulation 16 of the Local Government (Audit) Regulations 1996 specifies the functions of audit committees.

## **Financial Considerations**

Implementation of some audit recommendations may require additional funds and will be the subject of separate budget submissions as and when required. The Town's Purchasing Policy and Procurement Framework will govern any required Engagements.

## **Risk Management Implications**

Financial Risk  
Low

Risk implications are detailed in the Audit Findings Log.

## **Declaration of Conflicts of Interest**

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

### **Committee Resolution/Officer Recommendation – Item 8.5**

MOVED Cr Jamayne Burke, Seconded Cr Ken John,

That the Audit and Governance Committee receives the Audit Findings Log and notes the action taken or proposed to be taken, to address the recommendations.

**Voting requirements: Simple Majority**

CARRIED UNANIMOUSLY 3/0

**For:** Cr Ken John, Ms Sasha Rademakers and Cr Jamayne Burke

**Against:** Nil

### **9 Motions of Which Previous Notice Has Been Given**

Nil

### **10 Announcements of Notices of Motion for the Next Meeting**

Nil

### **11 Confidential Business**

Nil

### **12 Closure**

The next Audit and Governance Committee will be held on Monday 9 December 2024 commencing at 5.30pm.

There being no further business, the Presiding Member declared the meeting closed, the time being 6:15pm.



# Town of Bassendean

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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The Town of Bassendean conducts the operations of a local government with the following community vision:

- Our vision for the Town of Bassendean is to be a safe, healthy and inclusive community that respects and celebrates cultural heritage and diversity; a home by the Swan for everyone to enjoy.
- We share responsibility for climate action and the adoption of sustainable practices to conserve and enhance our environment and natural heritage, including the Swan River ecological corridor, tree canopy, and nature reserves.
- We accommodate population growth responsibly with sustainable development, housing diversity, and tree-lined streets. We value and respect our built heritage and have excellent social infrastructure.
- Our town centre and precincts are vibrant and welcoming, supporting a diverse range of businesses and local employment opportunities. Community events, markets and other attractions help to draw visitors and connect the community.
- Council effectively engages the community, makes well-informed, responsible and transparent decisions, embraces innovation and best practice, and maintains financial sustainability.

Principal place of business:  
48 Old Perth Road, Bassendean WA 6054

Town of Bassendean

Annual Financial Statements  
for the year ended 30 June 2024

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

Statement by Chief Executive Officer

The accompanying financial report of the Town of Bassendean have been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 10th day of December 2024

Chief Executive Officer

Cameron Woods

Name of Chief Executive Officer

# Town of Bassendean

## Statement of Comprehensive Income

for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
<b>Revenue</b>				
Rates	24,2a	15,421,649	15,469,340	14,399,380
Grants, subsidies and contributions	2a	1,021,905	633,176	1,167,056
Fees and charges	2a	6,888,534	6,897,110	6,558,419
Service charges	2a	673,204	505,423	505,423
Interest revenue	2a	1,195,010	544,923	722,851
Other revenue	2a	285,982	81,000	325,615
		<b>25,486,284</b>	<b>24,130,972</b>	<b>23,678,744</b>
<b>Expenses</b>				
Employee costs	2b	(12,639,180)	(12,635,098)	(12,167,228)
Materials and contracts		(7,433,631)	(7,605,873)	(6,424,768)
Utility charges		(736,250)	(751,119)	(839,755)
Depreciation	10a	(5,044,522)	(4,875,818)	(4,949,571)
Finance costs	2b	(47,896)	(41,804)	(25,342)
Insurance		(404,696)	(523,133)	(483,416)
Other expenditure	2b	(1,853,149)	(1,938,353)	(2,139,352)
		<b>(28,159,324)</b>	<b>(28,371,198)</b>	<b>(27,029,432)</b>
<b>Operating result from continuing operations</b>		<b>(2,673,040)</b>	<b>(4,240,226)</b>	<b>(3,350,688)</b>
Capital grants, subsidies and contributions	2a	1,084,216	2,305,824	1,102,751
Profit on asset disposals	10c	21,738	—	—
Loss on asset disposals	10c	(148,314)	(25,000)	(3,595)
Fair value adjustments to financial assets at fair value through profit or loss	4b	2,942	—	6,450
Share of net profit of associates / joint ventures accounted for using the equity method	21	332,992	—	271,582
		<b>1,293,574</b>	<b>2,280,824</b>	<b>1,377,188</b>
<b>Net result for the period</b>		<b>(1,379,466)</b>	<b>(1,959,402)</b>	<b>(1,973,500)</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Share of other comprehensive income of associates/ joint ventures accounted for using the equity method	16,21	159,797	—	—
<b>Total other comprehensive income for the period</b>		<b>159,797</b>	<b>—</b>	<b>—</b>
<b>Total comprehensive income for the period</b>		<b>(1,219,669)</b>	<b>(1,959,402)</b>	<b>(1,973,500)</b>

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

# Town of Bassendean

## Statement of Financial Position

as at 30 June 2024

	Note	2024 \$	2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	11,831,339	11,366,920
Trade and other receivables	5	1,532,498	1,643,903
Other financial assets	4a	5,573,965	4,029,566
Inventories	6	23,787	6,624
Other assets	7	231,759	221,102
<b>Total current assets</b>		<b>19,193,348</b>	<b>17,268,115</b>
<b>Non-current assets</b>			
Trade and other receivables	5	372,895	353,782
Other financial assets	4b	237,442	260,501
Investment in joint venture	21	8,821,409	8,328,620
Property, plant and equipment	8	53,277,382	55,114,575
Infrastructure	9	90,669,798	91,432,848
Right of use assets	11a	91,402	174,268
<b>Total non-current assets</b>		<b>153,470,328</b>	<b>155,664,594</b>
<b>Total assets</b>		<b>172,663,676</b>	<b>172,932,709</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	4,675,691	3,398,156
Other liabilities	13	30,630	185,022
Lease liabilities	11b	64,336	99,738
Borrowings	14	231,091	287,354
Employee related provisions	15	2,537,280	2,431,680
<b>Total current liabilities</b>		<b>7,539,028</b>	<b>6,401,950</b>
<b>Non-current liabilities</b>			
Lease liabilities	11b	28,712	72,428
Borrowings	14	483,100	713,198
Employee related provisions	15	241,322	153,950
<b>Total non-current liabilities</b>		<b>753,134</b>	<b>939,576</b>
<b>Total liabilities</b>		<b>8,292,162</b>	<b>7,341,526</b>
<b>Net assets</b>		<b>164,371,514</b>	<b>165,591,183</b>
<b>Equity</b>			
Retained surplus		19,324,937	22,493,406
Reserve accounts	27	11,385,930	9,596,927
Revaluation surplus	16	133,660,647	133,500,850
<b>Total equity</b>		<b>164,371,514</b>	<b>165,591,183</b>

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 2024

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2022		25,320,330	8,743,503	133,500,850	167,564,683
<b>Comprehensive income for the period</b>					
Net result for the period		(1,973,500)	–	–	(1,973,500)
<b>Total comprehensive income for the period</b>		<b>(1,973,500)</b>	<b>–</b>	<b>–</b>	<b>(1,973,500)</b>
Transfers from reserve accounts	27	41,675	(41,675)	–	–
Transfers to reserve accounts	27	(895,099)	895,099	–	–
<b>Balance as at 30 June 2023</b>		<b>22,493,406</b>	<b>9,596,927</b>	<b>133,500,850</b>	<b>165,591,183</b>
Balance as at 1 July 2023		22,493,406	9,596,927	133,500,850	165,591,183
<b>Comprehensive income for the period</b>					
Net result for the period		(1,379,466)	–	–	(1,379,466)
<b>Other comprehensive income for the period</b>					
Share of comprehensive income of equity accounted investments		–	–	159,797	159,797
<b>Other comprehensive income for the period</b>		<b>–</b>	<b>–</b>	<b>159,797</b>	<b>159,797</b>
<b>Total comprehensive income for the period</b>		<b>(1,379,466)</b>	<b>–</b>	<b>159,797</b>	<b>(1,219,669)</b>
Transfers from reserve accounts	27	1,241,526	(1,241,526)	–	–
Transfers to reserve accounts	27	(3,030,529)	3,030,529	–	–
<b>Balance as at 30 June 2024</b>		<b>19,324,937</b>	<b>11,385,930</b>	<b>133,660,647</b>	<b>164,371,514</b>

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 2024

		2024 Actual \$	2024 Budget \$	2023 Actual \$
	Note			
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Rates		15,394,846	15,469,341	14,560,357
Grants, subsidies and contributions		1,263,601	633,176	1,496,936
Fees and charges		5,666,544	6,897,110	6,558,419
Service charges		673,204	505,423	505,423
Interest revenue		1,195,010	544,923	722,851
Goods and services tax received		1,059,297	1,200,000	1,115,376
Other revenue		200,753	81,000	333,754
<b>Total receipts</b>		<b>25,453,255</b>	<b>25,330,973</b>	<b>25,293,116</b>
<b>Payments</b>				
Employee costs		(12,445,779)	(12,635,098)	(12,592,963)
Materials and contracts		(6,217,419)	(7,604,673)	(6,832,366)
Utility charges		(736,250)	(751,119)	(839,755)
Finance costs		(48,507)	(41,804)	(25,342)
Insurance paid		(404,696)	(523,133)	(483,416)
Goods and services tax paid		(125,447)	(1,200,000)	(1,098,661)
Other expenditure		(1,721,811)	(1,938,353)	(2,139,352)
<b>Total payments</b>		<b>(21,699,909)</b>	<b>(24,694,180)</b>	<b>(24,011,855)</b>
<b>Net cash provided by operating activities</b>		<b>3,753,346</b>	<b>636,793</b>	<b>1,281,261</b>
<b>Cash flows from investing activities</b>				
<b>Payments</b>				
Payments for financial assets at amortised cost		(1,518,398)	–	–
Payments for purchase of property, plant & equipment	8a	(558,974)	(1,440,740)	(518,425)
Payments for construction of infrastructure	9a	(2,568,421)	(4,069,938)	(1,289,764)
<b>Receipts</b>				
Capital grants, subsidies and contributions		1,084,216	2,305,824	807,755
Proceeds from financial assets at amortised cost - self supporting loans		22,969	21,503	21,503
Proceeds from sale of property, plant & equipment		646,185	22,000	405
Proceeds from Financial Assets at amortised cost		–	–	1,039,912
<b>Net cash (used in) investing activities</b>		<b>(2,892,423)</b>	<b>(3,161,351)</b>	<b>61,386</b>
<b>Cash flows from financing activities</b>				
<b>Payments</b>				
Repayment of borrowings	26a	(286,361)	(287,354)	(104,062)
Payments for principal portion of lease liabilities		(110,143)	(134,932)	(124,457)
<b>Receipts</b>				
Proceeds from new borrowings	26a	–	750,000	750,000
<b>Net cash (used in) financing activities</b>		<b>(396,504)</b>	<b>327,714</b>	<b>521,481</b>
<b>Net increase /(decrease) in cash held</b>		<b>464,419</b>	<b>(2,196,844)</b>	<b>1,864,128</b>
Cash at beginning of year		11,366,920	14,010,760	9,502,792
<b>Cash and cash equivalents at the end of the year</b>	3	<b>11,831,339</b>	<b>11,813,916</b>	<b>11,366,920</b>

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

# Town of Bassendean

## Statement of Financial Activity for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	24	15,421,649	15,469,340	14,399,380
Grants, subsidies and contributions		1,021,905	633,176	1,167,056
Fees and charges		6,888,534	6,897,110	6,558,419
Service charges		673,204	505,423	505,423
Interest revenue		1,195,010	544,923	722,851
Other revenue		285,982	81,000	325,615
Profit on asset disposals		21,738	–	–
Fair value adjustments to financial assets at fair value through profit or loss	4b	2,942	–	6,450
Share of net profit of associates accounted for using the equity method	21	332,992	–	271,582
		<b>25,843,956</b>	<b>24,130,972</b>	<b>23,956,776</b>
<b>Expenditure from operating activities</b>				
Employee costs		(12,639,180)	(12,635,098)	(12,167,228)
Materials and contracts		(7,433,631)	(7,604,673)	(6,424,768)
Utility charges		(736,250)	(751,119)	(839,755)
Depreciation		(5,044,522)	(4,875,818)	(4,949,571)
Finance costs		(47,896)	(41,804)	(25,342)
Insurance		(404,696)	(523,133)	(483,416)
Other expenditure		(1,853,149)	(1,938,353)	(2,139,352)
Loss on asset disposals		(148,314)	(25,000)	(3,595)
		<b>(28,307,638)</b>	<b>(28,394,998)</b>	<b>(27,033,027)</b>
Non-cash amounts excluded from operating activities	25a	4,953,753	4,900,818	4,689,145
<b>Amount attributable to operating activities</b>		<b>2,490,071</b>	<b>636,792</b>	<b>1,612,894</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		1,084,216	2,305,824	1,102,751
Proceeds from disposal of assets		646,185	22,000	405
Proceeds from financial assets at amortised cost - self supporting loans		22,969	21,503	21,503
		<b>1,753,370</b>	<b>2,349,327</b>	<b>1,124,659</b>
<b>Outflows from investing activities</b>				
Purchase of property, plant and equipment	8a	(558,974)	(1,440,740)	(813,421)
Purchase and construction of infrastructure	9a	(2,568,421)	(4,069,938)	(1,289,764)
Right of use assets received - non cash	11a	(38,626)	–	–
		<b>(3,166,021)</b>	<b>(5,510,678)</b>	<b>(2,103,185)</b>
Non-cash amounts excluded from investing activities	25b	38,626	–	–
<b>Amount attributable to investing activities</b>		<b>(1,374,025)</b>	<b>(3,161,351)</b>	<b>(978,526)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	26a	–	750,000	750,000
Transfers from reserve accounts	27	1,241,526	1,637,019	41,675
Proceeds from new leases - non cash	26b	38,626	–	–
		<b>1,280,152</b>	<b>2,387,019</b>	<b>791,675</b>
<b>Outflows from financing activities</b>				
Repayment of borrowings	26a	(286,361)	(287,354)	(104,062)
Payments for principal portion of lease liabilities		(110,143)	(134,932)	(124,457)
Transfers to reserve accounts	27	(3,030,529)	(1,915,097)	(895,099)
		<b>(3,427,033)</b>	<b>(2,337,383)</b>	<b>(1,123,618)</b>
Non-cash amounts excluded from financing activities		(38,626)	–	–
<b>Amount attributable to financing activities</b>		<b>(2,185,507)</b>	<b>49,636</b>	<b>(331,943)</b>



Town of Bassendean

Statement of Financial Activity  
for the year ended 30 June 2024

		2024 Actual \$	2024 Budget \$	2023 Actual \$
	Note			
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25d	2,508,485	2,474,922	2,206,060
Amount attributable to operating activities		2,490,071	636,793	1,612,894
Amount attributable to investing activities		(1,374,025)	(3,161,351)	(978,526)
Amount attributable to financing activities		(2,185,507)	49,636	(331,943)
Surplus/(deficit) after imposition of general rates	25d	1,439,024	—	2,508,485

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

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

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## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 1. Basis of preparation

The financial report of the Town of Bassendean which is a Class 3 local government comprises general-purpose financial statements that have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations

#### Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribes that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls; and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Town to assess at each reporting date whether the carrying amount of the above-mentioned non-financial assets materially differ from their fair value and, if so, revalue the class of non-financial assets.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at

fair value of selected non-current assets, financial assets and liabilities.

#### Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - note 8
  - Infrastructure - note 9
- Expected credit losses on financial assets
- Assets held for sale
- Impairment losses of non-financial assets
- Measurement of employee benefits - note 15
- Measurement of provisions

Fair value hierarchy information can be found in note 23.

#### 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 to these financial statements.

#### Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 1. Basis of preparation (continued)

---

#### **New accounting standards for application in future years**

The following new accounting standards will have application to local government in future years:

- *AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards -Classification of Liabilities as Current or Non-current*
- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred] AASB 10 and AASB 128 amendments in AASB 2014-10 apply*
- *AASB 2022-5 Amendments to Australian Accounting Standards -Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*

These amendments are not expected to have any material impact on the financial report on initial application.

- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendments may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- *AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

# Notes to the Financial Statements

for the year ended 30 June 2024

## Note 2. Revenue and expenses

### (a) Revenue

#### Contracts with customers

Recognition of revenue is dependent 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	Timing of revenue recognition
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	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	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	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	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	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	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	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	When claim is agreed

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

# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 2. Revenue and expenses (continued)

#### (a) Revenue (continued)

##### Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

Nature	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
<b>For the year ended 30 June 2024</b>					
Rates	—	—	15,421,649	—	15,421,649
Grants, subsidies and contributions	366,562	—	655,343	—	1,021,905
Fees and charges	6,569,189	—	319,345	—	6,888,534
Service charges	—	—	—	673,204	673,204
Interest revenue	—	—	—	1,195,010	1,195,010
Other revenue	—	—	—	285,982	285,982
Capital grants, subsidies and contributions	—	1,084,216	—	—	1,084,216
<b>Total</b>	<b>6,935,751</b>	<b>1,084,216</b>	<b>16,396,337</b>	<b>2,154,196</b>	<b>26,570,500</b>
<b>For the year ended 30 June 2023</b>					
Rates	—	—	14,399,380	—	14,399,380
Grants, subsidies and contributions	319,781	—	847,275	—	1,167,056
Fees and charges	6,241,873	—	316,546	—	6,558,419
Service charges	—	—	—	505,423	505,423
Interest revenue	—	—	—	722,851	722,851
Other revenue	325,615	—	—	—	325,615
Capital grants, subsidies and contributions	—	1,102,751	—	—	1,102,751
<b>Total</b>	<b>6,887,269</b>	<b>1,102,751</b>	<b>15,563,201</b>	<b>1,228,274</b>	<b>24,781,495</b>
			<b>2024 Actual</b>	<b>2024 Budget</b>	<b>2023 Actual</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>

#### Assets and services acquired below fair value

Contributed assets	—	—	294,996
	—	—	<b>294,996</b>

#### Interest revenue

Interest on reserve funds	584,300	273,136	284,703
Rate instalment and penalty interest	169,397	75,160	136,083
Financial assets at amortised cost - self supporting loans	8,705	21,503	10,171
Other interest earnings	432,608	175,124	291,894
<b>Total interest earnings</b>	<b>1,195,010</b>	<b>544,923</b>	<b>722,851</b>

The 2024 original budget estimate in relation to:  
Trade and other receivables overdue interest was \$0.

# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 2. Revenue and expenses (continued)

#### (b) Expenses

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
<b>Auditors remuneration</b>				
- Audit of the annual financial report		65,000	50,000	53,768
- Other services – Internal audit & grant acquittals		62,166	51,200	20,841
<b>Total Auditors remuneration</b>		<b>127,166</b>	<b>101,200</b>	<b>74,609</b>
<b>Employee costs</b>				
Employee benefit costs		12,526,409	12,574,548	11,979,197
Other employee costs		112,771	60,550	188,031
<b>Total employee costs</b>		<b>12,639,180</b>	<b>12,635,098</b>	<b>12,167,228</b>
<b>Finance costs</b>				
Borrowings	26a	43,800	41,804	20,258
Lease liabilities		4,096	–	5,084
<b>Total</b>		<b>47,896</b>	<b>41,804</b>	<b>25,342</b>
<b>Other expenditure</b>				
Contribution to underground power		1,227,284	1,227,284	1,227,284
Other expenses		625,865	711,069	912,068
<b>Total Other expenditure</b>		<b>1,853,149</b>	<b>1,938,353</b>	<b>2,139,352</b>

Notes to the Financial Statements  
for the year ended 30 June 2024

Note 3. Cash and cash equivalents

	Note	2024 \$	2023 \$
Cash at bank and on hand		1,529,228	1,769,993
Term deposits		10,302,111	9,596,927
Total cash and cash equivalents	17	11,831,339	11,366,920
Held as			
- Unrestricted cash and cash equivalents		4,125,262	1,584,971
- Restricted cash and cash equivalents	17	7,706,077	9,781,949
Total		11,831,339	11,366,920

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions.

Restrictions are specified in an agreement, contract or legislation.

This applies to reserve accounts, 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 and for which no liability has been recognised.



# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 4. Other financial assets

	Note	2024 \$	2023 \$
<b>(a) Current assets</b>			
Financial assets at amortised cost		5,573,965	4,029,566
<b>Total current financial assets</b>		<b>5,573,965</b>	<b>4,029,566</b>
<b>Financial assets at amortised cost</b>			
Term deposits		5,549,430	4,008,063
Self supporting loans receivable		24,535	21,503
		<b>5,573,965</b>	<b>4,029,566</b>
Held as			
- Unrestricted other financial assets at amortised cost		24,535	21,503
- Restricted other financial assets at amortised cost	17	5,549,430	4,008,063
<b>Total</b>		<b>5,573,965</b>	<b>4,029,566</b>
<b>(b) Non current assets</b>			
Financial assets at fair value through profit or loss		145,549	142,607
Financial assets at amortised cost		91,893	117,894
<b>Total non-current financial assets</b>		<b>237,442</b>	<b>260,501</b>
<b>Financial assets at fair value through profit or loss</b>			
Units in Local Government House Trust		145,549	142,607
		<b>145,549</b>	<b>142,607</b>
<b>Financial assets at amortised cost</b>			
Self supporting loans receivable		91,893	117,894
		<b>91,893</b>	<b>117,894</b>
<b>Financial assets at fair value through profit or loss</b>			
Units in Local Government House Trust - opening balance		142,607	136,157
Movement attributable to fair value increment		2,942	6,450
<b>Units in Local Government House Trust - closing balance</b>		<b>145,549</b>	<b>142,607</b>

## MATERIAL 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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at a mortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 4. Other financial assets (continued)

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#### **Financial assets at fair value through profit or loss**

The Town has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

#### **Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 23.

# Notes to the Financial Statements

for the year ended 30 June 2024

## Note 5. Trade and other receivables

	Note	2024 \$	2023 \$
<b>Current</b>			
Rates and statutory receivables		734,969	728,331
Trade receivables		173,625	569,713
GST receivable		193,110	6,171
Receivables for employee related provisions	15	150,583	168,383
Accrued income		280,211	171,305
		<b>1,532,498</b>	<b>1,643,903</b>
<b>Non-current</b>			
Pensioner's rates and ESL deferred		359,672	334,682
Long service leave due from other councils		13,223	19,100
		<b>372,895</b>	<b>353,782</b>

## MATERIAL ACCOUNTING POLICIES

### Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

### Trade and other receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non-financial assets as part of the ordinary course of business.

### Other Receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non-financial assets.

### Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

### Classification and subsequent measurement

Receivables which are generally due for settlement within AASB 101.66 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Town 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.

### 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 23.

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 6. Inventories

	2024 \$	2023 \$
<b>Current</b>		
Fuel and materials	23,787	6,624
<b>Total current inventories</b>	<b>23,787</b>	<b>6,624</b>

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	<b>6,624</b>	<b>15,976</b>
Inventories expensed during the year	(28,579)	(105,356)
Additions to inventory	45,742	96,004
<b>Balance at end of year</b>	<b>23,787</b>	<b>6,624</b>

#### MATERIAL 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.

#### Note 7. Other assets

	2024 \$	2023 \$
<b>Other assets - current</b>		
Prepayments	231,759	198,102
Assets held for sale	–	23,000
<b>Total other assets - current</b>	<b>231,759</b>	<b>221,102</b>

#### MATERIAL 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.

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 8. Property, plant and equipment

##### (a) Movements in balances

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

	Assets not subject to operating lease		Total Property		Work in progress	Plant and equipment			Minor Assets - Artwork	Total property, plant and equipment
Note	Land	Buildings specialised	Land	Buildings specialised		Total Property	Furniture and equipment	Plant and equipment		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	33,360,901	20,194,652	33,360,901	20,194,652	523,280	54,078,833	975,623	753,067	62,620	55,870,143
Additions *	—	118,467	—	118,467	—	118,467	195,826	499,128	—	813,421
Disposals	—	—	—	—	—	—	—	(4,000)	—	(4,000)
Depreciation	10a	(1,321,069)	—	(1,321,069)	—	(1,321,069)	(142,104)	(101,816)	—	(1,564,989)
Transfers	—	489,311	—	489,311	(523,280)	(33,969)	—	33,969	—	—
<b>Balance at 30 June 2023</b>	33,360,901	19,481,361	33,360,901	19,481,361	—	52,842,262	1,029,345	1,180,348	62,620	55,114,575
<b>Comprises:</b>										
Gross balance amount at 30 June 2023	33,360,901	30,310,131	33,360,901	30,310,131	—	63,671,032	1,553,128	2,774,251	62,620	68,061,031
Accumulated depreciation at 30 June 2023	—	(10,828,770)	—	(10,828,770)	—	(10,828,770)	(523,783)	(1,593,903)	—	(12,946,456)
<b>Balance at 30 June 2023</b>	33,360,901	19,481,361	33,360,901	19,481,361	—	52,842,262	1,029,345	1,180,348	62,620	55,114,575
<b>Balance at 1 July 2023</b>	33,360,900	19,481,362	33,360,900	19,481,362	—	52,842,262	1,029,346	1,180,348	62,620	55,114,576
Additions *	—	143,306	—	143,306	134,300	277,606	29,613	251,755	—	558,974
Disposals	(530,000)	(104,968)	(530,000)	(104,968)	—	(634,968)	(923)	(136,870)	—	(772,761)
Depreciation	10a	(1,325,265)	—	(1,325,265)	—	(1,325,265)	(180,264)	(118,869)	—	(1,624,398)
Transfers	—	17,152	—	17,152	—	17,152	—	(16,161)	—	991
<b>Balance at 30 June 2024</b>	32,830,900	18,211,587	32,830,900	18,211,587	134,300	51,176,787	877,772	1,160,203	62,620	53,277,382
<b>Comprises:</b>										
Gross balance amount at 30 June 2024	32,830,900	30,163,590	32,830,900	30,163,590	134,300	63,128,790	1,579,901	2,504,333	62,620	67,275,644
Accumulated depreciation at 30 June 2024	—	(11,952,003)	—	(11,952,003)	—	(11,952,003)	(702,129)	(1,344,130)	—	(13,998,262)
<b>Balance at 30 June 2024</b>	32,830,900	18,211,587	32,830,900	18,211,587	134,300	51,176,787	877,772	1,160,203	62,620	53,277,382

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 8. Property, plant and equipment (continued)

##### (b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>(i) Fair Value - as determined at the last valuation date</b>					
Land - Freehold Land	2 & 3	Market approach using recent observable market data for similar items. (Gross revaluation method)	Independent Valuation	June 2022	Price per hectare/market borrowing rate
Buildings - specialised	3	Cost approach using depreciated replacement cost. (Gross revaluation method)	Independent Valuation	June 2022	Construction/Purchase 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation technique applied to property subject to lease was the same as that applied to property not subject to lease.

##### (ii) Cost

Following changes to the Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment, furniture and equipment, works in progress and artworks) are being measured using the cost model rather than fair value. This change was effective for the financial year 2019.

# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 9. Infrastructure

#### (a) Movements in balances

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

	Note	Infrastructure roads \$	Infrastructure footpaths \$	Infrastructure drainage \$	Infrastructure - Parks and Reserves \$	Work in progress \$	Total infrastructure \$
<b>Balance as at 1 July 2022</b>		58,365,333	7,370,037	17,610,508	8,914,164	1,175,425	93,435,467
Additions		873,602	59,536	48,628	236,525	71,473	1,289,764
Depreciation	10a	(1,895,789)	(272,922)	(453,068)	(670,604)	–	(3,292,383)
Transfers		–	–	–	1,122,334	(1,122,334)	–
<b>Balance at 30 June 2023</b>		57,343,146	7,156,651	17,206,068	9,602,419	124,564	91,432,848
<b>Comprises:</b>							
Gross balance amount at 30 June 2023		113,610,187	11,624,043	31,934,513	15,345,640	124,564	172,638,947
Accumulated depreciation at 30 June 2023		(56,267,041)	(4,467,392)	(14,728,445)	(5,743,221)	–	(81,206,099)
<b>Balance at 30 June 2023</b>		57,343,146	7,156,651	17,206,068	9,602,419	124,564	91,432,848
<b>Balance as at 1 July 2023</b>		57,343,146	7,156,651	17,206,068	9,602,419	124,564	91,432,848
Additions		1,430,569	182,257	–	817,314	138,281	2,568,421
Depreciation	10a	(1,926,825)	(275,410)	(401,099)	(702,899)	–	(3,306,233)
Transfers		15,325	–	–	(345)	(40,218)	(25,238)
<b>Balance at 30 June 2024</b>		56,862,215	7,063,498	16,804,969	9,716,489	222,627	90,669,798
<b>Comprises:</b>							
Gross balance amount at 30 June 2024		115,056,080	11,806,299	31,934,513	16,162,609	222,627	175,182,128
Accumulated depreciation at 30 June 2024		(58,193,865)	(4,742,801)	(15,129,544)	(6,446,120)	–	(84,512,330)
<b>Balance at 30 June 2024</b>		56,862,215	7,063,498	16,804,969	9,716,489	222,627	90,669,798

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 9. Infrastructure (continued)

##### (b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>(i) Fair Value - as determined at the last valuation date</b>					
Infrastructure - roads	3	Cost approach using depreciated replacement cost. (Gross revaluation method)	Independent Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using depreciated replacement cost. (Gross revaluation method)	Independent Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost. (Gross revaluation method)	Independent Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and reserves	3	Cost approach using depreciated replacement cost. (Gross revaluation method)	Independent Valuation	June 2022	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 by the local government to determine the fair value of infrastructure using level 3 inputs.



# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 10. Fixed assets

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
<b>(a) Depreciation</b>				
Buildings - specialised	8a	1,325,265	1,341,921	1,321,069
Furniture and equipment	8a	180,264	105,014	142,104
Plant and equipment	8a	118,869	156,049	101,816
Infrastructure - roads	9a	1,926,825	1,893,467	1,895,789
Infrastructure - footpaths	9a	275,410	272,838	272,922
Infrastructure - drainage	9a	401,099	401,534	453,068
Infrastructure - parks and reserves		702,899	704,995	670,604
Right-of-use assets - plant and equipment	11	89,037	–	88,948
Right-of-use assets - furniture and equipment		24,854	–	27,571
<b>Total depreciation</b>		<b>5,044,522</b>	<b>4,875,818</b>	<b>4,949,571</b>

#### 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 100 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Minor Art Works	Not depreciated
Infrastructure - Roads	18 to 120 years
Infrastructure - Parks Plant & Equipment	3 to 80 years
Infrastructure - Footpaths	10 to 50 years
Infrastructure - Drainage	10 to 80 years

### (b) Fully depreciated assets in use

The gross carrying value of assets held by the Town which are currently in use yet fully depreciated are shown in the table below.

	2024 Actual \$	2023 Actual \$
Furniture and equipment	90,159	90,159
Plant and equipment	158,891	200,567
	<b>249,050</b>	<b>290,726</b>

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 10. Fixed assets (continued)

##### (c) Disposal of assets

The following assets were disposed of during the year.

		Net book value			Sales price			Profit			(loss)		
		2024	2024	2023	2024	2024	2023	2024	2024	2023	2024	2024	2023
		Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual
Note		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By asset class													
Property, plant and equipment	8a												
Land		530,000	—	—	519,833	—	—	—	—	—	(10,167)	—	—
Buildings - specialised		104,968	—	—	2,728	—	—	—	—	—	(102,240)	—	—
Plant and equipment		136,870	47,000	4,000	123,408	22,000	405	21,738	—	—	(35,200)	(25,000)	(3,595)
Furniture and equipment		923	—	—	216	—	—	—	—	—	(707)	—	—
Total by asset class		772,761	47,000	4,000	646,185	22,000	405	21,738	—	—	(148,314)	(25,000)	(3,595)

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 10. Fixed assets (continued)

#### MATERIAL ACCOUNTING POLICIES

##### Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Town's revaluation policy, are recognised at cost and disclosed as being at reportable value.

##### Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

##### Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

##### Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued 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 land vested in the Town.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Town to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

##### Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

##### Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

##### Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Town is not required to comply with *AASB136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has not been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10. Fixed assets (continued)

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recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Gains or losses on disposal**

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.

# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 11. Leases

#### (a) Right of use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year

	Note	Plant & Equipment \$	Furniture and Equipment \$	Total \$
<b>2023</b>				
<b>Balance at 1 July 2022</b>		150,453	62,197	212,650
Additions		78,137	–	78,137
Depreciation	10a	(88,948)	(27,571)	(116,519)
<b>Balance at 30 June 2023</b>		139,642	34,626	174,268
Gross balance amount at 30 June 2023		369,788	143,705	513,493
Accumulated depreciation at 30 June 2023		(230,146)	(109,079)	(339,225)
<b>Balance at 30 June 2023</b>		139,642	34,626	174,268
<b>2024</b>				
<b>Balance at 1 July 2023</b>		139,642	34,626	174,268
Additions		31,026	–	31,026
Depreciation	10a	(89,037)	(24,855)	(113,892)
<b>Balance at 30 June 2024</b>		81,631	9,771	91,402
Gross balance amount at 30 June 2024		400,813	124,001	524,814
Accumulated depreciation at 30 June 2024		(319,182)	(114,230)	(433,412)
<b>Balance at 30 June 2024</b>		81,631	9,771	91,402

#### Amounts included in the statement of comprehensive income related to leases

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	Note	2024 Actual \$	2023 Actual \$
<b>Expenses</b>			
Depreciation on right-of-use assets	10a	(113,892)	(116,519)
Finance charge on lease liabilities	26b	(4,096)	(5,084)
<b>Total amount recognised in the statement of comprehensive income</b>		<b>(117,988)</b>	<b>(121,603)</b>
<b>Total cash outflow from leases</b>		<b>(110,143)</b>	<b>(124,457)</b>

#### (b) Lease liabilities

Current		64,336	99,738
Non-current		28,712	72,428
<b>Total lease liabilities</b>	26b	<b>93,048</b>	<b>172,166</b>

#### Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 11. Leases (continued)

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##### **MATERIAL 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 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.

Details of individual lease liabilities required by regulations are provided at Note 26(b).

###### **Right-of-use assets - measurement**

Right-of-use assets are 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 recognised 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 10 under revaluation 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 shorter. 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 depreciated over the useful life of the underlying asset.

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 12. Trade and other payables

	2024	2023
	\$	\$
<b>Current</b>		
Sundry creditors	1,857,601	726,704
Accrued interest on loans	1,548	2,159
Prepaid rates	502,360	497,535
Accrued payroll liabilities	429	—
Bonds and deposits held	1,839,577	1,744,247
Accrued salaries and wages	444,176	294,483
Hyde Retirement Village bonds	30,000	39,600
Revenue Received in Advance	—	93,428
<b>Total current trade and other payables</b>	<b>4,675,691</b>	<b>3,398,156</b>

#### MATERIAL ACCOUNTING POLICIES

##### Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised when 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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Town before 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 unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

##### 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 income for the prepaid rates that have not been refunded.

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 13. Other liabilities

	2024 \$	2023 \$
<b>(a) Other liabilities</b>		
<b>Current</b>		
Capital Grant / Contributions Liabilities	30,630	185,022
	<u>30,630</u>	<u>185,022</u>
<b>Reconciliation of changes in Capital Grant/ Contributions Liabilities</b>		
Opening balance	185,022	142,674
Additions / Transfers	(154,392)	42,348
	<u>30,630</u>	<u>185,022</u>
<b>Expected satisfaction of capital grant/contribution liabilities</b>		
Less than 1 year	30,630	154,392
	<u>30,630</u>	<u>154,392</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

#### MATERIAL 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.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

##### Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Town's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Town which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.



Notes to the Financial Statements  
for the year ended 30 June 2024

Note 14. Borrowings

Note	2024			2023		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured						
Loans from WATC	231,091	483,100	714,191	287,354	713,198	1,000,552
Total secured borrowings	231,091	483,100	714,191	287,354	713,198	1,000,552

Secured liabilities and assets pledged as security

All of the Town's borrowings are from the Western Australian Treasury Corporation (WATC) and are un-secured

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Town has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Borrowing fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 26(a).

# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 15. Employee related provisions

	2024 \$	2023 \$
<b>(a) Employee related provisions</b>		
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	762,837	751,394
Long service leave	1,440,292	1,356,526
	<b>2,203,129</b>	<b>2,107,920</b>
<b>Other provisions</b>		
Employment on-costs	334,151	323,760
	<b>334,151</b>	<b>323,760</b>
<b>Total current employee related provisions</b>	<b>2,537,280</b>	<b>2,431,680</b>
<b>Non-current provisions</b>		
Long service leave	222,768	139,527
	<b>222,768</b>	<b>139,527</b>
<b>Other provisions</b>		
Employment on-costs	18,554	14,423
	<b>18,554</b>	<b>14,423</b>
<b>Total non-current employee related provisions</b>	<b>241,322</b>	<b>153,950</b>
<b>Total employee related provisions</b>	<b>2,778,602</b>	<b>2,585,630</b>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are 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:

	2024 \$	2023 \$
	Note	
<b>Amounts are expected to be settled on the following basis:</b>		
Less than 12 months after the reporting date	2,537,280	2,431,680
More than 12 months from reporting date	241,322	153,950
	<b>2,778,602</b>	<b>2,585,630</b>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables 5 150,582 168,383

### MATERIAL ACCOUNTING POLICIES

#### Employee benefits

The Town's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

#### 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, and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 15. Employee related provisions (continued)

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

**Other long-term employee benefits**

Long-term employee benefits provisions 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 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.

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 16. Revaluation surplus

	2024	2024	2024	Total	2024	2023	2023	2023	Total	2023
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land										
- freehold land	39,680,067	—	—	—	39,680,067	39,680,067	—	—	—	39,680,067
Revaluation surplus -										
Buildings	15,499,268	—	—	—	15,499,268	15,499,268	—	—	—	15,499,268
Revaluation surplus -										
Furniture and equipment	56,792	—	—	—	56,792	56,792	—	—	—	56,792
Revaluation surplus - Plant										
and equipment	732,285	—	—	—	732,285	732,285	—	—	—	732,285
Revaluation surplus -										
Infrastructure - roads	48,747,740	—	—	—	48,747,740	48,747,740	—	—	—	48,747,740
Revaluation surplus -										
Infrastructure - footpaths	5,779,454	—	—	—	5,779,454	5,779,454	—	—	—	5,779,454
Revaluation surplus -										
Infrastructure - drainage	14,522,995	—	—	—	14,522,995	14,522,995	—	—	—	14,522,995
Revaluation surplus -										
Infrastructure- Parks and										
Reserves	6,551,598	—	—	—	6,551,598	6,551,598	—	—	—	6,551,598
	<u>131,570,199</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>131,570,199</u>	<u>131,570,199</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>131,570,199</u>
Revaluation surplus/(deficit)										
EMRC	1,930,651	159,797	—	159,797	2,090,448	1,930,651	—	—	—	1,930,651
	<u>133,500,850</u>	<u>159,797</u>	<u>—</u>	<u>159,797</u>	<u>133,660,647</u>	<u>133,500,850</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>133,500,850</u>

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 17. Restrictions over financial assets

		2024 Actual \$	2023 Actual \$
	Note		

##### Restrictions

The following classes of financial 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	3	7,706,077	7,786,895
- Financial assets at amortised cost	4a	5,549,430	4,008,063
		<u>13,255,507</u>	<u>11,794,958</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	27	11,385,930	9,596,927
Other restricted assets		–	266,987
Bonds and deposits held		1,869,577	1,791,647
Loans to clubs/associations		–	139,397
<b>Total restricted financial assets</b>		<u>13,255,507</u>	<u>11,794,958</u>

##### 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		(17,502)	(12,078)
<b>Total amount of credit unused</b>		<u>232,498</u>	<u>237,922</u>

		2024 \$	2023 \$
	Note		

##### Loan facilities

Loan facilities - current	14	231,091	287,354
Loan facilities - non-current	14	483,100	713,198
<b>Total facilities in use at balance date</b>		<u>714,191</u>	<u>1,000,552</u>

Notes to the Financial Statements

for the year ended 30 June 2024

Note 18. Contingent liabilities

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

- 87 Whitfield St, Bassendean
- 17 & 19 Anstey Rd, Bassendean
- 35 Villiers St West and 29 Elder Pde, Bassendean
- 25 Iveson Pl, Bassendean
- Ashfield Reserve, Ashfield \*
- Lots 214-220 (37- 47 Hyland St, 214 Lot Carnegie Rd), Bassendean
- 27 Hyland St, Bassendean - Restricted Use

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 an the need and criteria for remediation of risk based approach, the Town is unable to estimate the potential costs associated with remediation of these sites except those marked with an \* where only minor works are involved that would be undertaken at the time of any future This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

Note 19. Capital commitments

	2024	2023
	\$	\$
<b>Capital expenditure commitments</b>		
<b>Contracted for:</b>		
- capital expenditure projects	89,072	313,544
- Infrastructure projects	37,400	207,362
- Underground Power - Eden Hill NRUPP Contribution	–	1,227,284
<b>Total capital expenditure commitments</b>	<b>126,472</b>	<b>1,748,190</b>
<b>Payable:</b>		
- not later than one year	126,472	1,748,190
<b>Total capital expenditure commitments</b>	<b>126,472</b>	<b>1,748,190</b>

# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 20. Related party transactions

	2024 Actual \$	2024 Budget \$	2023 Actual \$
Note			
<b>(a) Council Member Remuneration</b>			
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Mayor's annual allowance	38,450	38,450	37,881
Mayor's meeting attendance fees	26,370	26,370	25,976
Mayor's ICT expenses	3,500	3,500	3,500
Mayor's training expenses	2,178	3,785	706
<b>Total</b>	<b>70,498</b>	<b>72,105</b>	<b>68,063</b>
Deputy Mayor's annual allowance	9,579	9,612	9,470
Deputy Mayor's meeting attendance fees	16,934	17,030	16,776
Deputy Mayor's ICT expenses	3,480	3,500	3,500
Deputy Mayor's training expenses	679	3,785	815
<b>Total</b>	<b>30,672</b>	<b>33,927</b>	<b>30,561</b>
All other council member's meeting attendance fees	84,929	85,150	83,880
All other council member's ICT expenses	17,534	17,500	17,500
All other council member's training expenses	10,148	18,930	3,155
<b>Total</b>	<b>112,611</b>	<b>121,580</b>	<b>104,535</b>
<b>Total</b>	<b>213,781</b>	<b>227,612</b>	<b>203,159</b>
20b			

### (b) Key management personnel

#### Key Management Personnel (KMP) Compensation

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

	2024 Actual \$	2023 Actual \$
Note		
Short-term employee benefits	896,406	865,042
Post-employment benefits	118,025	145,224
Employee - other long-term benefits	144,394	(82,207)
Employee - termination benefits	49,905	26,254
Council member costs	213,781	203,159
<b>Total</b>	<b>1,422,511</b>	<b>1,157,472</b>

#### Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table 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.

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 20. Related party transactions (continued)

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##### *Other long-term benefits*

These amounts represent annual leave and long service leave entitlements 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).

##### *Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

#### (c) 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.

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

##### **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 council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b).

##### *ii. Other Related Parties*

Outside of normal citizen type transactions with the Town, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

##### *iii. Entities subject to significant influence by the Town*

There were no such entities requiring disclosure during the current or previous year.



# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 21. Investment in Joint Arrangements

#### Eastern Metropolitan Regional Council

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 five local governments, namely, Town of Bassendean, City of Bayswater, City of Kalamunda, Shire of Mundaring, and City of Swan. The Town's interest in the associate calculated by EMRC as at 30 June 2024 was 5.56% (4.69% at 30 June 2023, representing its share of the net assets of \$158,539,468 (\$177,673,742 at 30 June 2023). Bassendean's interest in the assets and liabilities of the EMRC is as follows:

	2024 Actual \$	2023 Actual \$
<b>Summarised statement of comprehensive income</b>		
<b>Summarised statement of financial position</b>		
Other current assets	94,271,356	84,995,182
<b>Non-current assets</b>	<b>141,786,776</b>	<b>129,024,122</b>
Current liabilities	40,583,440	29,938,415
<b>Total current liabilities</b>	<b>40,583,440</b>	<b>29,938,415</b>
Non-current liabilities	36,935,224	6,407,147
<b>Total non-current liabilities</b>	<b>36,935,224</b>	<b>6,407,147</b>
<b>Net assets</b>	<b>158,539,468</b>	<b>177,673,742</b>
Share of joint venture's profit/(loss) from ordinary activities	332,992	271,582
Carrying amount at 1 July	8,328,620	8,057,038
- Share of joint venture's net profit/(loss) for the period	332,992	271,582
- Share of joint venture's other comprehensive income arising during the period	159,797	—
<b>Carrying amount at 30 June</b>	<b>8,821,409</b>	<b>8,328,620</b>

#### MATERIAL ACCOUNTING POLICIES

##### Joint operations

A joint operation is a joint arrangement where the Town has joint control with two or more parties to the joint arrangement. All parties to the joint arrangement have rights to the assets and obligations for the liabilities related to the arrangement.

Assets, liabilities, revenues and expenses relating to the Town's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

### Note 22. Events occurring after the end of the reporting period

There have been no material events after the reporting period which would affect the financial report of the Town for the year ended 30th June 2024 or which would require a separate disclosure.

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 23. Other Material 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) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

#### i) 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

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 23. Other Material Accounting Policies (continued)

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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.

#### **j) 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.

# Town of Bassendean

## Notes to the Financial Statements for the year ended 30 June 2024

### Note 24. Rating information

Rate type	Basis of valuation	Rate in \$	Number of properties	2023/24 Actual Rateable value \$	2023/24 Actual Rate revenue \$	2023/24 Actual Interim rates \$	2023/24 Actual Total revenue \$	2023/24 Budget rate revenue \$	2023/24 Budget interim rate \$	2023/24 Budget back rate \$	2023/24 Budget total revenue \$	2022/23 Actual Total revenue \$
<b>General Rates</b>												
<b>Rate Description</b>												
Residential	Gross rental valuation	0.07740	5,823	119,351,285	9,245,625	49,050	9,294,675	9,237,789	98,076	6,500	9,342,365	8,144,079
Comm/Industrial	Gross rental valuation	0.08901	346	51,217,380	4,558,859	—	4,558,859	4,558,859	—	—	4,558,859	4,271,428
Vacant Land - Residential, Commercial and Industrial	Gross rental valuation	0.11610	105	2,202,600	255,722	—	255,722	255,722	—	—	255,722	333,594
<b>Total general rates</b>			<b>6,274</b>	<b>172,771,265</b>	<b>14,060,206</b>	<b>49,050</b>	<b>14,109,256</b>	<b>14,052,370</b>	<b>98,076</b>	<b>6,500</b>	<b>14,156,946</b>	<b>12,749,101</b>
<b>Minimum payment</b>												
Residential	Gross rental valuation	1,183.00	978	14,132,710	1,156,974	—	1,156,974	1,156,974	—	—	1,156,974	1,673,378
Comm/Industrial	Gross rental valuation	1,183.00	2	10,400	2,366	—	2,366	2,366	—	—	2,366	2,212
Vacant Land - Residential	Gross rental valuation	1,183.00	136	1,061,090	160,888	—	160,888	160,888	—	—	160,888	99,540
<b>Total minimum payments</b>			<b>1,116</b>	<b>15,204,200</b>	<b>1,320,228</b>	<b>—</b>	<b>1,320,228</b>	<b>1,320,228</b>	<b>—</b>	<b>—</b>	<b>1,320,228</b>	<b>1,775,130</b>
<b>Total general rates and minimum payments</b>			<b>7,390</b>	<b>187,975,465</b>	<b>15,380,434</b>	<b>49,050</b>	<b>15,429,484</b>	<b>15,372,598</b>	<b>98,076</b>	<b>6,500</b>	<b>15,477,174</b>	<b>14,524,231</b>
							<b>15,429,484</b>				<b>15,477,174</b>	<b>14,524,231</b>
<b>Concessions</b>												
Exemptions, waivers and concessions							(7,835)				(7,834)	(124,851)
<b>Total rates</b>							<b>15,421,649</b>				<b>15,469,340</b>	<b>14,399,380</b>

The rate revenue was recognised from the rate record as soon as practicable after the Town resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

All land (other than exempt land) in the Town is rated according to its Gross Rental Value (GRV).

The general rates detailed in the 2023/24 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increases in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

# Town of Bassendean

## Notes to the Financial Statements

for the year ended 30 June 2024

### Note 25. Determination of surplus or deficit

	2023/24	2023/24	2022/23
	30 June 2024	Budget 30 June 2024	30 June 2023
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 Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

#### Adjustments to operating activities

Less: Profit on asset disposals	(21,738)	—	—
Less: Fair value adjustments to financial assets at fair value through profit or loss	(2,942)	—	(6,450)
Less: Share of net profit of associates and joint ventures accounted for using the equity method	(332,992)	—	(271,582)
Add: Loss on disposal of assets	148,314	25,000	3,595
Add: Amounts written off from opening capital work in progress	33,148	—	—
Add: Depreciation	5,044,522	4,875,818	4,949,571

Non-cash movements in non-current assets and liabilities:

Financial assets at amortised cost	23,059	—	—
Pensioner deferred rates	(24,990)	—	—
Employee benefit provisions	87,372	—	(32,106)
Other provisions	—	—	12,375
Employee entitlement reserve	—	—	33,742

#### Non-cash amounts excluded from operating activities

4,953,753	4,900,818	4,689,145
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#### (b) Non-cash amounts excluded from investing activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Right of use assets received - non cash	11a	38,626	110,000	—
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#### Non-cash amounts excluded from investing activities

38,626	110,000	—
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#### (c) Non-cash amounts excluded from financing activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

#### Adjustments to financing activities

Non cash proceeds from new leases	(38,626)	(110,000)	—
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#### Non-cash amounts excluded from financing activities

(38,626)	(110,000)	—
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## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 25. Determination of surplus or deficit (continued)

		2023/24	2023/24	2022/23
		30 June 2024	Budget 30 June 2024	30 June 2023
	Note	\$	\$	\$
<b>(d) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	27	(11,385,930)	(8,862,298)	(9,596,927)
Less: Financial assets at amortised cost - self supporting loans	4a	(24,535)	—	(21,503)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	231,091	120,000	287,354
- Current portion of lease liabilities	11	64,336	110,000	99,738
Add: Liabilities funded by Cash Backed Reserve		926,850	238,508	873,658
<b>Total adjustments to net current assets</b>		<b>(10,188,188)</b>	<b>(8,393,790)</b>	<b>(8,357,680)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
Total current assets		19,193,348	8,393,790	17,268,115
Less: Total current liabilities		(7,539,028)	—	(6,401,950)
Less: Total adjustments to net current assets		(10,215,296)	(8,393,790)	(8,357,680)
<b>Surplus or deficit after imposition of general rates</b>		<b>1,439,024</b>	<b>—</b>	<b>2,508,485</b>

# Town of Bassendean

## Notes to the Financial Statements for the year ended 30 June 2024

### Note 26. Borrowing and lease liabilities

#### (a) Borrowings

Purpose	Note	Principal at 1 July 2022	New loans During 2022-23	Principal repayments During 2022-23	Actual Principal at 30 June 2023	New loans During 2023-24	Principal repayments During 2023-24	Actual Principal at 30 June 2024	Principal at 1 July 2023	Budget		Principal at 30 June 2024
										New Loans During 2023-24	Principal repayments	
Civic Centre Redevelopment		127,778	–	(61,859)	65,919	–	(65,919)	–	65,919	–	(65,919)	–
Civic Centre Redevelopment		65,936	–	(20,700)	45,236	–	(21,954)	23,282	45,236	–	(21,954)	23,282
Underground Power		–	750,000	–	750,000	–	(175,518)	574,482	750,000	–	(177,978)	572,022
Underground Power*		–	–	–	–	–	–	–	–	750,000	–	750,000
<b>Total</b>		<b>193,714</b>	<b>750,000</b>	<b>(82,559)</b>	<b>861,155</b>	<b>–</b>	<b>(263,391)</b>	<b>597,764</b>	<b>861,155</b>	<b>750,000</b>	<b>(265,851)</b>	<b>1,345,304</b>
<b>Self Supporting Loans</b>												
Technology for Ageing and Disability WA (TADWA)		160,900	–	(21,503)	139,397	–	(22,969)	116,428	139,397	–	(21,503)	117,894
<b>Total Self Supporting Loans</b>		<b>160,900</b>	<b>–</b>	<b>(21,503)</b>	<b>139,397</b>	<b>–</b>	<b>(22,969)</b>	<b>116,428</b>	<b>139,397</b>	<b>–</b>	<b>(21,503)</b>	<b>117,894</b>
<b>Total Borrowings</b>	14	<b>354,614</b>	<b>750,000</b>	<b>(104,062)</b>	<b>1,000,552</b>	<b>–</b>	<b>(286,360)</b>	<b>714,192</b>	<b>1,000,552</b>	<b>750,000</b>	<b>(287,354)</b>	<b>1,463,198</b>

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

#### Borrowing Finance Cost Payments

Purpose	Loan number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Civic Centre Redevelopment	160	WATC	6.31%	28/06/24	2,586	2,620	6,587
Civic Centre Redevelopment	160B	WATC	5.92%	26/01/25	1,960	2,227	3,227
Underground Power	164	WATC	4.37%	26/06/27	30,778	21,922	456
<b>Total</b>					<b>35,324</b>	<b>26,769</b>	<b>10,270</b>
<b>Self Supporting Loans Finance Cost Payments</b>							
Technology for Ageing and Disability WA (TADWA)	162	WATC	6.65%	01/09/28	8,476	8,705	9,988
<b>Total Self Supporting Loans Finance Cost Payments</b>					<b>8,476</b>	<b>8,705</b>	<b>9,988</b>
<b>Total Finance Cost Payments</b>					<b>43,800</b>	<b>35,474</b>	<b>20,258</b>

## Town of Bassendean

### Notes to the Financial Statements

for the year ended 30 June 2024

#### Note 26. Borrowing and lease liabilities (continued)

##### (b) Lease liabilities

		Actual						Budget				
		Principal at 1 July 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024
Purpose	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment		151,430	—	(115,669)	35,761	—	(25,597)	10,164	41,676	30,000	(42,000)	29,676
Plant and equipment		63,676	81,517	(8,788)	136,405	38,626	(92,147)	82,884	123,431	80,000	(92,932)	110,499
<b>Total lease liabilities</b>	11b	<b>215,106</b>	<b>81,517</b>	<b>(124,457)</b>	<b>172,166</b>	<b>38,626</b>	<b>(117,744)</b>	<b>93,048</b>	<b>165,107</b>	<b>110,000</b>	<b>(134,932)</b>	<b>140,175</b>

Purpose	Institution	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
		\$	\$	\$
Furniture and equipment	BOQ Finance	(480)	(3,798)	(1,001)
Plant and equipment	SG Fleet	(3,616)	(2,532)	(5,084)
<b>Total Finance Cost Payments</b>		<b>(4,096)</b>	<b>(6,330)</b>	<b>(6,085)</b>



## Town of Bassendean

### Notes to the Financial Statements for the year ended 30 June 2024

#### Note 27. Reserve accounts

	2024 Opening Balance Actual \$	2024 Transfer to Actual \$	2024 Transfer (from) Actual \$	2024 Closing Balance Actual \$	2024 Opening Balance Budget \$	2024 Transfer to Budget \$	2024 Transfer (from) Budget \$	2024 Closing Balance Budget \$	2023 Opening Balance Actual \$	2023 Transfer to Actual \$	2023 Transfer (from) Actual \$	2023 Closing Balance Actual \$
<b>Restricted by council</b>												
(a) Aged Persons Reserve	490,713	29,877	—	520,590	422,100	12,663	—	434,763	513,632	18,756	(41,675)	490,713
(b) Bus Shelter Reserve	22,642	—	(22,642)	—	—	—	—	—	21,931	711	—	22,642
(c) Community Facilities Reserve	160,410	—	(160,410)	—	152,236	4,567	(156,803)	—	155,343	5,067	—	160,410
(d) Drainage Infrastructure Reserve	142,844	—	(142,844)	—	190,687	5,721	(196,408)	—	138,346	4,498	—	142,844
(e) Employee Entitlements Reserve	873,658	53,192	—	926,850	643,891	19,317	—	663,208	839,916	33,742	—	873,658
(f) Future Projects Reserve	704,227	42,876	—	747,103	694,951	20,849	—	715,800	682,020	22,207	—	704,227
(g) Information Technology Reserve	910,110	141,817	—	1,051,927	950,093	134,869	—	1,084,962	881,412	28,698	—	910,110
(h) Jubilee Reserve	51,623	503,143	—	554,766	252,803	257,584	—	510,387	50,000	1,623	—	51,623
(i) Land and Buildings Infrastructure Reserve	2,439,062	668,500	(44,489)	3,063,073	2,396,830	71,905	(140,000)	2,328,735	2,362,135	76,927	—	2,439,062
(j) Marine Assets Reserve	77,625	—	(77,625)	—	76,299	2,289	(78,588)	—	75,176	2,449	—	77,625
(k) Natural Area Reserve	259,755	174,281	—	434,036	193,732	116,787	—	310,519	251,555	8,200	—	259,755
(l) Fleet and Plant Reserve	381,574	223,232	(316,574)	288,232	171,507	613,650	(610,220)	174,937	369,531	12,043	—	381,574
(m) Street Tree Reserve	97,340	5,926	(50,000)	53,266	47,163	1,415	—	48,578	94,265	3,075	—	97,340
(n) Underground Power Reserve	89,917	5,475	—	95,392	88,366	2,651	—	91,017	87,070	2,847	—	89,917
(o) Unspent Grants Reserve	149,372	—	(149,372)	—	—	—	—	—	144,674	4,698	—	149,372
(p) Waste Asset Reserve	261,624	15,929	—	277,553	215,384	56,462	—	271,846	200,000	61,624	—	261,624
(q) Waste Processing / Disposal Reserve	885,959	53,941	—	939,900	683,058	29,451	—	712,509	677,288	208,671	—	885,959
(r) Waste Programs Reserve	1,182,420	71,990	(19,973)	1,234,437	972,159	55,450	(320,000)	707,609	903,931	278,489	—	1,182,420
(s) Wind in the Willows Child Care Reserve	384,887	23,433	(39,524)	368,796	366,590	65,998	(125,000)	307,588	265,110	119,777	—	384,887
(t) Youth Development Reserve	31,165	1,897	—	33,062	20,617	619	—	21,236	30,168	997	—	31,165
(u) Underground Power Reserve - Eden Hill Reserve	—	—	—	—	13,819	415	—	14,234	—	—	—	—
(v) Events & Culture Reserve	—	24,021	(10,000)	14,021	31,931	10,640	(10,000)	32,571	—	—	—	—
(w) Assets Enhancement Reserve	—	449,689	(208,073)	241,616	—	431,799	—	431,799	—	—	—	—
(x) Carry Forward Reserve	—	541,310	—	541,310	—	—	—	—	—	—	—	—
	<u>9,596,927</u>	<u>3,030,529</u>	<u>(1,241,526)</u>	<u>11,385,930</u>	<u>8,584,216</u>	<u>1,915,101</u>	<u>(1,637,019)</u>	<u>8,862,298</u>	<u>8,743,503</u>	<u>895,099</u>	<u>(41,675)</u>	<u>9,596,927</u>
	9,596,927	3,030,529	(1,241,526)	11,385,930	8,584,216	1,915,101	(1,637,019)	8,862,298	8,743,503	895,099	(41,675)	9,596,927

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

## Town of Bassendean

### Notes to the Financial Statements for the year ended 30 June 2024

#### Note 27. Reserve accounts (continued)

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	Purpose of the reserve
(a) Aged Persons Reserve	To accrue funds to provide for the operational deficit, refurbishment and capital expenses, for Hyde Retirement Village.
(b) Bus Shelter Reserve	To provide funds for the purpose of installation or replacement of bus shelters within the Town.
(c) Community Facilities Reserve	To accrue funds for major expenditure in the provision of community facilities.
(d) Drainage Infrastructure Reserve	To provide for the renewal and upgrade of the drainage network.
(e) Employee Entitlements Reserve	To provide funds for future payments to staff for employee entitlements.
(f) Future Projects Reserve	To assist in funding capital initiatives that are generally significant in nature and provide a means to spread the costs of intergenerational assets over multiple years.
(g) Information Technology Reserve	To fund the acquisition and enhancement of technology and digital service delivery initiatives.
(h) Jubilee Reserve	To accrue funds for major expenditure in the provision of community facilities at Jubilee Reserve.
(i) Land and Buildings Infrastructure Reserve	To hold funds accrued as a result of sale of land and buildings for the provisions of funds for the purchase and development of land and building infrastructure.
(j) Marine Assets Reserve	To fund the renewal of marine assets ie. jetty, pontoons and associated river bank restoration projects.
(k) Natural Area Reserve	To provide for the future restoration of Natural Area Reserves at Point Reserve and Bindaring Park.
(l) Plant and Equipment Reserve	To accrue funds for the purpose of replacement of major plant items.
(m) Street Tree Reserve	To accrue unspent funds from tree planting program for the purpose of planting and maintaining trees.
(n) Underground Power Reserve	To accrue funds to assist residents facing financial hardship with meeting the property owner contribution costs of underground power.
(o) Unspent Grants Reserve	To provide for unspent funding received as grant contributions to Works and Services.
(p) Waste Asset Reserve	To accrue funds for the long term asset renewal and purchase of new waste management assets.
(q) Waste Processing / Disposal Reserve	To accrue funds to accommodate fluctuations in annual waste collection costs and start-up costs of new waste processing (or reduction) programs.
(r) Waste Programs Reserve	To implement programs and projects identified in the Strategic Waste Plan.
(s) Wind in the Willows Child Care Reserve	To accrue funds for the purpose of asset improvement in the Centre and to cater for future surplus or deficit in operations.
(t) Youth Development Reserve	To provide funds for activities and facilities for the benefit of youth in the Town.
(u) Underground Power Reserve - Eden Hill	To enable an equalisation reserve to cover any timing income and expenditure related to Eden Hill Underground Project.
(v) Events & Culture Reserve	To accrue funds for significant or major events/cultural activities.
(w) Asset Enhancement Reserve	To accrue funds for upgrade and Replacement of Infrastructure Assets.
(x) Carry forward Reserve	To accrue unspent funds from Operating and Capital Works Programs to enable continuation in future years

Notes to the Financial Statements  
for the year ended 30 June 2024

Note 28. Trust funds

	1-Jul-2023	Amounts received	Amounts paid	30 June 2024
	\$	\$	\$	\$
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:				
Public open space	335,157	15,103	(226,845)	123,415
.	335,157	15,103	(226,845)	123,415

The amount released in 2023-2024 relates to Sandy Beach playspace and ablutions block

Town of Bassendean

Annual Financial Statements  
for the year ended 30 June 2024

Independent Auditor's Report

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Insert Independent Auditor's Report here



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2024 Town of Bassendean

To the Council of the Town of Bassendean

#### Opinion

I have audited the financial report of the Town of Bassendean (Town) which comprises:

- the Statement of Financial Position as at 30 June 2024, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Town for the year ended 30 June 2024 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

## **Responsibilities of the Chief Executive Officer and Council for the financial report**

The CEO of the Town is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Town's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Town.

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

## **Auditor's responsibilities for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## **My independence and quality management relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Town of Bassendean for the year ended 30 June 2024 included in the annual report on the Town's website. The Town's management is responsible for the integrity of the Town's website. This audit does not provide assurance on the integrity of the Town's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Town to confirm the information contained in the website version.

DRAFT

# Investment Policy

**DRAFT**

## Policy Objective

To ensure the investment of the Town's funds in a manner that maximises returns, with due consideration of risks, preserving the initial capital investment and ensuring future liquidity, whilst reflecting social and environmental priorities.

## Policy Scope

This policy applies to the investment of surplus, long term cash, current assets, and other funds in authorised investments in accordance with the *Local government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

## Policy Statement

This policy sets out the parameters for the investment of the Town's surplus funds.

### 1. Preservation of Capital

1.1 Investments are to be undertaken with preservation of capital the primary objective.

### 2. Liquidity of Capital

2.1 The investment portfolio will be managed to provide sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when required without incurring significant costs from unanticipated termination of investments.

### 3. Performance

3.1 Investments are to be managed in accordance with Council's risk tolerance, while balancing revenue objectives with credit and interest rate risk, within the portfolio and counterparty credit framework specified in this policy.

### 4. Credit Ratings

4.1 Credit ratings are determined by the likelihood an institution will fail to fulfil its obligations and the risk of loss due to the failure to pay the interest or repay the principal of an investment. Short term credit ratings refer to a term of 12 months or less.

4.2 The Standard & Poor's (S&P) Short Term Credit Ratings (or equivalent Moody's or Fitch) attributed to each individual institution will be used to determine maximum holdings:



- **A - 1:** Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
- **A - 2:** Adequate capacity to meet financial commitments, but more susceptible to adverse economic conditions.

## 5. Portfolio Credit Framework

- 5.1 To control the credit quality of the Town's investment portfolio, a global credit framework will apply to limit the percentage of the portfolio exposed to any credit rating category. The maximum available limits in each category are as follows:

S & P Short Term Rating	Direct Investment Maximum %
A - 1	100%
A - 2	70%

## 6. Counterparty Credit Framework

- 6.1 To minimise risk exposure to an individual institution, a counterparty credit framework will apply to limit the percentage of the portfolio exposed to any individual institution. The maximum investment in a singular institution is as follows:

S & P Short Term Rating	Direct Investment Maximum %
A - 1	50%
A - 2	30%

## 7. Authorised Investments

- 7.1 In accordance with the requirements of the *Local Government (Financial Management) Regulations 1996*, investments are limited to:

- 7.1.1 Deposits with Authorised Deposit-taking Institutions, not exceeding a fixed term of 3 years.
- 7.1.2 Bonds guaranteed by Commonwealth, State or Territory Governments, not exceeding a term to maturity of 3 years.
- 7.1.3 Those made in Australian Currency.

## 8. Fossil Fuel Free Investments

- 8.1 When making investment decisions, the Town will give preference to institutions that do not invest in or finance the fossil fuel industry, or have stated a commitment to phase out Investment in and financing of the fossil fuel industry by 2025, where:

- 8.1.1 The investment complies with all other elements of this Policy, and

8.1.2 The interest rate is ~~at least 90% of, and~~ no more than 1050 basis points below, the interest rate available for comparable investment options available at the time.

8.2 The Town will use external resources to monitor prevalent non-fossil fuel lenders and determine those institutions that do invest in or finance the fossil fuel industry.

## 9. Investment Advisor

9.1 The Town may appoint a licensed investment advisor to manage the Town's investments in accordance with this policy, and the use of an external platform to manage its investments.

## 10. Reporting and Review

10.1 An investment report will be provided to Council monthly, as part of the statement of financial activity. The investment report will detail the investment portfolio in terms of performance, investment maturity, portfolio and institution credit exposure, and investment mix between fossil fuel and non-fossil fuel lenders.

10.2 Investments must be recorded in an Investment Register, supported by documentary evidence.

10.3 For audit purposes, certificates must be obtained from Authorised Deposit-taking Institutions confirming the amounts of investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

Document Control box			
Document Responsibilities:			
Owner:	Director Corporate Services	Owner Business Unit:	Corporate Services
Inception Date:	OCM 13/12/22 December 2022	Decision Maker:	Council
Review Date:	<u>December 2024</u> Biannual	Repeal and Replace:	Existing Investment Policy 20 <del>22</del> <u>18</u>
Compliance Requirements:			
Legislation:	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i>		

## Local Government Comparison - Investment Policies

For most local governments in the Perth metropolitan region the prevailing consideration for an investment is still the policy objectives and risk management criteria, notwithstanding provisions made for non-fossil fuel investment.

Preservation of capital, liquidity, and return on investment are the overriding principles that underpin the Town's approach to investments.

Security of investments should also be the primary consideration when managing public funds.

Investment Policies of 15 Local Governments have been analysed: 10 have a specific clause related to non-fossil fuel investment.

Out of the 10 that have a specific clause, 9 are offering priority to non-fossil fuel lenders **only when the other conditions are equal** (rate of return, risk etc).

Only one other Local Government is offering priority to non-fossil fuel lenders when the interest rate is lower, but only by 5 basis points and in equal risk conditions.

Local Government	Fossil Fuel Clause	Fossil Fuel Clause Details	Overall portfolio limits	%		Individual risk	%
Bassendean	Yes	8.1 When making investment decisions, the Town will give preference to institutions that do not invest in or finance the fossil fuel industry, or have stated a commitment to phase out Investment in and financing of the fossil fuel industry by 2025, where: 8.1.1 The investment complies with all other elements of this Policy, and 8.1.2 The interest rate is at least 90% of, and no more than <b>50 basis points</b> below, the interest rate available for comparable investment options available at the time.					
			A-1	100%		A-1	50%
			A-2	70%		A-2	30%

## Local Government Comparison - Investment Policies

Local Government	Fossil Fuel Clause	Fossil Fuel Clause Details	Overall portfolio limits	%		Individual risk	%
Bayswater	Yes	Preference is to be given to financial institutions that have no current record of funding fossil fuels and do not invest in or finance the fossil fuel industry, subject to all such investments meeting the risk ratings, not resulting in less favourable returns and meets diversification limits set out in the Investment Policy.	A-1+	100%		A-1+	45%
			A-1	100%		A-1	35%
			A-2	80%		A-2	30%
Belmont	Yes	Providing the cost is no more than 5 basis points and the associated risks within those limits provided in this policy then preference can be given to those ADI's not involved with new investing in, or lending to the fossil fuel industry.	AAA	100%		AAA	50%
			AA	100%		AA	40%
			A	80%		A	25%
			BBB	60%		BBB	20%
						Unrated	5%
Cambridge	No		A-1	80%		A-1	45%
			A-2	20%		A-2	5%
Canning	No		A-1+	100%		A-1+	50%
			A-1	100%		A-1	40%
			A-2	60%		A-2	30%
			A-3	20%		A-3	10%
Claremont	No		A-1+	100%		A-1+	45%
			A-1	100%		A-1	35%
			A-2	30%		A-2	10%
Cockburn	Yes	Fossil Fuel Free Investments - All other things being equal (deposit rates, credit ratings), the City will preference financial institutions deemed free from funding fossil fuel related industries.	A-1	100%		A-1	50%
			A-2	100%		A-2	40%
Cottesloe	No		A-1	100%			

## Local Government Comparison - Investment Policies

Local Government	Fossil Fuel Clause	Fossil Fuel Clause Details	Overall portfolio limits	%		Individual risk	%
Fremantle	Yes	Limit its investments in companies that support fossil fuel.	Tier 1	100%		Tier 1	45%
			Tier 2	60%		Tier 2	15%
			Tier 3	25%		Tier 3	5%
			Tier 4	15%		Tier 4	\$1m
Joondalup	No		A-1+	100%		A-1+	30%
			A-1	Nil		A-1	Nil
			A-2	Nil		A-2	Nil
Kalamunda	Yes	The City’s investments are subject to the following principles: c) in order to reduce the overall carbon footprint, preference is given to investment in non-fossil fuel lending institutions.					30%
Melville	Yes	When investing surplus City funds, a deliberative preference will be made in favour of authorised institutions that respect the environment by not investing in fossil fuel industries. This preference will however only be exercised after the foremost investment considerations of credit rating, comparable rate of return and risk diversification are fully satisfied.	AAA	100%		AAA	40%
			AA	80%		AA	30%
			A	50%		A	25%
			BBB+	25%		BBB+	15%
Mosman Park	Yes	Provided that doing so will secure a rate of return that is at least equal to alternatives offered by other institutions	A-1+	100%		A-1+	50%
			A-1	100%		A-1	45%

## Local Government Comparison - Investment Policies

Local Government	Fossil Fuel Clause	Fossil Fuel Clause Details	Overall portfolio limits	%		Individual risk	%
Stirling	Yes	Preference is to be given to financial institutions that do not invest in or finance the carbon based fossil fuel industry where: - <ul style="list-style-type: none"> <li>• The investment is compliant with the City's Investments Policy; and</li> <li>• The investment rate of interest is favourable to the City relative to other similar investments that may be on offer to the City at the time of the investment.</li> </ul>	A-1+	60%			
			A-1	40%			
			A-2	30%			
Victoria Park	Yes	The Town of Victoria Park acknowledges climate change and attempts to reduce its investments that fund the fossil fuel industry. Preference is to be given to investments with institutions that have been assessed to have no current record of funding fossil fuels, providing that doing so will secure a rate of return that is at least equal to alternatives offered by other institutions and meeting the other objectives of this policy.	A-1+	100%		A-1+	60%
			A-1	100%		A-1	35%
			A-2	60%		A-2	25%
Wanneroo	Yes	When exercising the power of investment, preference is to be given to investments with institutions that have been assessed to have no current record of funding fossil fuels, providing that doing so will secure a rate of return that is at least equal to alternative offered by other institutions.	A-1	100%		A-1	50%
			A-2	80%		A-2	25%

## Fraud and Corruption Policy

### Objectives

The objective of this Policy is to demonstrate the Town's commitment to the prevention, detection and response to suspected fraudulent or corrupt conduct. The Town has zero tolerance for fraud or corruption and will take all reasonable steps ~~that~~ ~~are~~ necessary to prevent fraud and corruption occurring.

### Scope

This Policy applies to:

- (a) Employees;
- (b) ~~Elected Council~~ Members; and
- (c) External parties.

### Definitions

**'Employees'** for the purposes of this Policy include employees of the Town of Bassendean, contractors, secondments, volunteers, work experience students, trainees and interns.

**'External parties'** for the purposes of this Policy means persons involved in the provision of goods or services to the Town, including contractors, consultants and outsourced providers and suppliers.

### Policy statement

1. This Policy together with the Town's Fraud and Corruption Control Plan are core elements of good governance and establish an effective structure to address fraud and corruption risks and to detect and respond to incidences of suspected fraud and corruption in accordance with the best practice principles outlined in Australian Standard AS8001-2021 – 'Fraud and Corruption Control'.
2. The Fraud and Corruption Control Plan is a comprehensive plan to assist the Town to prevent, detect and respond to incidences of fraud or corruption. The Fraud and Corruption Control Plan prescribes roles and responsibilities for fraud and corruption control and details the required prevention, detection and response measures.
3. All employees, ~~Elected Council~~ Members and external parties dealing with the Town have an obligation to support efforts to reduce the risk of fraud or corruption by demonstrating behaviours that align to the Town's values, and by acting with integrity and professionalism in undertaking their functions.

4. The Town expects employees and Elected Council Members to act in compliance with the respective Code of Conduct and the Town's Governance Framework and behave ethically and honestly when performing their functions and in their interactions with each other, the community and stakeholders.
5. The Chief Executive Officer is responsible for implementing~~will ensure that~~ appropriate systems and procedures ~~are in place~~ to prevent, detect and respond to incidents of suspected fraudulent or corrupt behaviour.
6. The Town is committed to building a strong anti-fraud and corruption culture by regularly raising awareness of fraud and corruption risks and the requirements of the Town's fraud and corruption control framework. The Town will ensure employees, Elected Council Members and external parties are aware of their responsibilities in respect to the prevention, detection and reporting of suspected fraudulent or corrupt conduct.
7. The Town will provide~~ensure~~ appropriate and easily accessible reporting mechanisms ~~are in place~~ for employees, Elected Council Members and external parties to report suspected fraudulent or corrupt activity, taking all reasonable steps to protect those making disclosures from acts of victimisation or reprisal.
8. All suspected instances of fraudulent or corrupt conduct will be investigated in accordance with relevant legislation and the principles of natural justice, with the appropriate reporting, disciplinary, prosecution and recovery actions initiated, where applicable.
9. The Chief Executive Officer will review the effectiveness of the Fraud and Corruption Control Plan biennially and present the outcome of the review to the Audit and Governance Committee.



Document Control Box			
Document responsibilities:			
Owner:	Chief Executive Officer	Owner Business Unit:	Office of the Chief Executive Officer
Inception date:	OCM 14/03/22 22/03/2022 <del>(Meeting Date)</del>	Decision maker:	Council
Review date:	<del>March</del> December 2024	Repeal and replace:	
Compliance requirements:			
Legislation	<i>Local Government Act 1995</i> <i>Local Government (Administration) Regulations 1996</i> <i>Local Government (Model Code of Conduct) Regulations 1996</i> <i>Corruption, Crime and Misconduct Act 2003</i> <i>Public Interest Disclosure Act 2003</i> Fraud and Corruption Control Standards (AS8001-2021)		