



Town of Bassendean

Adopted 2019/20 Annual Budget

TABLE OF CONTENTS

Strategic Context	
Budget Statements	1
General Notes to the Budget Statements	2
Statement of Comprehensive Income by Nature or Type	3
Key Terms and Definitions	4
Statement of Comprehensive Income by Program	6
Statement of Cash Flows by Nature or Type	7
Rate Setting Statement by Nature or Type	8
Rate Setting Statement by Program	9
Notes to the Budget Statements	10
Note 1 Rates and Service Charges	11
Note 2 Net Current Assets	13
Note 3 Reconciliation of Cash	15
Note 4 Fixed Assets	16
Note 5 Asset Depreciation	18
Note 6 Borrowings	19
Note 7 Cash Backed Reserves	20
Note 8 Fees and Charges	23
Note 9 Grant Revenue	23
Note 10 Other Information	24
Note 11 Major Land Transactions	25
Note 12 Trading Undertakings and Major Trading Undertakings	25
Note 13 Interests in Joint Arrangements	25
Note 14 Trust Funds	25
Note 15 Significant Accounting Policies - Other Information	26



Town of Bassendean
Adopted Budget Statements for the Year Ending 30 June 2020

**TOWN OF BASSENDEAN
GENERAL NOTES
FOR THE YEAR ENDED 30TH JUNE 2020**

GENERAL NOTES TO THE BUDGET STATEMENTS

Basis of Preparation

The Budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not for-profit entities). Australian Accounting Interpretation, other pronouncements of the Australian Accounting Standards Board, *the Local Government Act 1995* and accompanying regulations. Material accounting policies, which have been adopted in the preparation of this budget, are as presented and have been consistently applied, unless stated otherwise. Except for cash flow and rate setting information, the budget has also 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.

The Local Government Reporting Entity

All Funds through which the local government controls resources to carry on its functions have been included in the financial statements forming part of this budget. In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers to between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies is included within the budget.

Previous Year Actual Balances

Balances shown in this budget relating to the previous year are as forecast at the time of budget preparation and are subject to final adjustments.

**TOWN OF BASSENDEAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019-20 Budget	2018-19 Actual	2018-19 Budget
		\$	\$	\$
Revenue				
Rates	1	13,410,680	13,125,890	13,173,005
Operating grants, subsidies and contributions	9	2,563,074	2,934,732	2,776,326
Fees and charges	8	5,989,971	6,220,529	5,968,203
Interest earnings	10(a)	460,345	516,878	459,345
Other revenue		427,316	521,018	370,556
		<u>22,851,386</u>	<u>23,319,047</u>	<u>22,747,435</u>
Expenses				
Employee costs		(12,291,093)	(12,580,126)	(11,882,476)
Materials and contracts		(8,122,358)	(7,190,865)	(8,337,538)
Utility charges		(719,114)	(660,898)	(736,314)
Depreciation on non-current assets	5	(3,505,012)	(3,484,932)	(3,316,368)
Interest expenses	6(a)	(49,688)	(44,558)	(49,688)
Insurance expenses		(452,413)	(464,660)	(439,889)
Other expenditure		(870,570)	(1,131,493)	(1,280,852)
		<u>(26,010,248)</u>	<u>(25,557,532)</u>	<u>(26,043,125)</u>
		<u>(3,158,862)</u>	<u>(2,238,485)</u>	<u>(3,295,690)</u>
Non-operating grants, subsidies and contributions	9	2,066,917	1,477,679	2,382,964
Profit on asset disposals	4(b)	1,500	-	70,852
Loss on asset disposals	4(b)	(9,819)	-	(59,586)
Net result		(1,100,263)	(760,805)	(901,461)
Total other comprehensive income		-	-	-
Total comprehensive income		(1,100,263)	(760,805)	(901,461)

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

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

KEY TERMS AND DEFINITIONS - NATURE OR TYPE (Revenues)

Rates

All rates are levied under the *Local Government Act 1995*. This includes general rates, differential rates, specified area rates, minimum rate payments, interim rates, back rates, ex-gratia rates, less any discounts offered. It excludes administration fees, interest on instalments, interest on arrears and service charges.

Operating Grants, Subsidies and Contributions

References all amounts received as grants, subsidies and contributions that are not non-operating grants.

Fees and Charges

Revenue from the use of facilities and charges made for local government services.

Service Charges

Service Charges imposed under Division 6 of Part 6 of the *Local Government 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1996*, identifies these as television and radio rebroadcasting, underground electricity and neighbourhood surveillance services. This does not include waste removal charges, where

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Other Revenue

Other revenue, which generally cannot be classified under the other categories.

Non-Operating Grants, Subsidies and Contributions

Amounts received specifically for the acquisition, construction or upgrading of non-current assets that have been paid to the local government, irrespective of whether these amounts are made as grants, subsidies, contributions or donations.

Profit on Asset Disposals

Profit on the disposal of assets, including gains on the disposal of long-term investments.

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

KEY TERMS AND DEFINITIONS - NATURE OR TYPE (Expenses)

Employee Costs

All costs associated with the employment of a person such as salaries, wages, allowances, vehicle benefits, housing benefits, superannuation, employment expenses, removal expenses, relocation expenses, workers' compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits taxation.

Materials and Contracts

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, memberships, periodicals, publications, hire expenses, rental leases, postage and freight.

Utility Charges

Expenditure made to the respective agencies for the provision of power, gas or water. This does not include expenditure incurred for the reinstatement of roadwork on behalf of these agencies.

Depreciation

Depreciation expense raised on all classes of assets.

Interest Expenses

Interest and other costs of finance paid, including loan debentures, overdraft accommodation and refinancing expenses.

Insurance

All insurance expenses other than workers' compensation and health benefit insurance (which is included as a cost of employment).

Other Expense

Statutory fees, taxes, provision for bad debts, Elected Member fees, donations, grants and sponsorships made to community groups.

Loss on Asset Disposal

Loss on the disposal of fixed assets and includes loss on disposal of long-term investments.

**TOWN OF BASSENDEAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

BY PROGRAM

	NOTE	2019-20 Budget	2018-19 Actual	2018-19 Budget
Revenue		\$	\$	\$
Governance		17,200	16,268	17,200
General purpose funding		14,316,403	14,383,452	14,084,228
Law, order, public safety		116,400	113,284	112,700
Health		2,732,665	2,739,940	2,760,665
Education and welfare		5,120,258	5,278,623	5,051,412
Community amenities		148,000	164,466	148,000
Recreation and culture		188,910	334,498	236,560
Transport		34,000	60,126	154,000
Economic services		95,350	98,594	100,350
Other property and services		82,200	129,797	82,320
		<u>22,851,386</u>	<u>23,319,048</u>	<u>22,747,435</u>
Expenses excluding finance costs				
Governance		(1,140,872)	(990,437)	(1,165,965)
General purpose funding		(914,245)	(786,496)	(777,422)
Law, order, public safety		(716,404)	(661,678)	(676,252)
Health		(3,257,400)	(3,049,145)	(3,189,115)
Education and welfare		(5,679,422)	(5,937,240)	(5,550,607)
Community amenities		(1,474,379)	(1,351,635)	(1,300,057)
Recreation and culture		(6,441,277)	(6,278,344)	(6,559,803)
Transport		(5,679,404)	(5,744,675)	(6,050,683)
Economic services		(620,697)	(553,646)	(545,985)
Other property and services		(36,459)	(159,678)	(177,549)
		<u>(25,960,559)</u>	<u>(25,512,974)</u>	<u>(25,993,438)</u>
Finance costs				
Governance		(16,003)	(13,853)	(16,003)
Recreation and culture		(33,685)	(30,705)	(33,685)
	6(a)	<u>(49,688)</u>	<u>(44,558)</u>	<u>(49,688)</u>
		(3,158,861)	(2,238,484)	(3,295,691)
Non-operating grants, subsidies and contributions	9	2,066,917	1,477,679	2,382,964
Profit on disposal of assets	4(b)	1,500	-	70,852
(Loss) on disposal of assets	4(b)	(9,819)	-	(59,586)
Net result		<u>(1,100,263)</u>	<u>(760,805)</u>	<u>(901,461)</u>
Total other comprehensive income		-	-	-
Total comprehensive income		<u><u>(1,100,263)</u></u>	<u><u>(760,805)</u></u>	<u><u>(901,461)</u></u>

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

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

BY NATURE OR TYPE

NOTE	2019-20 Budget \$	2018-19 Actual \$	2018-19 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	13,610,680	13,653,674	13,011,456
Operating grants, subsidies and contributions	2,711,074	2,934,732	2,801,460
Fees and charges	6,009,971	5,138,397	5,968,203
Interest earnings	460,345	517,491	459,345
Goods and services tax	1,350,000	1,058,814	-
Other revenue	400,316	505,479	440,556
	<u>24,542,386</u>	<u>23,808,587</u>	<u>22,681,020</u>
Payments			
Employee costs	(12,391,093)	(12,490,027)	(11,706,476)
Materials and contracts	(8,166,766)	(7,168,068)	(8,247,538)
Utility charges	(719,114)	(659,435)	(736,314)
Interest expenses	(44,688)	(49,351)	(43,985)
Insurance expenses	(452,413)	(462,115)	(439,889)
Goods and services tax	(900,000)	(965,932)	-
Other expenditure	(870,570)	(1,122,949)	(1,270,852)
	<u>(23,544,644)</u>	<u>(22,917,877)</u>	<u>(22,445,054)</u>
Net cash provided by (used in) operating activities	3 <u>997,742</u>	<u>890,710</u>	<u>235,966</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	(2,431,788)	(191,754)	(1,904,200)
Payments for construction of infrastructure	(3,673,163)	(1,177,022)	(3,087,015)
Non-operating grants, subsidies and contributions used for the development of assets	9 2,066,917	1,477,679	2,382,964
Proceeds from sale of plant & equipment	4(b) 656,500	-	897,300
Net cash provided by (used in) investing activities	<u>(3,381,534)</u>	<u>108,903</u>	<u>(1,710,951)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6 (130,368)	(131,696)	(132,881)
Proceeds from self supporting loans	6(a) 23,766	19,950	21,134
Trust Transfers	400,000	145,680	70,000
Net cash provided by (used in) financing activities	<u>293,398</u>	<u>33,934</u>	<u>(41,747)</u>
Net increase (decrease) in cash held	(2,090,394)	1,033,547	(1,516,732)
Cash at beginning of year	12,377,774	11,344,227	11,428,316
Cash and cash equivalents at the end of the year	3 <u><u>10,287,380</u></u>	<u><u>12,377,774</u></u>	<u><u>9,911,585</u></u>

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

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

BY NATURE OR TYPE

	NOTE	2019-20 Budget	2018-19 Actual	2018-19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	1,630,400	1,921,369	1,646,933
		1,630,400	1,921,369	1,646,933
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	2,563,074	2,934,732	2,776,326
Fees and charges	8	5,989,971	6,220,529	5,968,203
Interest earnings	10(a)	460,345	516,878	459,345
Other revenue	10(b)	427,316	521,018	370,556
Profit on asset disposals	4(b)	1,500	-	70,852
		9,442,206	10,193,157	9,645,282
Expenditure from operating activities				
Employee costs		(12,291,092)	(12,580,126)	(11,882,476)
Materials and contracts		(8,122,358)	(7,190,865)	(8,337,538)
Utility charges		(719,114)	(660,898)	(736,314)
Depreciation on non-current assets	5	(3,505,012)	(3,484,932)	(3,316,368)
Interest expenses	6(a)	(49,688)	(44,558)	(49,688)
Insurance expenses		(452,413)	(464,660)	(439,889)
Other expenditure		(870,570)	(1,131,493)	(1,280,852)
Loss on asset disposals	4(b)	(9,819)	-	(59,586)
		(26,020,066)	(25,557,532)	(26,102,711)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(1,500)	-	(70,852)
Loss on disposal of assets	4(b)	9,819	-	59,586
Movement in employee benefit provisions (non-current)		-	(74,672)	-
Depreciation on non-current assets	5	3,505,012	3,484,932	3,316,368
Movement in employee cash backed reserve		14,871	(276,721)	10,405
Amount attributable to operating activities		(11,419,258)	(10,309,467)	(11,494,989)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	2,066,917	1,477,679	2,382,964
Purchase property, plant and equipment	4(a)	(2,431,788)	(191,754)	(1,904,200)
Purchase and construction of infrastructure	4(a)	(3,673,163)	(1,177,022)	(3,087,015)
Proceeds from disposal of assets	4(b)	656,500	-	897,300
Amount attributable to investing activities		(3,381,534)	108,903	(1,710,951)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(130,368)	(131,696)	(132,881)
Proceeds from self supporting loans	6(a)	23,766	19,950	21,134
Transfers to cash backed reserves (restricted assets)	7	(2,150,310)	(2,096,136)	(1,248,204)
Transfers from cash backed reserves (restricted assets)	7	3,671,705	912,955	1,414,500
Amount attributable to financing activities		1,414,793	(1,294,927)	54,550
Budgeted deficiency before general rates		(13,386,000)	(11,495,491)	(13,151,390)
Estimated amount to be raised from general rates	1	13,410,680	13,125,890	13,173,005
Net current assets at end of financial year - surplus/(deficit)	2	24,680	1,630,400	21,614

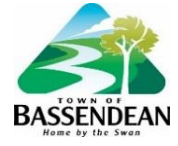
This statement is to be read in conjunction with the accompanying notes.

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

BY PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	1,630,400	1,921,369	1,646,933
		1,630,400	1,921,369	1,646,933
Revenue from operating activities (excluding rates)				
Governance		17,200	16,268	17,200
General purpose funding		905,723	1,257,562	911,223
Law, order, public safety		116,400	113,284	112,700
Health		2,732,665	2,739,940	2,760,665
Education and welfare		5,120,258	5,278,623	5,051,412
Community amenities		148,000	164,466	148,000
Recreation and culture		188,910	334,498	236,560
Transport		34,000	60,126	224,000
Economic services		95,350	98,594	100,350
Other property and services		83,700	129,797	83,172
		9,442,206	10,193,158	9,645,282
Expenditure from operating activities				
Governance		(1,156,875)	(1,004,290)	(1,181,968)
General purpose funding		(914,245)	(786,496)	(777,422)
Law, order, public safety		(716,404)	(661,678)	(676,252)
Health		(3,257,400)	(3,049,145)	(3,189,115)
Education and welfare		(5,679,422)	(5,937,240)	(5,560,607)
Community amenities		(1,474,379)	(1,382,340)	(1,358,742)
Recreation and culture		(6,474,962)	(6,278,344)	(6,559,803)
Transport		(5,679,404)	(5,744,675)	(6,050,683)
Economic services		(620,697)	(553,646)	(545,985)
Other property and services		(46,278)	(159,678)	(202,135)
		(26,020,066)	(25,557,532)	(26,102,712)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(1,500)	-	(70,852)
Loss on disposal of assets	4(b)	9,819	-	59,586
Movement in employee benefit provisions (non-current)		-	(74,672)	-
Depreciation on non-current assets	5	3,505,012	3,484,932	3,316,368
Movement in employee cash backed reserve		14,871	(276,721)	10,405
Amount attributable to operating activities		(11,419,258)	(10,309,466)	(11,494,990)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	2,066,917	1,477,679	2,382,964
Purchase property, plant and equipment	4(a)	(2,431,788)	(191,754)	(1,904,200)
Purchase and construction of infrastructure	4(a)	(3,673,163)	(1,177,022)	(3,087,015)
Proceeds from disposal of assets	4(b)	656,500	-	897,300
Amount attributable to investing activities		(3,381,534)	108,903	(1,710,951)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(130,368)	(131,696)	(132,881)
Proceeds from self supporting loans	6(a)	23,766	19,950	21,134
Transfers to cash backed reserves (restricted assets)	7	(2,150,310)	(2,096,136)	(1,248,204)
Transfers from cash backed reserves (restricted assets)	7	3,671,705	912,955	1,414,500
Amount attributable to financing activities		1,414,793	(1,294,927)	54,550
Budgeted deficiency before general rates		(13,386,000)	(11,495,490)	(13,151,391)
Estimated amount to be raised from general rates	1	13,410,680	13,125,890	13,173,005
Net current assets at end of financial year - surplus/(deficit)	2	24,680	1,630,400	21,614

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



Notes to the Budget Statements

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES

(a) Rating Information

Overview

The rating system is the means by which the Council is able to raise sufficient revenue to pay for the services it provides. The methodology is designed to ensure that all property owners make a reasonable rate contribution, taking into account an owner's ability to pay, and ensuring that no sector is rated excessively. Throughout Australia, rating on the basis of property valuations has been found to be the most appropriate means of achieving rating equity.

Differential Rating

In accordance with *Section 6.33 of the Local Government Act 1995*, a local government may impose differential rates according to any, or a combination, of the following characteristics:

- The purpose for which the land is zoned under a Town Planning Scheme in force;
- The predominant purpose for which the land is held or used as determined by the local government; and/or
- Whether or not the land is vacant land.

Council resolved to implement differential rating for the 2019/20 financial year at its Ordinary Council Meeting on 23 July 2019. The higher differential category for vacant land reflects the Town's obligations to maximise the per capita use of infrastructure by encouraging development of vacant properties that will in turn stimulate growth, vibrancy and development in the community.

Minimum Payments

In accordance with *Section 6.35 of the Local Government Act 1995*, a local government may impose on rateable land a minimum payment that is greater than the general rate that would otherwise be payable on that land. Council applies minimum payments to each of the rateable properties to ensure that all property owners contribute an equitable amount of rates towards the provision of the maintenance of facilities and services provided by Council.

Differential Ratings Classifications

For the purposes of the Differential Rating Classifications, the following applies:

- Residential includes those properties being used primarily as a place of residence; and
- Non-Residential includes any other rateable property not being used primarily as a place of residence.

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2019/20 Budgeted rate revenue \$	2019/20 Budgeted interim rates \$	2019/20 Budgeted back rates \$	2019/20 Budgeted total revenue \$
Differential General rate							
GRV - Vacant Residential Land	8.000	45	966,940	77,355			77,355
GRV - Vacant Non-Residential Land	14.500	16	983,902	142,666			142,666
GRV - All Other Rateable Property	7.302	5,901	160,085,931	11,689,475			11,689,475
Interim Rate					50,000	-	50,000
Back Rates					-	3,000	3,000
Sub-Totals		5,962	162,036,773	11,909,496	50,000	3,000	11,962,496
Minimum payment	\$						
GRV - Vacant Residential Land	1,200	134	1,256,730	160,800	-	-	160,800
GRV - Vacant Non-Residential Land	1,800	-	-	-	-	-	-
GRV - All Other Rateable Property	1,106	1,164	16,729,131	1,287,384	-	-	1,287,384
Sub-Totals		1,298	17,985,861	1,448,184	-	-	1,448,184
Non Rateable							
Non Rateable Properties		44	667,535	-			
Exempt Properties							
Exempt Properties		325	921,175	-			
Total rates		7,629	181,611,344	13,357,680	50,000	3,000	13,410,680

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

The general rates detailed for the 2019/20 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 increase in rating over the level adopted in the previous year.

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Service Charges

Service Charges

The Town will not impose a service charge as prescribed under the Local Government Act 1995.

Rate Discounts

In accordance with Section 6.46 of the Local Government Act 1995, Council may, when imposing a rate or service charge, resolve to grant a discount or other incentive for the early payment of any rate or service charge.

No rate payment discounts are applicable for the coming financial year.

Rate Waiver or Concessions

In accordance with Section 6.47 of the Local Government Act 1995, Council may at the time of imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant concessions in relation to a rate or service charge.

The 2019/20 Annual Budget proposes a rates concession of 50% of the rates levied to Westcare, Inc - 28 Hanwell Way, Bassendean.

(c) Instalment Payments, Fees and Charges

Interest Charges and Instalments

Overview

In accordance with Section 6.45 of the *Local Government Act 1995*, a local government is to offer instalment options for payment of rates or service charges. Additional charges for the recovery of rates or service charges may be imposed (including an amount by way of interest) for payments made under an instalment option. Provisions are prescribed for the manner by which instalment options are offered and the maximum interest component that may be applied.

The following instalment options are available to ratepayers for the payment of rates and service charges:

Instalment Option	Instalment Plan Due Date	Instalment Plan Administration Fees	Instalment Plan Interest Rate	Unpaid/Late Items Interest Rate
Option 1 - Full amount				
Single full payment	11-Oct-19	Nil	Nil	10%
Option 2 - Two Instalments				
First instalment	11-Oct-19	Nil	Nil	10%
Second instalment	04-Feb-20	\$12	5.5%	10%
Option 2 - Four Instalments				
First instalment	11-Oct-19	Nil	5.5%	10%
Second instalment	13-Dec-19	\$12	5.5%	10%
Third instalment	14-Feb-20	\$12	5.5%	10%
Fourth instalment	17-Apr-20	\$12	5.5%	10%

Revenue from Instalment Administration Fee and Interest

The total revenue from the imposition of the instalment plan and interest charges is as follows:

	2019-20 Budget	2018-19 Actual
Instalment Administration Fee	67,212	69,000
Instalment Plan Interest and Late Payment Interest Charge	161,194	156,000
Interest on Deferred Rates	8,502	8,500
	236,908	233,500

TOWN OF BASSENDEAN
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30TH JUNE 2020

2. NET CURRENT ASSETS

	2019/20	2018/19
Note	Budget	Actual
	\$	\$
Composition of estimated net current assets		
Current assets		
Cash unrestricted	3,169,482	3,117,386
Cash Restricted	5,387,548	6,893,442
Restricted Cash - Trust	1,730,350	2,366,946
Rates Outstanding	476,341	776,341
Receivables	100,000	162,744
GST Receivable	31,241	29,434
Inventories	16,029	20,516
	<u>10,910,991</u>	<u>13,366,810</u>
Less: current liabilities		
Sundry Creditors	(1,020,000)	(658,225)
Accrued Salaries and Wages	(300,000)	(122,749)
Rates in Advance	(230,000)	0
Hyde Retirement Village Bonds	(200,000)	(256,548)
Other Bonds and Deposits	(1,510,350)	(2,110,398)
Current Employee Provisions	(2,650,893)	(2,417,924)
	<u>(5,911,243)</u>	<u>(5,565,844)</u>
Unadjusted net current assets	4,999,748	7,800,966
Adjustments		
Less: Cash Reserves	(5,387,548)	(6,893,443)
Add: Liabilities funded by Cash Backed Reserves	412,480	743,532
Adjusted net current assets - surplus/(deficit)	<u>24,680</u>	<u>1,651,060</u>

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

2 NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Town's intentions to release for sale.

TRADE AND OTHER PAYABLES

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

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

PROVISIONS

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

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

INVENTORIES

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.

Superannuation

The Town of Bassendean contributes to a number of superannuation funds on behalf of employees.

All funds to which the Town of Bassendean contributes are defined contribution plans.

TRADE AND OTHER RECEIVABLES

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

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

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

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Town are recognised as a liability until such time as the Town satisfies its obligations under the agreement.

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2019-20 Budget	2018-19 Actual	2018-19 Budget
	\$	\$	\$
Cash - unrestricted	3,169,482	3,117,385	2,295,488
Cash - restricted	7,117,898	9,260,389	7,616,097
	<u>10,287,380</u>	<u>12,377,774</u>	<u>9,911,585</u>

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

Employee Entitlements Reserve	412,480	743,532	1,040,658
Plant & Equipment Reserve	354,224	396,298	326,781
Community Facilities and Events Reserve	54,689	53,617	53,005
Land and Building Infrastructure Reserve	1,306,289	1,887,948	2,396,425
Waste Management Reserve	489,500	1,085,370	443,562
Wind in the Willows Reserve	14,170	48,206	76,524
Aged Persons Reserve	517,571	507,423	485,057
Youth Development Reserve	79,813	29,229	28,894
Tree Reserve	103,523	176,163	-
Bus Shelter Reserve	21,726	21,300	-
IT Infrastructure Reserve	200,000	-	-
Underground Power Reserve	86,041	84,354	50,392
Drainage Reserve	84,091	144,737	25,769
HACC Assets Replacement	130,878	133,214	316,815
Future Projects Reserve	1,000,000	-	-
Unspent Grants Reserve	532,552	1,597,552	328,528
	<u>5,387,548</u>	<u>6,908,943</u>	<u>5,572,411</u>
Other Restrictions			
Hyde Retirement Village Retention Bonds	220,000	256,548	189,650
Other Bonds & Deposits	1,510,350	2,110,401	1,854,036
	<u>1,730,350</u>	<u>2,366,949</u>	<u>2,043,686</u>
		-	
	<u>7,117,898</u>	<u>9,275,892</u>	<u>7,616,097</u>

Reconciliation of net cash provided by operating activities to net result

Net result	(1,100,264)	(760,805)	(901,461)
Depreciation	3,505,012	3,484,932	3,316,368
(Profit)/loss on sale of asset	8,319	-	(11,266)
(Increase)/decrease in receivables	(60,000)	(562,934)	(29,866)
Increase/(decrease) in payables	225,000	93,154	224,749
Increase/(decrease) in employee provisions	50,000	93,382	20,405
Grants/contributions for the development of assets	(1,630,325)	(1,477,679)	(2,382,964)
Net cash from operating activities	<u>997,742</u>	<u>870,050</u>	<u>235,966</u>

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

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

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset Class	Reporting Program											2019/20 Budget Total \$	2018/2019 Forecast Total \$
	Governance \$	General Purpose Funding \$	Law, Order & Public Safety \$	Health \$	Education & Welfare \$	Housing \$	Community Amenities \$	Recreation & Culture \$	Transport \$	Economic Services \$	Other Property & Services \$		
<u>Property, Plant and Equipment</u>													
Land Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Assets	-	-	-	-	-	-	-	1,413,710	-	-	335,000	1,748,710	146,791
Furniture & Equipment Assets	12,000	-	-	617,578	-	-	-	-	-	-	-	629,578	28,853
Plant & Equipment Assets	-	-	-	-	-	-	-	-	-	-	53,500	53,500	16,110
Minor Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	12,000	-	-	617,578	-	-	-	1,413,710	-	-	388,500	2,431,788	191,754
<u>Infrastructure</u>													
Infrastructure - Road Construction Assets	-	-	-	-	-	-	-	-	2,254,002	-	-	2,254,002	395,964
Infrastructure - Drainage Assets	-	-	-	-	-	-	-	-	63,541	-	-	63,541	280,143
Infrastructure - Footpaths Assets	-	-	-	-	-	-	-	-	50,000	-	-	50,000	40,769
Infrastructure - Park Plant & Equipment	-	-	-	-	-	-	-	-	1,305,620	-	-	1,305,620	460,146
	-	-	-	-	-	-	-	-	3,673,163	-	-	3,673,163	1,177,022
<u>Land Held for Resale</u>													
Land Held for Resale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Acquisitions	12,000	-	-	617,578	-	-	-	1,413,710	3,673,163	-	388,500	6,104,951	1,368,776

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	Net book value	Sale proceeds	2019-2020 Budget	
			Profit	Loss
	\$	\$	\$	\$
By Program				
Community amenities	650,000	650,000	-	-
Other property and services	14,819	6,500	1,500	(9,819)
	664,819	656,500	1,500	(9,819)

	Net Book Value	Sale Proceeds	2018/2019 Budget	
			Profit	Loss
	\$	\$	\$	\$
By Class				
Plant and Equipment	14,819	6,500	1,500	(9,819)
Land	650,000	650,000	-	-
	664,819	656,500	1,500	(9,819)

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

5. ASSET DEPRECIATION

	2019-20 Budget	2018-19 Actual	2018-19 Budget
	\$	\$	\$
By Program			
Governance	83,705	83,210	82,627
Law, order, public safety	1,334	1,334	1,372
Health	4,201	3,972	3,998
Education and welfare	108,343	106,907	96,818
Community amenities	43,522	42,908	45,114
Recreation and culture	878,640	866,492	690,172
Transport	2,298,438	2,294,600	2,312,820
Other property and services	86,830	85,509	83,447
	3,505,012	3,484,932	3,316,368
By Class			
Land and Buildings	494,979	488,498	491322
Furniture and equipment	28,719	39,759	28000
Plant and equipment	79,243	78,841	80000
Roads	1,470,119	1,465,341	1475111
Parks	591,507	584,527	415000
Footpaths	241,482	240,466	241935
Drainage	598,964	587,499	585000
	3,505,012	3,484,932	3,316,368

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The depreciable amount of all fixed assets, including buildings (but excluding freehold land), are depreciated on a straight-line basis over the useful life of the individual asset from the time the asset is 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 asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

Major Depreciation Periods

Major depreciation periods used for each asset class of depreciable asset are:

Buildings	20 to 150 Years
Furniture and equipment	4 to 10 Years
Plant and equipment	5 to 15 Years
Infrastructure - Roads Componentised	18 to 120 Years
Infrastructure Parks, Plant & Equipment	3 to 80 Years
Infrastructure - Footpaths Componentised	10 to 50 Years
Infrastructure - Drains Componentised	10 to 120 Years

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Particulars	Principal 01/07/2019	Principal Repayments		Principal Outstanding 2019/20 Budget \$	Interest Repayments	
		2019/20 Budget \$	2018/19 Forecast \$		2019/20 Budget \$	2018/19 Forecast \$
Governance						
Loan 157 Ashfield Soccer Club-SSL	11,408	6,123	3,434	5,285	880	689
Loan 162- TADWA SSL	217,518	17,643	16,517	199,875	15,157	15,157
	228,926	23,766	19,950	205,160	16,037	15,846
Recreation and culture						
Loan 156 Civic Centre Redevelopment	38,133	38,133	47,416	-	5,425	5,425
Loan 160A Civic Centre Redevelopment	291,410	51,115	47,965	240,296	20,441	15,501
Loan 160B Civic Centre Redevelopment	121,214	17,355	16,364	103,860	7,786	7,786
	450,757	106,602	111,746	344,155	33,651	28,711
			-			-
	679,683	130,368	131,696	549,316	49,688	44,558

(b) New Borrowings - 2019/20

The Town of Bassendean does not intend to undertake any new borrowings for the year ended 30th June 2020.

(c) Unspent borrowings

The Town of Bassendean had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowings as at 30th June 2020.

(d) Credit Facilities

	<u>2019/20 Budget</u>	<u>2018/19 Actual</u>
	\$	\$
Undrawn borrowing facilities credit standby arrangements		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	-	-
Credit card limit	150,000	150,000
Credit card balance at balance date	(23,000)	(24,931)
Total amount of credit unused	<u>227,000</u>	<u>225,069</u>

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2020**

7. CASH BACKED RESERVES

Movement and Purpose

In accordance with *Section 6.11 of the Local Government Act 1995*, where Council wishes to set aside money for a purpose in the future financial year, it is to establish and maintain a Reserve Account for each such purpose. The movement and purpose of each of Council's Reserve Accounts are as follows:

	2019/2020 Original Budget \$	2018/2019 Actual (Forecast) \$	2018/19 Original Budget \$
(a) Plant & Equipment Reserve			
Opening Balance	396,298	384,098	384,099
Amount Set Aside / Transfer to Reserve	7,926	12,200	7,682
Amount Used / Transfer from Reserve	<u>(50,000)</u>	<u>-</u>	<u>(65,000)</u>
	<u>354,224</u>	<u>396,298</u>	<u>326,781</u>
*(b) Community Facilities Reserve			
Opening Balance	53,617	51,966	51,965
Amount Set Aside / Transfer to Reserve	1,072	1,651	1,039
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>54,689</u>	<u>53,617</u>	<u>53,005</u>
(c) Waste Management Reserve			
Opening Balance	1,085,370	738,910	697,119
Amount Set Aside / Transfer to Reserve	21,707	346,460	213,942
Amount Used / Transfer from Reserve	<u>(617,578)</u>	<u>-</u>	<u>(467,500)</u>
	<u>489,500</u>	<u>1,085,370</u>	<u>443,562</u>
(d) Wind in the Willows Reserve			
Opening Balance	48,206	89,841	79,926
Amount Set Aside / Transfer to Reserve	964	2,740	41,599
Amount Used / Transfer from Reserve	<u>(35,000)</u>	<u>(44,374)</u>	<u>(45,000)</u>
	<u>14,170</u>	<u>48,206</u>	<u>76,524</u>
(e) Aged Persons Housing Reserve			
Opening Balance	507,423	484,371	484,370
Amount Set Aside / Transfer to Reserve	10,148	31,602	9,687
Amount Used / Transfer from Reserve	<u>-</u>	<u>(8,550)</u>	<u>(9,000)</u>
	<u>517,571</u>	<u>507,423</u>	<u>485,057</u>
(f) Youth Development Reserve			
Opening Balance	29,229	28,329	28,327
Amount Set Aside / Transfer to Reserve	50,585	900	567
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>79,813</u>	<u>29,229</u>	<u>28,894</u>
(g) Underground Power Reserve			
Opening Balance	84,354	81,757	81,757
Amount Set Aside / Transfer to Reserve	1,687	2,597	1,635
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>(33,000)</u>
	<u>86,041</u>	<u>84,354</u>	<u>50,392</u>
(h) Land and Buildings Infrastructure Reserve			
Opening Balance	1,887,948	1,829,829	1,829,829
Amount Set Aside / Transfer to Reserve	681,841	58,119	886,597
Amount Used / Transfer from Reserve	<u>(1,263,500)</u>	<u>-</u>	<u>(320,000)</u>
	<u>1,306,289</u>	<u>1,887,948</u>	<u>2,396,425</u>
(i) Drainage Infrastructure			
Opening Balance	144,737	417,421	417,420
Amount Set Aside / Transfer to Reserve	2,895	13,258	8,348
Amount Used / Transfer from Reserve	<u>(63,541)</u>	<u>(285,942)</u>	<u>(400,000)</u>
	<u>84,091</u>	<u>144,737</u>	<u>25,769</u>
(j) Employee Entitlement Reserve			
Opening Balance	743,532	1,020,253	1,020,253
Amount Set Aside / Transfer to Reserve	14,871	9,368	20,405
Amount Used / Transfer from Reserve	<u>(345,923)</u>	<u>(286,089)</u>	<u>-</u>
	<u>412,480</u>	<u>743,532</u>	<u>1,040,658</u>
(k) HACC Reserve			
Opening Balance	133,214	129,113	335,113
Amount Set Aside / Transfer to Reserve	2,664	4,101	6,702
Amount Used / Transfer from Reserve	<u>(5,000)</u>	<u>-</u>	<u>(25,000)</u>
	<u>130,878</u>	<u>133,214</u>	<u>316,815</u>
(l) Unspent Grants & Contributions			
Opening Balance	1,597,552	454,371	328,528
Amount Set Aside / Transfer to Reserve	50,000	1,431,181	50,000
Amount Used / Transfer from Reserve	<u>(1,115,000)</u>	<u>(288,000)</u>	<u>(50,000)</u>
	<u>532,552</u>	<u>1,597,552</u>	<u>328,528</u>
(m) Tree Reserve			
Opening Balance	176,163	-	-
Amount Set Aside / Transfer to Reserve	103,523	176,163	-
Amount Used / Transfer from Reserve	<u>(176,163)</u>	<u>-</u>	<u>-</u>
	<u>103,523</u>	<u>176,163</u>	<u>-</u>

CASH BACKED RESERVES (CONTINUED)

(n) Bus Shelter Reserve			
Opening Balance	21,300	-	-
Amount Set Aside / Transfer to Reserve	426	21,300	
Amount Used / Transfer from Reserve	-		
	<u>21,726</u>	<u>21,300</u>	<u>-</u>
** (o) Information Technology Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	200,000	-	
	<u>200,000</u>	<u>-</u>	<u>-</u>
*** (p) Future Projects Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	1,000,000	-	
Amount Used / Transfer from Reserve	-		
	<u>1,000,000</u>	<u>-</u>	<u>-</u>
TOTAL RESERVES	<u>5,387,548</u>	<u>6,908,941</u>	<u>5,572,411</u>

Summary of Transfers

Transfers to Reserves

Plant Reserve	7,926	12,200	7,682
Community Facilities Reserve	1,072	1,651	1,039
Waste Management Reserve	21,707	346,460	213,942
Wind in the Willows Reserve	964	2,740	41,599
Aged Persons Housing Reserve	10,148	31,602	9,687
Youth Development Reserve	50,585	900	567
Underground Power Reserve	1,687	2,597	1,635
Land and Buildings Infrastructure Reserve	681,841	58,119	886,597
Drainage Infrastructure	2,895	13,258	8,348
Employee Entitlement Reserve	14,871	9,368	20,405
HACC Reserve	2,664	4,101	6,702
Unspent Grants & Contributions	50,000	1,431,182	50,000
Tree Reserve	103,523	176,163	-
Bus Shelter Reserve	426	21,300	-
Information Technology Reserve	200,000	-	-
Future Projects Reserve	1,000,000		
Rates Setting Budget	<u>2,150,310</u>	<u>2,111,640</u>	<u>1,248,204</u>

Transfers from Reserves

Plant Reserve	(50,000)	-	(65,000)
Community Facilities Reserve	-	-	-
Waste Management Reserve	(617,578)	-	(467,500)
Wind in the Willows Reserve	(35,000)	(44,374)	(45,000)
Aged Persons Housing Reserve	-	(8,550)	(9,000)
Underground Power Reserve	-	-	(33,000)
Land and Buildings Infrastructure Reserve	(1,263,500)	-	(320,000)
Drainage Infrastructure	(63,541)	(285,942)	(400,000)
Employee Entitlement Reserve	(345,923)	(286,089)	-
HACC Reserve	(5,000)	-	(25,000)
Unspent Grants & Contributions	(1,115,000)	(288,000)	(50,000)
Tree Reserve	(176,163)		
Rates Setting Budget	<u>(3,671,705)</u>	<u>(912,955)</u>	<u>(1,414,500)</u>
Adjustment			

Total Transfer to/(from) Reserves	<u>(1,521,395)</u>	<u>1,198,685</u>	<u>(166,296)</u>
Opening Balance	6,908,943	5,710,258	5,738,707
Transfers to Reserve	2,150,310	2,111,640	1,248,204
Transfer from Reserve	<u>(3,671,705)</u>	<u>(912,955)</u>	<u>(1,414,500)</u>
Closing Balance (as per Budget)	<u>5,387,548</u>	<u>6,908,943</u>	<u>5,572,411</u>

Change in Use

The following change to cash backed reserves is proposed:

* It is proposed to change the title of the Community Facilities Reserve to Community Facilities and Events Reserve

To accrue funds for major expenditure in the provision of community facilities and community events.

New

The following new reserves are proposed:

** Information Technology Infrastructure Reserve.

To fund the acquisition and enhancement of technology and digital service delivery initiatives.

*** Future Project Reserve

To assist in funding new and upgrade capital initiatives that are generally significant in nature and provide a means to spread the cost of intergenerational assets over multiple years.

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019**

Note 7: Cash Backed Reserves continued

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

Plant & Equipment Reserve:

To accrue funds for the purpose of replacement of major plant items.

Community Facilities Reserve:

To accrue funds for major expenditure in the provision of community facilities and community events.

Waste Management Reserve:

To accrue funds for the purpose of renewal or upgrade of waste management services.

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 from operations.

Aged Persons Housing Reserve:

To accrue funds to provide for the operational deficit, refurbishment and capital expenses, for Hyde Retirement Village.

Youth Development Reserve:

To provide funds for activities and facilities for the benefit of youth in the Town.

Underground Power Reserve:

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

Land and Building Infrastructure Reserve:

To hold funds accrued as a result of sale of land and buildings and for the provisions of funds for the purchase and development of land and building infrastructure.

Drainage Infrastructure Reserve:

To provide for the renewal and upgrade of the drainage network.

Employee Entitlement Reserve:

To provide funds for future payments to staff for employee entitlements.

HACC Reserve:

To provide funding for support of community care programs for senior and disability services.

Unspent Grants & Contributions:

To provide for unspent funding received as grant contributions to Works and Services.

Tree Reserve:

To accrue unspent funds from tree planting program for the purpose of planting and maintaining trees.

Bus Shelter Reserve:

To provide funds for the purpose of installation or replacement of bus shelters within the Town.

New Reserves for 2019/2020

Information Technology Reserve:

To fund the acquisition and enhancement of technology and digital service delivery initiatives.

Future Project Reserve

To assist in funding new and upgrade capital initiatives that are generally significant in nature and provide a means to spread the cost of intergenerational assets over multiple years.

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

8. FEES & CHARGES REVENUE

Imposition of Fees and Charges

In accordance with Section 6.16 of the Local Government Act 1995, Council may impose and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.

Set out below, by Program, is the revenue from imposing fees and charges budgeted for this year.

	2019/20 Budget	2018/19 Actual
	\$	\$
General purpose funding	114,030	115,565
Law, order, public safety	58,200	65,948
Health	2,732,166	2,738,009
Education and welfare	2,704,075	2,736,232
Community amenities	147,000	164,416
Recreation and culture	123,500	258,818
Transport	4,000	4,580
Economic services	63,800	65,388
Other property and services	43,200	71,573
	<u>5,989,971</u>	<u>6,220,529</u>

9. GRANT REVENUE

Overview

In accordance with Section 6.15 of the Local Government Act 1995, Council may receive revenue from a number of sources, including Grants, Subsidies or Contributions.

Set out below, by Program, is the revenue associated with Operating and Non-Operating Grants, Subsidies or Contributions budgeted for this year.

	2019/20 Budget	2018/19 Actual
	\$	\$
Grants, subsidies and contributions are included in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
General purpose funding	282,628	543,657
Law, order, public safety	45,000	18,561
Education and welfare	2,195,446	2,286,749
Recreation and culture	10,000	36,185
Transport	30,000	49,580
	<u>2,563,074</u>	<u>2,934,732</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	1,013,700	270,000
Transport	820,717	1,114,679
	<u>2,066,917</u>	<u>1,477,679</u>

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

10. OTHER INFORMATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
The net result includes as revenues;			
(a) Interest earnings			
Investments			
- Reserve funds	100,000	143,629	100,000
- Other funds	180,000	187,706	180,000
Late payment of fees and charges	180,345	185,543	179,345
	<u>460,345</u>	<u>516,878</u>	<u>459,345</u>
The net result includes as expenses;			
(b) Auditors remuneration			
External Audit services	40,000	10,480	25,000
Internal Audit services	33,000	35,914	21,000
Other services	5,200	30,165	2,000
	<u>78,200</u>	<u>76,559</u>	<u>48,000</u>
(c) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	49,688	44,558	49,688
	<u>49,688</u>	<u>44,558</u>	<u>49,688</u>
(d) Elected members remuneration			
Meeting fees	123,544	121,000	121,000
Mayor's allowance	36,957	36,000	36,000
Deputy Mayor's allowance	9,239	9,000	9,000
Training Expenses	28,000	12,290	28,000
Telecommunications allowance	24,500	24,500	24,500
	<u>222,240</u>	<u>202,790</u>	<u>218,500</u>
(e) Write offs			
Fees and charges	4,000	-	4,000
	<u>4,000</u>	<u>-</u>	<u>4,000</u>
(f) Operating lease expenses			
Office equipment	50,000	13,197	50,000
Plant and equipment	200,000	210,610	224,402
	<u>250,000</u>	<u>223,807</u>	<u>274,402</u>

SIGNIFICANT ACCOUNTING POLICIES

LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Town of Bassendean are classified as finance leases.

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

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

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

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

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

11. MAJOR LAND TRANSACTIONS

(a) Current year transactions

Council does not intend entering into any major land transactions during the coming financial year.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council does not intend entering into any trading undertakings or major trading undertakings during the coming financial year.

13. INTERESTS 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 six local governments, namely, Town of Bassendean, City of Bayswater, City of Belmont, Shire of Kalamunda, Shire of Mundaring, and City of Swan. The Town's interest in the joint venture calculated by EMRC as at 30 June 2018 was 4.27%, representing its share of the net assets of \$7,954,836. The interest in the joint venture at 30 June 2019 is yet to be determined.

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

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

14. TRUST FUNDS

Funds held at balance date over which the Town of Bassendean has no control and which are not included in the financial statements are as follows:

Detail	Balance 01-Jul-19	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-20
	\$	\$	(\$)	\$
Public Open Space Contributions	726,410	0	(250,000)	476,410
	726,410	0	(250,000)	476,410

**TOWN OF BASSENDEAN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

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.

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Rates, grants, donations and other contributions are recognised as revenues when the Town of Bassendean obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

CHANGE IN ACCOUNTING POLICIES

The following new accounting policies are to be adopted from 1 July 2019:

AASB 15 - Revenue from Contracts with Customers
AASB 16 - Leases; and
AASB 1058 - Income of Not-for-Profit Entities.